



2023

ANNUAL REPORT

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OUR STORY >

Background

Established in 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.

Chee Wah was listed on Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) on 1 November 1994. On 13 July 2017, CWG Holdings Berhad ("CWG") made its trading debut on Main Market of Bursa Malaysia Securities Berhad 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 64 years ago.

CWG and its subsidiaries ("Group") are located in Penang, which is a state in the Northwest Coast of Peninsular Malaysia. Penang is a state with prominent manufacturing foreign direct investment in Malaysia and well known as the manufacturing hub of major multinational companies. Penang is known as the Silicon Valley of the East, 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. In tune with the rising market demands, the Group is looking forward to broaden its business operations to include manufacturing of files, other papers-related products and printing of food and beverage packaging and other consumer goods packaging.


In Malaysia, the Group has a vast domestic distribution network of wholesalers and retailers countrywide which include prominent hypermarket chains, bookstores, speciality stores, supermarkets and multinational companies.

Product Quality

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 world's 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.

Branding and Award Recognition

 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 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.

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 brands 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.

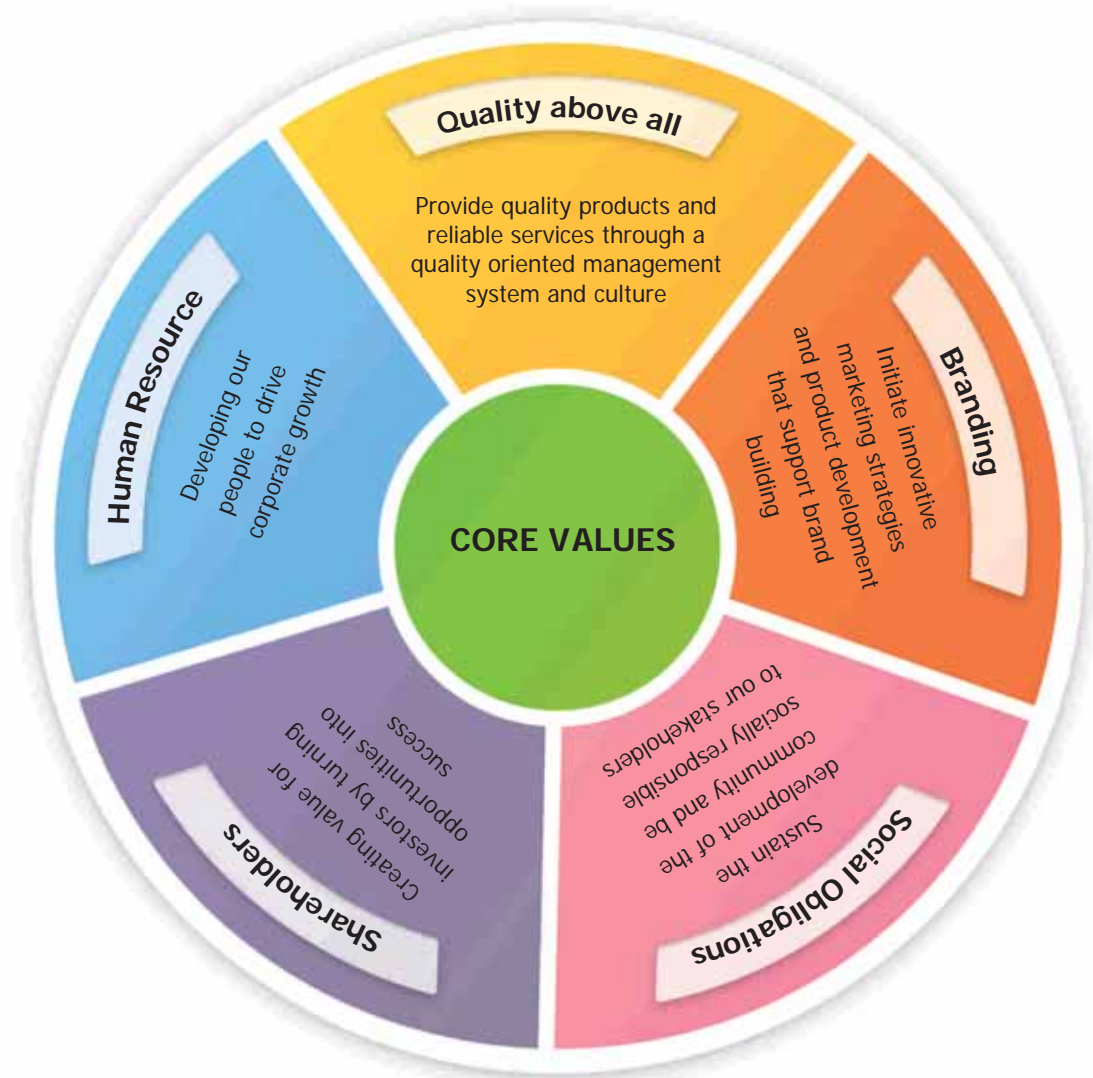
VISION & CORE VALUES

VISION »

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

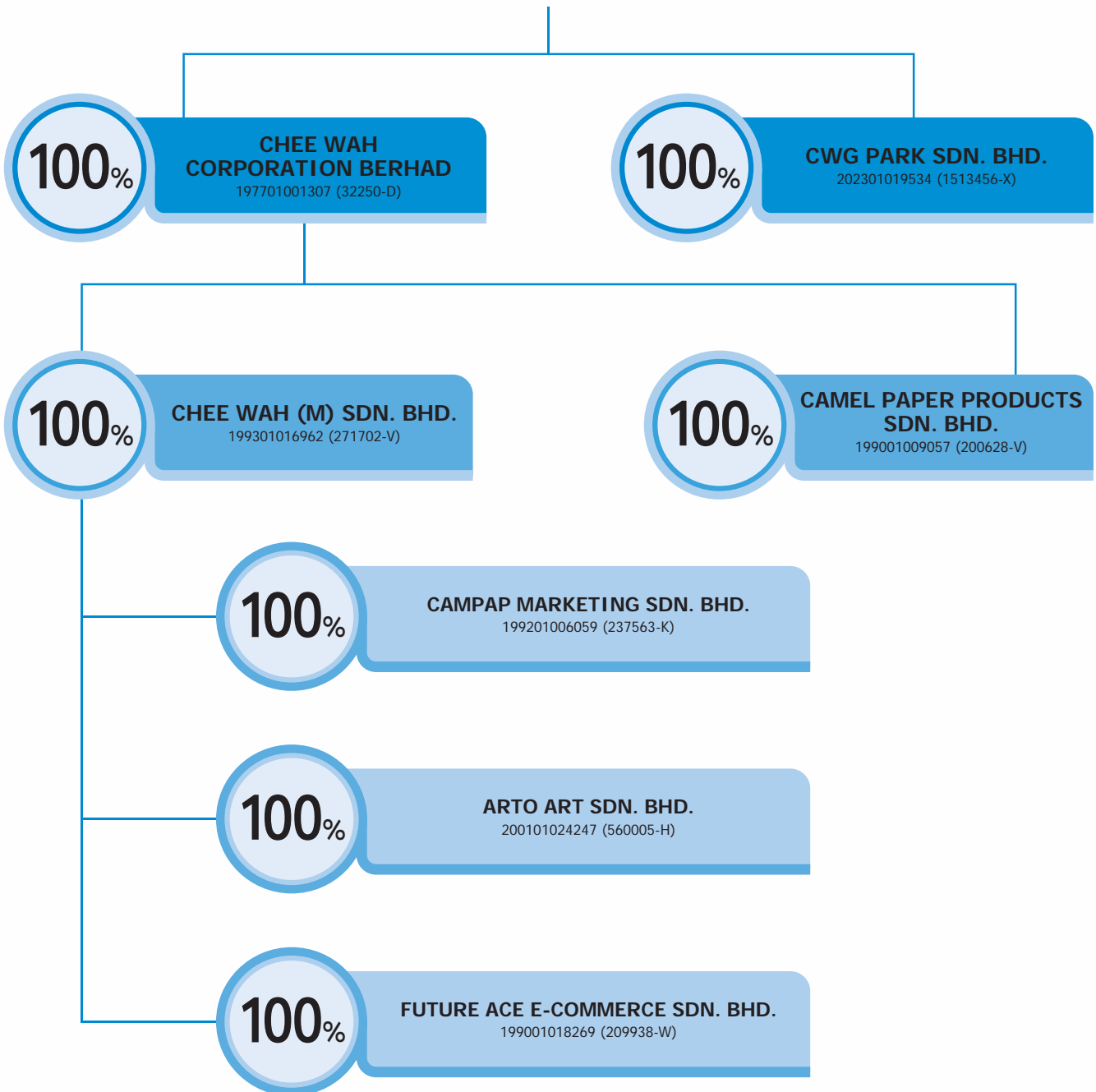
OUR CORE VALUES GUIDE OUR EFFORTS TO ACHIEVE OUR VISION »

We subscribe to the following principles:



GROUP CORPORATE STRUCTURE

As at 18 September 2023



Board of Directors

Ooi Chin Soon
(Executive Chairman)

Razmi Bin Alias
(Senior Independent Non-Executive Director)

Ng Tiang Yong
(Independent Non-Executive Director)

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

Loh Seong Yew
(Independent Non-Executive Director)

Cheong Sing Yee
(Independent Non-Executive Director)

Datuk Hong Choon Hau
(Group Executive Director)

Audit Committee

Loh Seong Yew (Chairman)
Razmi Bin Alias
Ng Tiang Yong
Cheong Sing Yee

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
Email: cosec@cwgholdings.com.my

Auditors

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Georgetown
Penang

Nominating & Remuneration Committee

Razmi Bin Alias (Chairman)
Loh Seong Yew
Ng Tiang Yong
Cheong Sing Yee

Share Registrar

Tricor Investor & Issuing House
Services Sdn. Bhd.
[197101000970 (11324-H)]

Office:
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
Email: is.enquiry@my.tricorglobal.com

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad

Company Secretaries

Hing Poe Pyng
(SSM PC No. 202008001322)
(MAICSA 7053526)
Leng Li Mei
(SSM PC No. 202008000276)
(MAICSA 7062371)

Website

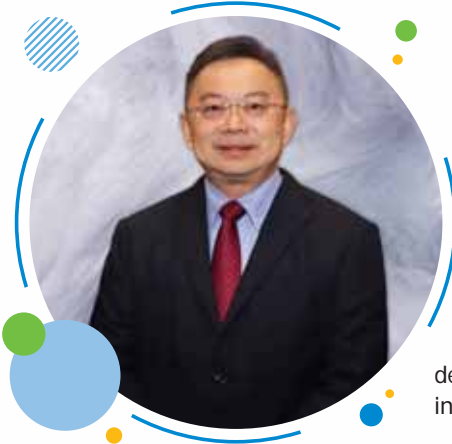
www.cwgholdings.com.my

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock code : 9423
Stock name: CWG

Executive Chairman

OOI CHIN SOON Malaysian, Male, aged 60



Mr. Ooi Chin Soon was appointed as Group Executive Director of CWG Holdings Berhad (“CWG” or “the Company”) on 29 June 2017 and subsequently re-designated as Executive Deputy Chairman on 28 August 2019. On 15 June 2023, he was re-designated as Executive Chairman.

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.

As an Executive Chairman of the Board, Mr. Ooi provides overall effective leadership to the Board. He is also responsible for the formulation of corporate strategies, plans for the Group and overseeing the Group’s business operations. Presently, he sits on the board of all subsidiaries of CWG.

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 55



Mr. Tan Hing Ming was appointed as Independent Non-Executive Director of CWG on 29 June 2017 and subsequently re-designated as Group Executive Director on 28 August 2019. On 27 November 2019, he was re-designated as Group Managing Director.

Mr. Tan is responsible to formulate and execute strategic projects for business growth and oversee the Group’s operations. He works closely with the Executive Chairman. Presently, 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

DATUK HONG CHOON HAU Malaysian, Male, aged 47



Datuk Hong Choon Hau was appointed as Group Executive Director of CWG on 16 February 2022.

Datuk Hong holds an International Executive Master in Business Administration from Asia Metropolitan University, Malaysia. He also obtained a Diploma in Interior Design from PJ Art & Design College and a Diploma in Computer Science and Information Technology from Informatics College, Petaling Jaya.

Datuk Hong has more than 20 years of working experience in the corporate finance and ICT Technology industries in which he served in various capacities and held various responsibilities such as overseeing business operations, formulating marketing and product planning, securing new business and maintaining business relationships with customers. He has acted as the IT Director of Mosys Technology Sdn Bhd from 2002 to 2004, the Chief Technology Officer of Softcube Sdn Bhd from 2004 to 2007, the Project Director of Giansoft Technology Sdn Bhd from 2008 to 2011, an Executive Director of Play4Fun Sdn Bhd from 2012 to 2014, and the Executive Director and Financial Controller for MyWorld Holdings Berhad from 2014 to 2015. In 2014, Datuk Hong also assumed the position of Independent Non-Executive Director of Sunzen Biotech Berhad, in which he was later re-designated to Executive Director in the same year and served in this capacity from 2014 to 2018, where he was later re-designated to Managing Director from 2018 to 2020, before resigning from the board of directors of Sunzen Biotech Berhad on 16 June 2020.

Presently, Datuk Hong is a Non-Independent Non-Executive Director of Watta Holding Berhad. He also serves on the board of directors of several privately held 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 66



Encik Razmi Bin Alias was appointed as Independent Non-Executive Director of CWG on 29 June 2017. 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 has been with Chee Wah Corporation Berhad ("Chee Wah") since 9 December 2016 as Independent Non-Executive Director and was subsequently appointed as a Senior Independent Director on 24 May 2017. He resigned from Chee Wah on 21 July 2017 following CWG's assumption of the listing status of Chee Wah under an internal reorganisation.

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, medical-based products, construction and property development, 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.

Encik Razmi is also an Executive Director of Asdion Berhad. He has no family relationship with any Directors and/or major shareholders of CWG.

Independent Non-Executive Director
LOH SEONG YEW Malaysian, Male, aged 45


Mr. Loh Seong Yew was appointed as Independent Non-Executive Director of CWG on 19 September 2019. He is the Chairman of the Audit Committee and a member of Nominating and Remuneration Committee.

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 mid-shore management, sales and services tax, risk planning and etc. Total GS Taxation Sdn. Bhd. is a license tax agent company.

He is also an Independent Non-Executive Director of Alpha Ocean Resources Berhad and Silver Ridge Holdings 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 66


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

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.

Independent Non-Executive Director

CHEONG SING YEE Malaysian, Female, aged 36



Ms. Cheong Sing Yee was appointed as Independent Non-Executive Director of CWG on 16 May 2023. She is a member of the Audit Committee and Nominating and Remuneration Committee.

Ms. Cheong holds a Bachelor of Law (LLB Hons) from the Multimedia University Malaysia. She is an Advocate and Solicitor of the High Court of Malaya.

She is a founder of the law firm of Messrs. SY Cheong & Partners where her practice includes corporate law, property conveyancing, labour law, family and estate administration, general litigation and intellectual property. In addition, she is a certified Mediator accredited by Justice of Peace, Asian Institute of Alternative Dispute Resolution (AIADR) and a trademark licensed lawyer.

Throughout her practice, Ms. Cheong has been actively involved and as a legal advisor in various schools, non-profit organizations and associations. In 2022, she has been conferred as PJM by Yang di-Pertua Negeri Pulau Pinang.

Ms. Cheong does not hold any directorship in other public companies. She 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) *Other than traffic offences, the above Directors 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.*

PROFILE OF KEY SENIOR MANAGEMENT

OOI CHIN SOON

Executive Chairman
Malaysian, Male, aged 60

As detailed in the Profile of Directors in this Annual Report.

TAN HING MING @ CHIN HING MING

Group Managing Director
Malaysian, Male, aged 55

As detailed in the Profile of Directors in this Annual Report.

DATUK HONG CHOON HAU

Group Executive Director
Malaysian, Male, aged 47

As detailed in the Profile of Directors in this Annual Report.

GOOI BOON CHUAN

General Manager, Sales Department
Malaysian, Male, aged 58

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 was subsequently appointed as a Director of Campap Marketing Sdn. Bhd. on 1 September 2007.

Mr. Gooi has more than 38 years of experience in marketing and sales management. He is responsible for developing and implementing the strategic marketing plans for Malaysia, Singapore and Brunei markets.

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

TEOH HEE HUA

Group Financial Controller
Malaysian, Male, aged 49

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.

TEOH HIN CHUN

Senior Operation Manager, Production Department
Malaysian, Male, aged 51

Mr. Teoh Hin Chin is the Senior Operation Manager. He is primarily responsible for overseeing the entire production and operation of the Group.

Upon completion of his formal schooling, he started his career in the Group as a Senior Technician on 10 April 1992. He has since served in various capacities prior to his promotion as the Senior Operation Manager on 13 August 2020. In 2021, he left to join a manufacturing company; however, he re-joined the Group in 2023.

Mr. Teoh has more than 30 years of experience in manufacturing field where he is in charge of planning, coordinating and monitoring the manufacturing process in the factory.

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

Notes:

- i) The above Directors/Key Senior Management have no conflict of interest with CWG.
- ii) Other than traffic offences, the above Directors/Key Senior Management 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

As a leading player in the stationery industry, the CWG Group is a fully integrated manufacturer and renowned market leader for premium quality paper-based stationery. Our products are available nationwide through an extensive distribution network comprising wholesalers and retailers that include prominent hypermarket chains, bookstores, specialty stores, and supermarkets. Globally our products are exported to about 58 countries in the Asian, Oceanian, European, African and American regions under Original Brand Manufacturing ("OBM"), Original Equipment Manufacturing ("OEM"), and Original Design Manufacturing ("ODM") arrangements.

We notched another year of strong performance with the Group's pre-tax profits of RM7.857 million, representing an increase of almost 2.4 times for the financial year ended 30 June 2023 ("FY2023") as compared to RM2.310 million for the financial year ended 30 June 2022 ("FY2022"). The favorable performance in FY2023 was attributable to the improved revenue of RM92.624 million which was largely driven by higher sales orders from customers both in domestic and overseas markets. We are committed to improving operational efficiency and developing a marketing strategy to ensure that we continue to be one of the Malaysia's top suppliers and manufacturers of high-quality stationery products. As an exporter, we can continue to benefit from the growing demand for stationery products which is primarily driven by the household, office, and education sectors. As a result, the Group's basic earnings per share recorded 3.67 sen this year, which represents an increase from 1.19 sen reported in FY2022.

The CWG Group constantly attends and are involved in international trade fairs to explore new business opportunities given that the export markets have become the main contributor to the Group's revenue. During FY2023, the Group had participated in the Paperworld Middle East in Dubai, United Arab Emirates and School & Office Expo ("SCOFEX") in Johannesburg, South Africa. By participating in these trade fairs, we continue to increase our presence, gain access to the international market, and meet with many visitors, customers and potential customers. This allows us to increase the Group's visibility and product brand recognition in the global market.



» Paperworld Middle East in Dubai, United Arab Emirates from 15 to 17 November 2022



» SCOFEX in Johannesburg, South Africa from 25 to 27 May 2023

FINANCIAL PERFORMANCE REVIEW >

For FY2023 the Group recorded revenue of RM92.624 million representing an increase of RM23.971 million or 34.9% compared to FY2022. The increase in revenue was driven by higher sales volumes from both the local and export markets.

Total revenue generated from the export market grew by 40.7% from RM50.527 million in FY2022 to RM71.100 million in FY2023. On the domestic front, revenue saw an 18.7% increase to RM21.524 million in FY2023 as compared to RM18.126 million in FY2022. The increase in sales volume from the domestic market was attributed to higher demand arising from the gradual recovery in the economy and business activities which have started to pick up as Malaysia transitions to the endemic phase of COVID-19. We have seen signs of improvement in the demand for stationery products from customers which is reflective of better market sentiments.

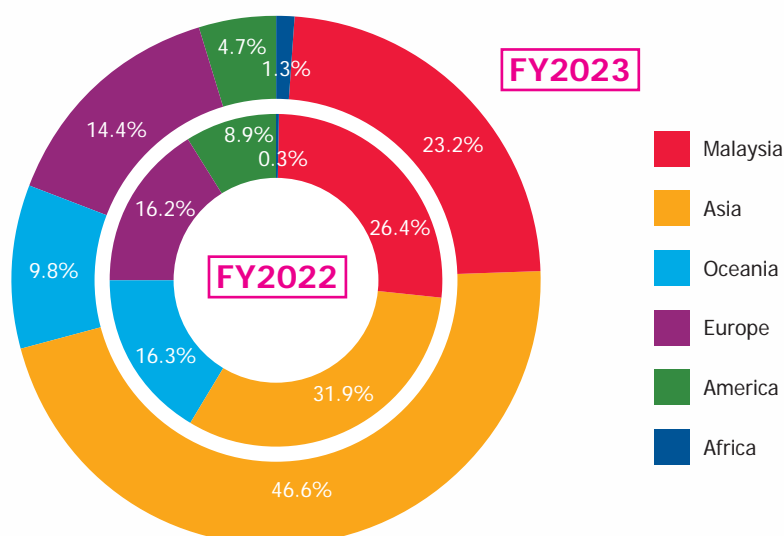
In terms of revenue contribution, total sales of 76.8% and 23.2% were generated from the export market and domestic market respectively in FY2023.

In analyzing the Group's revenue contribution by geographical locations, the ranking mirrored the same situation as reported in the previous financial year. During FY2023, Asian region (excluding Malaysia) including the Middle East region remained the key revenue contributor with 46.6% (FY2022: 31.9%), followed by the domestic market with 23.2% (FY2022: 26.4%) while the European market ranked third at 14.4% (FY2022: 16.2%).

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

Country/Regions	FY2023 RM'000	FY2022 RM'000	Increase/ (Decrease) RM'000	%
Malaysia	21,524	18,126	3,398	18.7
Asia	43,155	21,897	21,258	97.1
Oceania	9,068	11,168	(2,100)	(18.8)
Europe	13,331	11,129	2,202	19.8
America	4,332	6,130	(1,798)	(29.3)
Africa	1,214	203	1,011	498.0
Total Export	71,100	50,527	20,573	40.7
Total Revenue	92,624	68,653	23,971	34.9

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:-

	FY2023 RM'000	FY2022 RM'000	Change RM'000	%
Revenue	92,624	68,653	23,971	34.9
Cost of sales [^]	(70,583)	(53,502)	17,081	31.9
Gross Profit	22,041	15,151	6,890	45.5
Other operating income	2,022	1,610	412	25.6
Selling and distribution costs	(4,513)	(3,576)	937	26.2
Administrative and general expenses [^]	(8,299)	(7,332)	967	13.2
Earnings Before Interest, Taxes, Depreciation and Amortisation	11,251	5,853	5,398	92.2
Depreciation	(2,930)	(3,186)	(256)	(8.0)
Finance costs	(464)	(357)	107	30.0
Profit Before Tax	7,857	2,310	5,547	240.1
Tax expense	(1,874)	(683)	1,191	174.4
Profit After Tax	5,983	1,627	4,356	267.7

[^] Excluding depreciation charges

The Group's cost of sales climbed by 31.9% to RM70.583 million in FY2023 in tandem with the increase in topline. Despite this, the percentage of cost of sales to revenue fell to 76.2% from 77.9% in FY2022.

Other operating income increased by RM0.412 million driven by gains on realised and unrealised foreign exchange.

Concurrent with the increase in topline, the selling and distribution costs, and administrative and general expenses slightly increased by RM0.937 million and RM0.967 respectively in FY2023. Nonetheless, the Group achieved positive business performance that was attributable to the reduction in operating expenses through cost-cutting measures implemented by the Group to preserve operational cost competitiveness. This is evidenced by the percentage of selling and distribution costs and administrative and general expenses against revenue which reduced to 4.9% and 9.0% respectively in FY2023 as compared to 5.2% and 10.7% respectively in FY2022.

The Group reported a profit after tax ("PAT") of RM5.983 million against PAT of RM1.627 million in FY2022 on the back of the increase in topline and the effectiveness of the implementation of the cost-cutting strategy.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Financial Position of the Group

	FY2023 RM'000	FY2022 RM'000	Change RM'000	%
Total assets	126,821	130,528	(3,707)	(2.8)
Non-current assets	33,394	33,706	(312)	(0.9)
Current assets	93,427	96,822	(3,395)	(3.5)
Borrowings	9,131	12,199	(3,068)	(25.1)

The Group's total assets as at FY2023 were RM126.821 million down from RM130.528 million in the previous financial year. This was primarily caused by an increase in trade and other receivables and cash and cash equivalents balanced off against a drop in inventories.

Non-current assets made up 26.3% (FY2022: 25.8%) of total assets. These included property, plant, and equipment ("PPE") of RM26.521 million (FY2022: RM27.803 million) and right-of-use assets of RM6.873 million (FY2022: RM5.903 million).

Compared to the prior financial year, bank borrowings declined by 25.1%, or RM3.068 million, to RM9.131 million in FY2023. Bank borrowings consist short-term loans of RM7.896 million for working capital and term loans of RM1.235 million for capital expenditures.

The Group was able to attain a net cash position of RM10.920 million during the FY2023 riding on its cautious financial management approach. This will ensure the Group has sufficient financial resources to carry out its potential business plans, existing and future operations and to meet its capital requirements, such as future cash obligations and investment needs to sustain the Group's business for long-term growth.

Cash Flows

	FY2023 RM'000	FY2022 RM'000	Change RM'000	%
Net cash from/(used in) operating activities	14,049	(20,524)	34,573	168.4
Net cash used in investing activities	(1,112)	(1,567)	(455)	(29.0)
Net cash (used in)/from financing activities	(5,775)	24,441	(30,216)	(123.6)
Net increase in cash and cash equivalents	7,162	2,350	4,812	204.8
Cash and cash equivalents at end of financial year	21,162	13,949	7,213	51.7

As of the current year's reporting date, the Group's cash and cash equivalents stood at RM21.162 million representing an increase of RM7.213 million or 51.7% as compared to RM13.949 million in FY2022.

Cash flow from operating activities was RM14.049 million as compared to an outflow of RM20.524 million in FY2022. The increase was attributed to cash generated from operating profit before changes in working capital and the decrease in inventories.

Cash flows used in investing activities of RM1.112 million were mainly our capital investment in PPE.

Cash flows used in financing activities of RM5.775 million were represented by RM4.216 million on interest payments, repayment of short-term borrowings, lease liabilities, and term loans. In addition, it consists of dividends paid and the purchase of treasury shares amounting to RM1.220 million and RM0.339 respectively.

DIVIDEND

	2019	2020	2021	2022	2023	2023
Number of shares ^ ('000)	126,290	125,796	-	163,654	Interim 162,602	(Proposed) 162,602
Dividend per share (sen)	1.50	0.50	-	0.50	0.25	0.50
Total dividend (RM'000)	1,894	629	-	818	407	813
Group's profit after tax for the financial year (RM'000)	5,188	2,577	-	1,627	5,983	5,983
% of dividend on Group's profit	36.5%	24.4%	-	50.3%	6.8%	13.6%

^ Excluding treasury shares

CWG has not adopted any dividend policy as of now. Nonetheless, the Board recognises dividend payout as an important element in enhancing shareholders' value and rewarding their continuous support and confidence in the Group.

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

The Board declared and paid the interim single-tier dividend of 0.25 sen per ordinary share totaling RM0.407 million on 20 March 2023. Apart from that, the Board has recommended a final single-tier dividend of 0.5 sen per ordinary share in respect of FY2023 which aggregates to RM0.813 million. The final single-tier dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. Both dividends aggregate to RM1.22 million which is equivalent to 20.4% of CWG Group's profit after tax for FY2023.

ANTICIPATED RISKS
Exposure to credit risk

The Group's exposure to credit risk arises primarily from trade receivables. It is the Group's objective to seek continuous revenue growth while minimising losses from impairment and bad debts by assessing and approving credit terms on a case-by-case basis after considering 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 ongoing basis by the credit control team. As part of the credit risk management procedure, we normally request 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 the inventory level goes up, there is a possibility of exposure to higher holding costs as well as a lowering of efficiency in warehouse management. There is also the associated risk of fluctuation in paper price which could affect the cost of our products. Our Group has mitigated this risk through proper material planning and close monitoring of the fluctuations in paper prices. In addition, the Group has also initiated efforts in product development that would utilise slow-moving raw materials to lower inventory levels.

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 is transacted in USD and any significant fluctuations in the exchange rates between RM and USD could have a significant impact on the financial position and operating results of the Group.

As a mitigating measure, the Group has adopted a natural hedging policy to minimise the impact arising from foreign exchange fluctuations. The Group also considers selling forward foreign currency when necessary based on the expected collection from export proceeds and keeping abreast of the economic and political situation of the countries in which we do business.

Fluctuations in raw materials prices

Our Group is exposed to fluctuations 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 the cost of raw materials may affect the cost of our finished goods.

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

OUTLOOK AND FUTURE PROSPECTS »

As most countries, including Malaysia, have entered the endemic stage of the pandemic. FY2023 was a recovery year for the Group achieving its revenue and PAT of RM92.624 million and RM5.983 million respectively. The Group intends to grow its market share and customer base in new regions by improving innovation, building and satisfying customer loyalty, employing talented and dedicated workforce and pricing products and services efficiently. The Group remains focused on expanding its product range within its manufacture and sale of stationery business, thereby improving its value proposition to a wider range of prospective customers.

In Malaysia, the Group has a vast domestic distribution network of wholesalers and retailers countrywide which includes prominent hypermarket chains, bookstores, specialty stores and supermarkets. As part of the Group's business objective to be a leading supplier of stationery and paper products, the Group remains focused on exploring business opportunities in chain stores by offering OEM arrangements which may increase the Group's local market share size over the traditional stores in the market segment.

On the export front, the Group's stationery products are exported to overseas countries under OBM, OEM and ODM arrangements. As the Group's export business is the main contribution to the Group revenue, the Group will continuously participate in various international trade fairs to explore new business opportunities and enhance the Group's presence and product recognition in the global market. Over the years, the Group has successfully expanded its market share in the Middle East and European countries with competitively priced functional and well-crafted products that meet the expectations of these niche markets. This is complemented by the Group's ongoing marketing strategies with key distributors in major regions.

Notwithstanding the above and to mitigate the Group's reliance on its existing manufacture and sale of stationery business, the Group has proposed for the diversification into the business of property development through the acquisition of a company, namely SA Marvel Sdn. Bhd. ("SMSB") which is principally involved in property development to expand the Group earnings base ("Proposed Diversification").

In conjunction with the said strategy, the Group intends to undertake the property development as its maiden development project. Moving forward, the Group intends to leverage the successful completion of the development project and accumulate sufficient experience to embark on additional viable ventures relating to property development through organic and/or inorganic approaches.

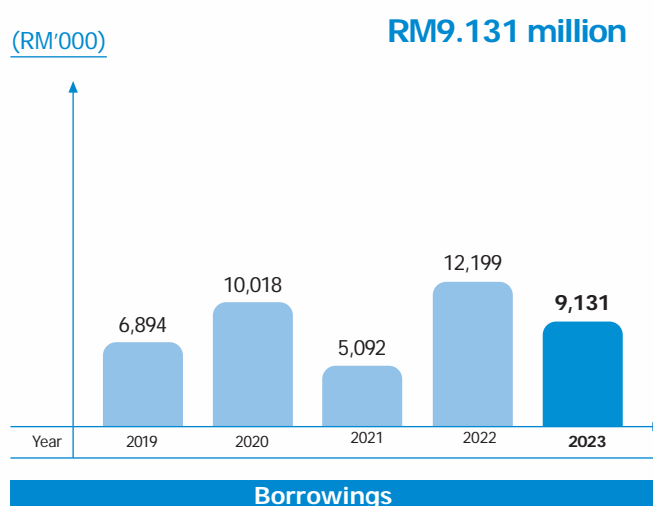
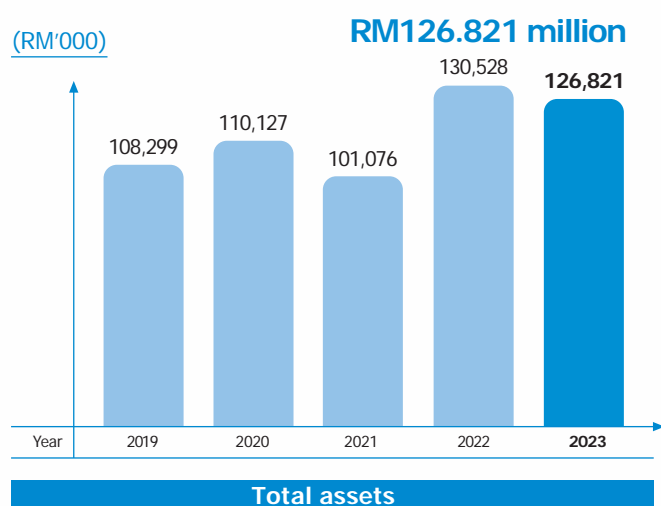
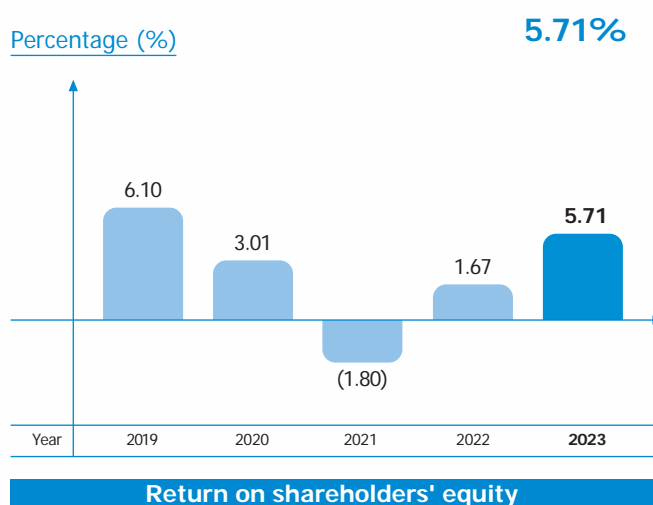
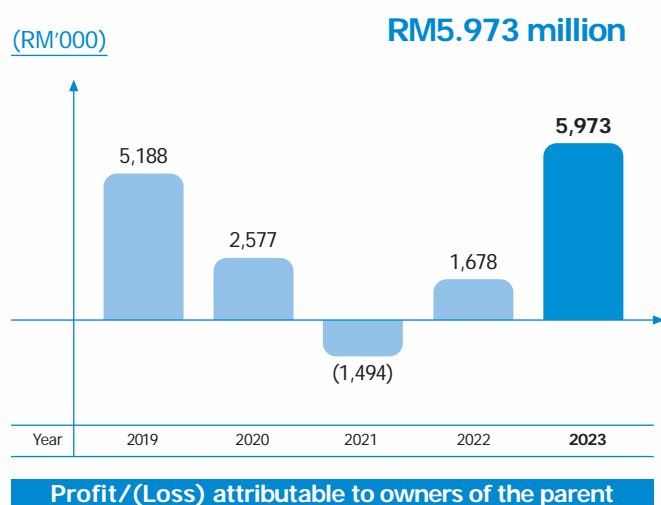
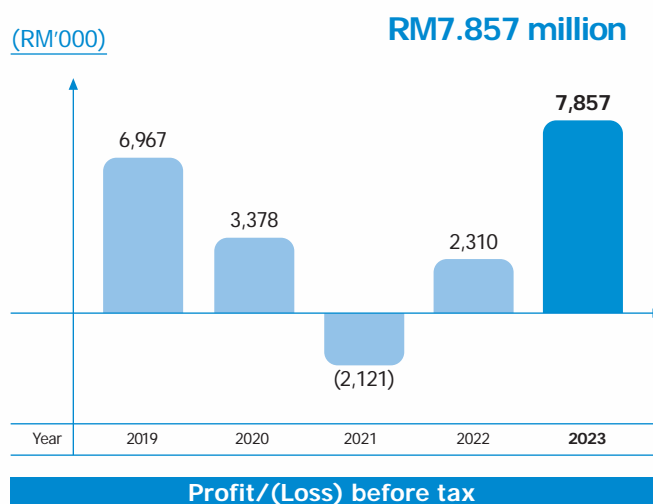
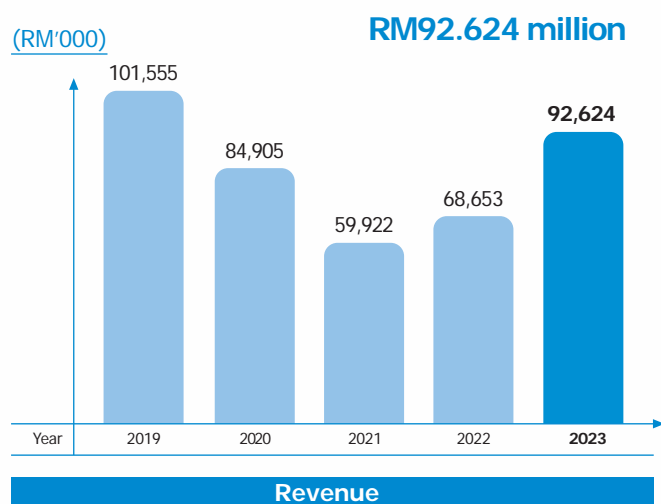
Premised on the positive market outlook of the property industry and barring any unforeseen circumstances, the Board believes that the Proposed Diversification will allow the Group to reduce the dependency on its existing manufacture and sale of stationery business, in which the successful implementation of the project and future development projects is expected to contribute positively to the Group's financial performance, strengthen the Group's financial position and enhance shareholders' long term return.

GROUP FINANCIAL SUMMARY

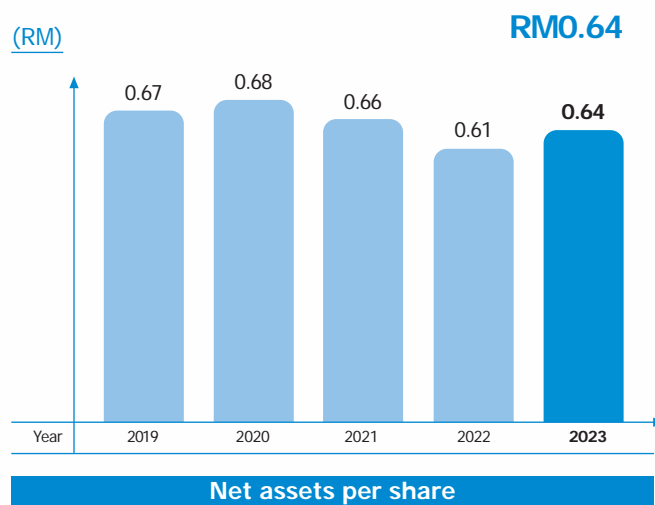
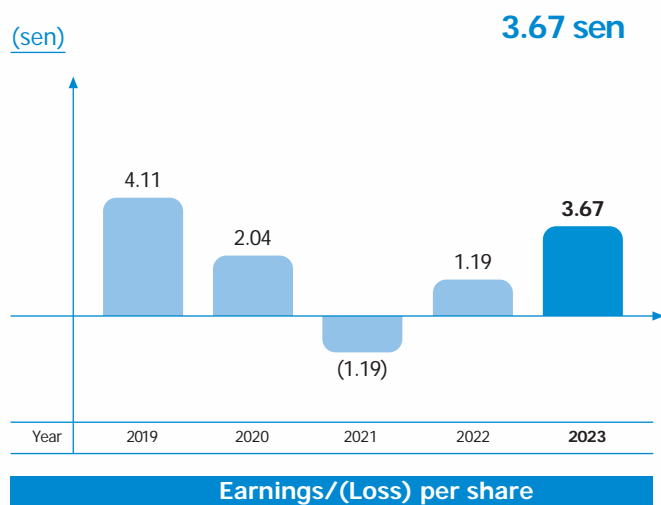
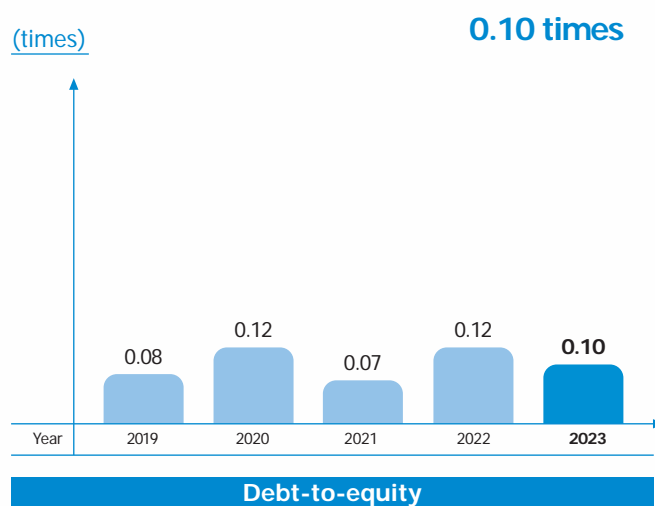
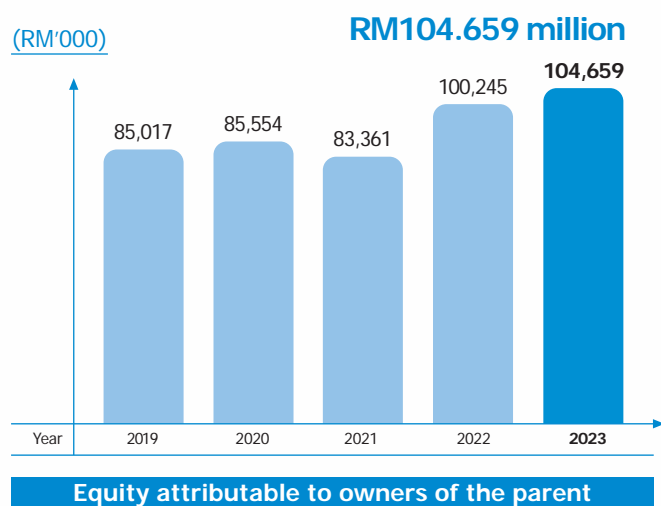
	FINANCIAL YEAR ENDED 30 JUNE				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
A) INCOME					
Revenue	101,555	84,905	59,922	68,653	92,624
Profit/(Loss) before tax and interest	7,542	3,645	(1,937)	2,667	8,322
Profit/(Loss) before tax	6,967	3,378	(2,121)	2,310	7,857
Profit/(Loss) attributable to owners of the parent	5,188	2,577	(1,494)	1,678	5,973
B) FINANCIAL POSITION					
Assets					
Total assets	108,299	110,127	101,076	130,528	126,821
Current assets	70,240	74,883	66,175	96,822	93,427
Liabilities and Shareholders' Equity					
Current liabilities	16,669	19,449	13,296	25,834	17,794
Borrowings	6,894	10,018	5,092	12,199	9,131
Borrowings, net of cash	–	–	–	–	–
Lease liabilities	–	421	356	262	1,111
Paid-up share capital	63,145	63,145	63,145	78,351	78,351
Treasury shares	–	146	146	146	485
Equity attributable to owners of the parent	85,017	85,554	83,361	100,245	104,659
C) SHARE INFORMATION AND VALUATION					
i) Share Information					
Number of shares [^] ('000)	126,290	125,796	125,796	163,654	162,602
Weighted average number of shares [^] ('000)	126,290	126,136	125,796	141,217	162,850
Market capitalisation (RM'000)	51,147	37,110	44,658	49,914	49,594
Per Share					
Earnings/(Loss) (sen)	4.11	2.04	(1.19)	1.19	3.67
Net assets (RM)	0.67	0.68	0.66	0.61	0.64
Share price					
- Year high (RM)	0.54	0.51	0.46	0.65	0.39
- Year low (RM)	0.40	0.24	0.25	0.30	0.285
- As at 30 June (RM)	0.405	0.295	0.355	0.305	0.305
ii) Valuation					
Price to earnings multiple (times)	9.9	14.5	–	25.6	8.3
Price to book multiple (times)	0.60	0.43	0.54	0.50	0.48
D) FINANCIAL RATIOS					
Return on total assets (%)	4.79	2.34	(1.49)	1.29	4.71
Return on shareholders' equity (%)	6.10	3.01	(1.80)	1.67	5.71
Current ratio (times)	4.21	3.85	4.98	3.75	5.25
Debt-to-equity (times)	0.08	0.12	0.07	0.12	0.10

[^] Excluding treasury shares

GROUP FINANCIAL HIGHLIGHTS

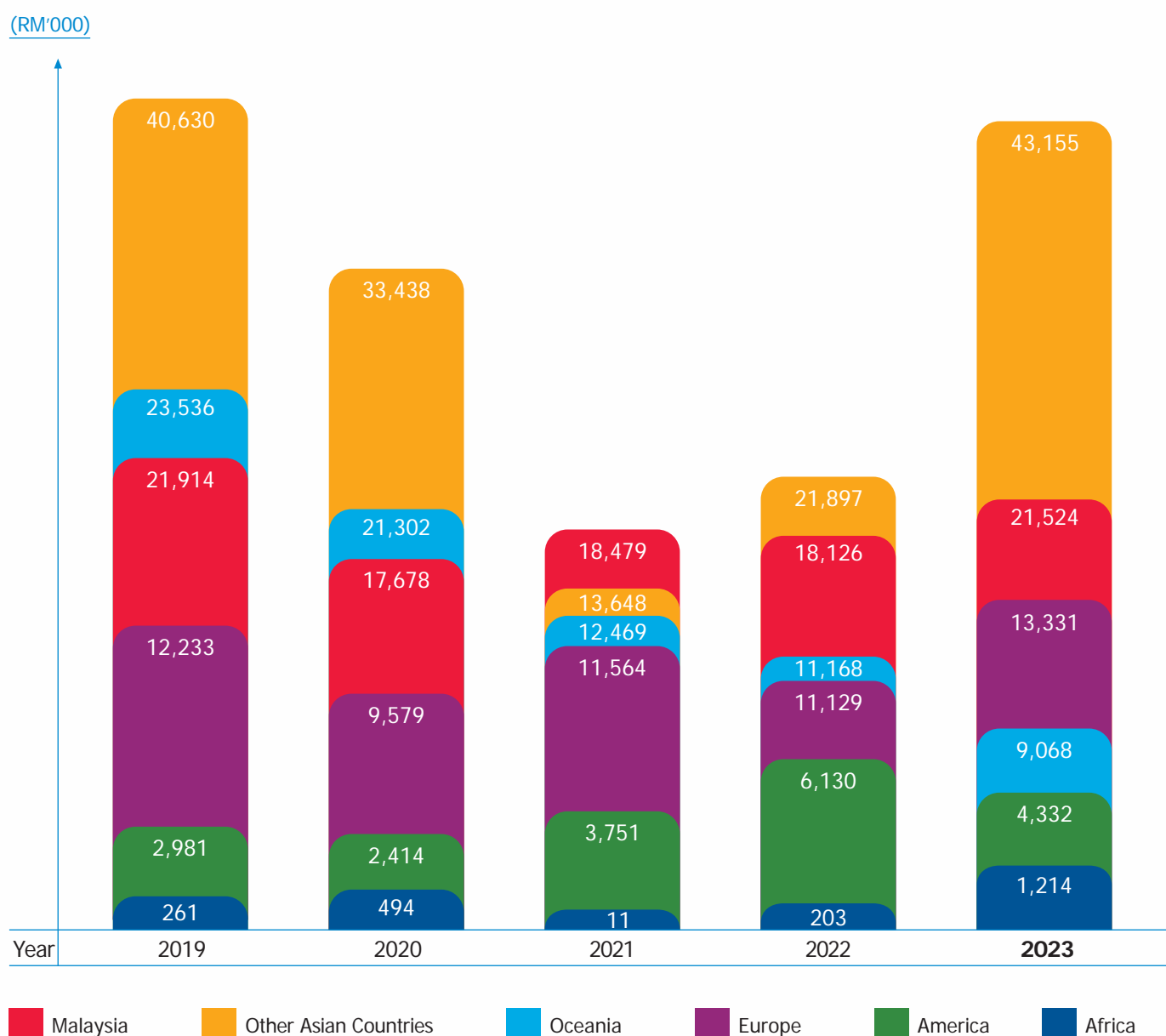


GROUP FINANCIAL HIGHLIGHTS (cont'd)



MARKET SEGMENTATION - REVENUE

Market Segment		FINANCIAL YEAR ENDED 30 JUNE				
		2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
1	Malaysia	21,914	17,678	18,479	18,126	21,524
2	Other Asian Countries	40,630	33,438	13,648	21,897	43,155
3	Oceania	23,536	21,302	12,469	11,168	9,068
4	Europe	12,233	9,579	11,564	11,129	13,331
5	America	2,981	2,414	3,751	6,130	4,332
6	Africa	261	494	11	203	1,214
		101,555	84,905	59,922	68,653	92,624



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 activities. 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 accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The preparation of this Sustainability Statement is also considered of Bursa Securities’ Sustainability Reporting Guide - 3rd Edition and its accompanying Toolkits.

Sustainability Governance Structure »

The Board is ultimately responsible for the Group’s business sustainability. This includes ensuring the Group’s strategic plan supports long term value creation and includes strategies on EES considerations underpinning sustainability. A Sustainability Working Committee (“SWC”) was established on 28 August 2019. It is helmed by the key senior management and heads of department as Committee members. The SWC is to assist and report directly to the Group Managing Director on the 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 the key senior management, as the case may be. The key senior management is to provide oversight and review to the Group’s sustainability strategy, performance and issues.

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. This enables us to identify and determine the potential sustainability challenges, risks and opportunities that the Group may face. The appropriate engagement channels also allow our stakeholders to provide their feedback, suggestions and concerns which help to continuously improve our business and products.

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.

Our key stakeholder groups, interest and concern, and the relevant engagement approaches are listed below:

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"> Product briefing Customer survey and feedback channel Company’s website 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 Staff appraisal Training programme Management meetings Informal discussion

SUSTAINABILITY STATEMENT (cont'd)

Stakeholder Group	Areas of Interest and Concern	Engagement Approach
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 Investor relation channel
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 activities
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, Chee Wah Corporation Berhad ("Chee Wah"). It accounts for approximately 95% of the Group's revenue and its sustainability performance for the financial year ended 30 June 2023 ("FY2023").

The Group defines the MSM as those having a significant EES impact on the Group's business and substantively influence the assessments and decisions of the Group's stakeholders.

The significant MSM is identified and classified into three (3) board categories as follows:

Economic	Environmental	Social
<ul style="list-style-type: none"> Governance and business ethics 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 >

Governance and Business Ethics

The Group is committed to acting with integrity, practising ethical business and implementing sound standards of corporate governance in its working culture to ensure sustainability.

The Group has a Board Code of Conduct which is applicable to all the Directors. It provides guidance to the Directors on ethical standards which the Directors shall adhere to in carrying out their fiduciary duties and responsibilities.

All the employees are required to observe the Core Values, Work Ethics, Employee Handbook, Collective Agreement and the Company Policies covering areas such as personal data protection, business integrity, harassment, child and force labour, discrimination, confidential information, conflicts of interest and freedom to join an association with collective bargaining policy. All these documentations are used to govern the Group in conducting its business with integrity and honesty, as well as to ensure the compliance with all applicable laws and regulations.

SUSTAINABILITY STATEMENT (cont'd)

The Group is committed to zero tolerance towards corruption and a culture of integrity. The Group has an Anti-Bribery & Corruption Policy (“ABC Policy”) stipulating some parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. Training on anti-bribery and corruption is provided those employees who have high exposure to bribery or corruption risk due to their business functions or positions.

A briefing on the ABC Policy is also provided by human resource personnel to new employees. This is to ensure they understand the Group’s anti-corruption culture. As at 30 June 2023, all the new employees have been communicated on the ABC Policy.

The Group 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. Any instance of misconduct can be reported to the Group Managing Director or the Chairman of Audit Committee.

During the FY2023, there were no confirmed incidents of bribery and corruption reported to the Group Managing Director or the Chairman of Audit Committee.

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. 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.

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.

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.

Supply Chain Management

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

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

In FY2023, the proportion of spending on local suppliers is 24%. The Group acknowledges the benefits of procuring materials from local market and supporting local businesses. However, various factors such as quality, cost effectiveness and availability of certain materials from local market affect the Group’s decision to procure a majority of its materials from overseas. Nevertheless, the Group generally supports local businesses where possible.

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.

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

Branding and Intellectual Property

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

With growing recognition of CAMPAP brand, the Group has expanded the product range to embody a wide array of stationery item. "Ecoforest" and "Ezee" series are the good quality products at affordable price for student use. "Arto by Campap" offers high end art and craft based paper products, and "A-series" emphasizes high-grade and elegant stationery paper products. These products continuously grow the Group's share in the paper-based stationery market.

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 recognised as a 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.

As part of our ongoing effort to enhance the Group's visibility and product brand recognition in global market, we have participated at two (2) international trade fairs during the FY2023, such as Paperworld Middle East and School & Office Expo (SCOFEX).

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 have registered selected trademarks locally and internationally in selected markets. We monitor closely the validity of trademarks for our product brands in order to ensure they are renewed and remain protected. 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 is one of the largest paper-based products manufacturers 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.

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 ensure 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.

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.

As part of our effort to reduce energy consumption, we invested in the relevant production equipment and machineries that are largely automated and more advanced. It shortens the lead time and minimises the idle time during the process, which enable us to reduce the electricity consumption in manufacturing. In FY2023, the total electricity consumption was estimated at 2,737,378 kilowatt hour (kWh).

In addition, the Group has installed a rooftop solar panel system in the manufacturing site. The solar panel has a capacity of 883.61 kilowatt peak (kWp) and generated about 830,403 kWh during the FY2023, which reduced approximately 530.62 metric tonnes of CO2 emissions.

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 us 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 consistently kept the rejection rate lower than the benchmark rate for three (3) consecutive financial years:

Product Rejection Analysis				
Section	Benchmark Rejection Rate	Rejection Rate (FY2021)	Rejection Rate (FY2022)	Rejection Rate (FY2023)
Spiral	<0.40%	0.28%	0.33%	0.12%
Wire O	<0.20%	0.01%	0.05%	0.02%
Exercise Book	<0.50%	0.26%	0.29%	0.22%
Hardcover	<0.30%	0.28%	0.14%	0.17%

The Group embraces 5S as part of the corporate culture. 5S stem from five (5) Japanese words: Seiri (Sort), Seiton (Set-in-Order), Seiso (Shine), Seiketsu (Standardize), and Shitsuke (Sustain). The 5S methodology is a systematic approach to workplace, aims at improving the efficiency and effectiveness of a company, optimizing productivity as well as maintaining a sustainable working environment. 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. In FY2023, 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, a fire drill was conducted for all the employees to increase awareness and ensure emergency preparedness at all time.

We continue to maintain a supportive, caring and healthy living environment in the dormitories for our foreign workers. It is not merely to comply with the Government's rules for employees' minimum housing standard, but also to cater for our foreign workers' comfortable living and social needs.

Human Capital Development

CWG Group focus on having a strong workforce. This 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.

Training activities were carried out to enhance the employees' on-the-job learning and knowledge. In FY2023, we have twelve (12) external training programmes and one (1) in-house training programme, which equivalent to a total 130 training hours provided for the employees. The training topics range from social and environmental awareness, workplace safety and health, industry knowledge and experience, human resources to technical skills.

Furthermore, the Group adheres to the practice of non-discrimination with regards to gender, age, race, religion, marital status and other discriminatory characteristics. Equal opportunities are provided in recruitment and termination, remuneration, promotion, as well as disciplinary actions.

SUSTAINABILITY STATEMENT (cont'd)

As at 30 June 2023, the Group's number of employees and its workforce diversity as tabulated below:

Employee Categories	Employees by Gender		Employees by Age Group			Employees by Ethnicity			
	Male No. (%)	Female No. (%)	< 30 No. (%)	30 - 50 No. (%)	> 50 No. (%)	Malay No. (%)	Chinese No. (%)	Indian No. (%)	Others No. (%)
Directors	6 (86%)	1 (14%)	–	3 (43%)	4 (57%)	1 (14%)	6 (86%)	–	–
Senior Management	7 (70%)	3 (30%)	–	4 (40%)	6 (60%)	–	10 (100%)	–	–
Managers	8 (67%)	4 (33%)	–	7 (58%)	5 (42%)	1 (8%)	9 (75%)	2 (17%)	–
Executives	9 (36%)	16 (64%)	3 (12%)	19 (76%)	3 (12%)	3 (12%)	19 (76%)	3 (12%)	–
Non-Executives	253 (62%)	158 (38%)	171 (42%)	193 (47%)	47 (11%)	57 (14%)	66 (16%)	66 (16%)	222 (54%)

Majority of the employees are permanent and work on a full-time basis. In FY2023, the Group's staff turnover rate is 2.14%. There were 155 new employees hired by the Group.

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 provide employees competitive wage and minimum rest periods in accordance with the applicable laws and regulations. Various medical benefits such as insurance coverage for personal accident and group hospitalization are also provided to the employees depending on employee categories and positions.

We continue to rent a badminton court adjacent to our main plant in Mak Mandin, Butterworth for employees' use. During the FY2023, various sporting events and outdoor activities such as futsal tournament, football match, Chinese New Year company dinner, staff buffet dinner and Hat Yai trip were organized for our employees to enjoy life outside of work. These activities help to build health living, foster closer working relation and team spirit amongst the employees.



➤ Chee Wah Futsal Tournament 2022.



➤ Chee Wah football team friendly match vs PMJ in Kopa Arena field, Universiti Sains Malaysia.

SUSTAINABILITY STATEMENT (cont'd)



➤ *Our employees showcase their singing talents in a fun and lighthearted atmosphere during the CNY company dinner.*



➤ *A buffet dinner at The Light Hotel.*



➤ *A recreational trip to Hat Yai in Thailand.*

We provide transportation benefits for our employees, such as van shuttle services for 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.

Long service awards are continuously rewarded to the employees for recognition of their loyalty and continued commitment to the Group. The Group continues to provide monetary gifts to reward and motivate children of employees who achieved outstanding academic performance.

Community

Community engagement is one of the key pillars of corporate social responsibility (“CSR”), alongside the concern with the workplace, the market place and the environment. We have donated our stationery products to SJK (C) Kai Chee. The stationery products comprising a mix of pencils, pencil case, notebooks and exercise books.



➤ *Donation of stationery products to SJK (C) Kai Chee, Seberang Perai Utara*

During the FY2023, we have also made contributions to Thanneer Panthal (refreshments stall) for Hindu festival by providing complimentary vegetarian food and beverages to devotees.

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.

This Sustainability Statement is not subjected to an internal review by its internal auditors and/or independent assurance performed in accordance with recognized assurance standards.

LIST OF GROUP PROPERTIES

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	-	24
(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	-	776
(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	-	2,170
(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	-	2,430
(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	-	25-28	4,550
(g) Properties constructed on Lot No. Plot 175 Town of Butterworth Province Wellesley North Penang	A double-storey factory cum warehouse building	73,644	-	28-32	3,018
(h) Properties constructed on Lot No. 2091 Section 3 Town of Butterworth Province Wellesley North Penang	A single-storey warehouse building	32,960	-	29-38	4,137

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 its subsidiaries (“the Group”) in conducting the affairs of the Group with transparency, accountability and integrity with the objective of enhancing long term sustainable value creation aligned to the interests of shareholders and other stakeholders. Hence, the Board is continuously working towards the principles and practices of the Malaysian Code on Corporate Governance 2021 (“Code”) for 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 Company’s website: www.cwgholdings.com.my and through an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”). The CG Report is based on a prescribed format as outlined under Paragraph 15.25(2) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities.

PRINCIPLE A » BOARD LEADERSHIP AND EFFECTIVENESS

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, promoting sustainability, 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) Executive Chairman, one (1) Group Managing Director, one (1) Group Executive Director and four (4) Independent Non-Executive Directors.

The Board’s composition has fully complied with the provisions of MMLR of Bursa Securities for independent directors to make up at least one-third (1/3) of the Board membership and at least one (1) woman director on Board. The Company has also applied Practice 5.2 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 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 and the Nominating and Remuneration Committee. These Committees are entrusted with the responsibilities to oversee specific aspects of the Company’s affairs in accordance with their respective terms of reference 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.

1.2 Chairman of the Board

The Board is led by the Executive Chairman, Mr. Ooi Chin Soon.

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' 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 Executive Chairman and Group Managing Director

The Board has always made the distinction that the position of the Executive Chairman and Group Managing Director does not reside with the same person. This is to engender accountability and facilitate clear division of responsibilities to ensure there is a balance of power and authority in the Company.

The Executive Chairman, Mr. Ooi Chin Soon provides leadership to the Board in its cohesive oversight of Management and ensuring Board effectiveness and standards of conduct. He is also responsible for strategic planning, business development and overseeing the business operations with the Group Managing Director.

The Group Managing Director, 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.

Mr. Tan 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 Chairman of the board should not be a member of Audit Committee, Nomination Committee or Remuneration Committee

The Chairman of the Board, Mr. Ooi Chin Soon is not a member of Audit Committee and Nominating and Remuneration Committee.

1.5 Qualified and competent Company Secretaries

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.

1.6 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, among 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 has adopted a Board Charter that clearly identifies the respective roles and responsibilities of the Board, Board Committees and individual Director; and issues and decisions reserved for the Board. The Board Charter is made publicly available on the Company's website at www.cwgholdings.com.my. The Board Charter will be reviewed and updated periodically to ensure their relevance and compliance.

3. Good Business Conduct and Corporate Culture ➤

3.1 Code of Conduct and Ethics

The core values of Quality, Branding, Social Obligations, Shareholders and Human Resource as observed by 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, the Collective Agreement and the Company Policies are available and 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 and the Collective Agreement detailed, among others, general employment terms and conditions, compensation and benefits and discipline.

There is a 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.

The Group is committed to zero tolerance towards corruption and a culture of integrity. Hence, 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.

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

3.2 Whistle-Blowing Policy

The Board has 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.

4. Sustainability

4.1 Material Sustainability Matters

The Board is cognisant of the importance of business sustainability. The Board has the overall responsibility of overseeing the Group's sustainability matters, its direction and performance. The impact on economic, environmental and social aspects are always taken into consideration by the Board when developing and implementing any strategies, business plans, major plans of action and risk management of the Group.

The Group has established a Sustainability Working Committee ("SWC") which is helmed by the key senior management and heads of department as Committee members. The SWC is responsible for identifying and managing the material sustainability matters and reporting the progress to the key senior management. The key senior management is to provide oversight and review on the Group's sustainability strategy, performance and issues.

4.2 Sustainability Strategies

The Board believes that the approach of stakeholder engagement is integral to the development of the Group's sustainability strategy, and is also a pre-requisite for the Group's long term sustainable growth. As such, the Group engages with internal and external stakeholders through various platforms on an ongoing basis, so as to gain insight into their interests and concerns on sustainability matters.

4.3 Periodical Updates on Sustainability Issues

The Board is mindful of the importance for its members to undergo continuous training so as to keep themselves abreast with the latest developments in the industry, as well as the sustainability issues relevant to the Group, which includes factors driving climate change and achieving a sustainable business model.

The Board has reasonably sufficient knowledge of the sustainability issues relevant to the Group. The Management will keep the Board informed of any initiatives and progress on sustainability issues from time to time. The Board shall discuss the issues at the Board meeting when necessary.

4.4 Performance Evaluation

The Nominating and Remuneration Committee undertakes annual assessment of the effectiveness of the Board, the Board Committees and the contribution of each individual Director. The assessment criteria of addressing the Group's material sustainability risks and opportunities are included in the performance evaluation of the Board.

All Directors are provided with the same set of assessment forms for their completion. A summary of the assessment results will be reported to the Board by the Chairman of Nominating and Remuneration Committee.

Performance appraisal is conducted for the Management personnel on yearly basis. The performance factors for the said appraisal takes into account, among others, material sustainability matters such as people development and workplace safety and health.

4.5 Designated Person on Sustainability

The Group Managing Director, Mr. Tan Hing Ming is the designated person managing sustainability.

Mr. Tan chairs the SWC. The SWC comprises heads of department and the management personnel appointed by Mr. Tan from time to time.

Mr. Tan oversees the progress of the sustainability initiatives together with the sustainability strategies set and reports to the Board when necessary.

II Board Composition

5. Board Objectivity >

5.1 Review of Board Composition

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

Directorate	Director
Executive	Ooi Chin Soon, Executive Chairman Tan Hing Ming @ Chin Hing Ming, Group Managing Director Datuk Hong Choon Hau, Group Executive Director
Independent Non-Executive	Razmi Bin Alias, Senior Independent Non-Executive Director (“INED”) Loh Seong Yew, INED Ng Tiang Yong, INED Cheong Sing Yee, 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 Paragraph 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 and at least one (1) woman director on Board.

The size and composition of the Board are reviewed annually by the Nominating and Remuneration Committee. The Board through the Nominating and Remuneration Committee’s annual assessment believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

In addition, the independence of all Non-Executive Directors is reviewed annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. 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.

A Director who is due for re-election at the upcoming Annual General Meeting (“AGM”) will also be assessed by the Nominating and Remuneration Committee, who will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders’ approval will be sought for the re-election.

5.2 At Least Half of the Board are Independent Directors

The entire CWG Board comprises seven (7) directors, of whom four (4) are independent directors. Hence, the composition of the Board fulfils the recommended practice under the Code to have at least half (50%) of the Board are independent directors.

5.3 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 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 justification and support from the Board before putting to shareholders on two-tier voting.

The Board also noted the twelve (12) years maximum tenure limit for an INED, unless the INED is re-designated as non independent.

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in Paragraph 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.

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.

As at the date of this statement, there is no INED serving the Board for a cumulative term of more than nine (9) years.

5.4 Policy on Tenure of Independent Director

The Board does not adopt any policy which limits the tenure of its INEDs to nine (9) years without further extension.

5.5 Diversification of Board and Senior Management

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, logistics, trading, legal, finance and accounting.

The Board has complied with Paragraph 15.06 of the MMLR of Bursa Securities on the restriction on the number of directorships in listed companies held by the Directors. In addition, the Directors are required to notify the Board in a timely fashion before accepting an invitation to serve on the board of other listed companies. The Board is satisfied that the external directorships of the Board members have not impaired their ability to devote sufficient time in discharging their roles and responsibilities effectively.

During the financial year under review, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. This is demonstrated, in a way, by almost the full attendance record of the Directors at Board meetings.

5.6 Sources to Identify Candidate 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. The NRC will rely on varied sources to identify candidate for directorship, including recommendations from existing Directors, Management or major shareholders as well as independent sources, as and when it deems necessary.

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.

A new woman director, Ms. Cheong Sing Yee was appointed to the Board on 16 May 2023. The Management sourced the candidate through the recommendation from a key management personnel joining a clan association. The NRC had conducted an interview with the candidate. A duly completed Director Candidate Profile Form was also presented at the NRC meeting for discussion. The NRC reviewed Ms. Cheong’s resume and assessed her suitability based on the criteria stated in the Fit and Proper Policy.

After taking into consideration of her academic qualification, legal expertise, working experience and ability to bring independent judgement and opinion to the Board, the NRC recommended her to the Board for appointment.

5.7 Information on the Appointment and Re-appointment of Directors

The profiles of Directors are published in this Annual Report which include their age, gender, position, directorships in other companies, working experience and any conflict of interest, whereas their interests in the securities of the Company are set out in the analysis of shareholdings and warrant holdings respectively. The performance of the retiring directors is assessed by the NRC and the Board before recommendation is made to the shareholders for consideration.

As for the independent directors, the NRC also assess their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the Company as a whole.

The Board has provided a statement in the notice of the 7th AGM to support the re-election of the retiring Directors.

5.8 Chairman of Nominating Committee

The NRC is chaired by the Senior INED, Encik Razmi Bin Alias.

5.9 Female Directors

The Board acknowledges the best practice of the Code that the board should comprise at least 30% women directors.

Presently, the Board comprises one (1) female Independent Non-Executive Director (i.e. 14% woman director), Ms. Cheong Sing Yee. The Board has complied with the provision of the MMLR of Bursa Securities at least one (1) woman director on Board.

The Board does not adopt any formal gender diversity policy in selection of new Board members as the Group adheres to the practice of non-discrimination with regards to gender, age, race or religion. Hence, the Board does not set a specific target on the composition of the Board in terms of gender, age or ethnicity.

The Board evaluates a candidate of new Board member by considering various factors, including skill and expertise, personal qualities, educational qualification and capability to discharge duty effectively.

5.10 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, to maximize the effectiveness of the Board and senior management.

6. Board Effectiveness

6.1 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 the financial year ended 30 June 2023 ("FY2023"), 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 covering the criteria in the Fit and Proper Policy 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 focused 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 focused 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 FY2023.

The Constitution of the Company provides that re-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-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The retiring Directors who are subject to re-election at next AGM are assessed by the NRC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NRC are based on the annual assessment conducted for the FY2023 with reference to the Fit and Proper Policy. The NRC are satisfied with the performance and contributions of the retiring Directors that they have effectively discharged their duties and responsibilities. The NRC made recommendations to the Board for re-election of all the retiring Directors.

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

During the FY2023, five (5) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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 means 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.

The listing of the Board members and their attendance at Board and Board Committees' meetings held during the FY2023 are as tabulated below:

Director	Board	Audit Committee	Nominating & Remuneration Committee
Ooi Chin Soon Executive Chairman	4/5	—	—
Tan Hing Ming @ Chin Hing Ming Group Managing Director	5/5	—	—
Datuk Hong Choon Hau Group Executive Director	5/5	—	—
Razmi Bin Alias Senior Independent Non-Executive Director	5/5	4/4	2/2
Loh Seong Yew Independent Non-Executive Director	5/5	4/4	2/2
Ng Tiang Yong Independent Non-Executive Director	5/5	4/4	2/2
Cheong Sing Yee ⁽¹⁾ Independent Non-Executive Director	1/1	—	—
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor ⁽²⁾ Independent Non-Executive Chairman	4/4	—	—

Note:

- (1) Attendance is counted from her appointment to the Board on 16 May 2023.
- (2) Attendance is counted until his retirement from the Board on 16 May 2023.

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 Board with information and clarification on certain meeting agenda to facilitate informed decision-making.

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 ("MAP"), save for the newly appointed Director, Ms. Cheong Sing Yee who will be attending the MAP scheduled to be held on 26 and 27 September 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

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

Director	Seminar / Workshop / Course
Ooi Chin Soon	<ul style="list-style-type: none"> ICDM Power Talk - Advancing Cyber Resilience: Board's Top 3 Must-Knows
Tan Hing Ming @ Chin Hing Ming	<ul style="list-style-type: none"> Strategy & Budgeting Masterclass: Aligning Action Plans, Numbers & Vision in Practice
Datuk Hong Choon Hau	<ul style="list-style-type: none"> Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers Explore Trading Opportunities in Futures Market
Razmi Bin Alias	<ul style="list-style-type: none"> Values as a Source of Competitive Advantage - ICLIF Customs & SST Implications on Year-End Transfer Pricing Adjustments What Should Investor Relations Know About Section 17A-MACC Act 2009? Characteristic of ESG @ Sustainability Leadership Climate Change and Carbon: From the Financial Risk & Reporting Perspectives Transitioning to Net Zero through Energy Efficiency Human Rights Risk Management for Malaysian Companies How to raise funds with Sustainable Bonds Confirmation Understanding the requirements in Bursa enhancement sustainability reporting framework - KPMG Conversation with Audit Committees Malaysia Budget 2023 - Overview and Key Tax Enforcement Trends
Loh Seong Yew	<ul style="list-style-type: none"> Latest Tax Updates and Tax Cases Corporate Tax Strategies 2023 Budget Seminar Corporate Tax Strategies
Ng Tiang Yong	<ul style="list-style-type: none"> ICDM Power Talk - Advancing Cyber Resilience: Board's Top 3 Must-Knows

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.

III. Remuneration

7. Level and Composition of Remuneration

7.1 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 two (2) 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.

7.2 Remuneration Committee

The Remuneration Committee was merged with the Nomination Committee to form the Nominating and Remuneration Committee ("NRC") on 29 June 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 Cheong Sing Yee

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

- 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) Assessed and reviewed the training needs of the Directors.
- e) Recommended the appointment of new director in place of the retired director.
- f) Discussed and recommended the re-election of Directors at AGM.
- g) Reviewed the term of office and performance of the AC and its members pursuant to Paragraph 15.20 of the MMLR of Bursa Securities. The assessment was carried out by way of a discussion by the Board and self-evaluation by the AC given that the composition of the NRC is the same with AC.
- h) Conducted annual assessment on Board, Board Committees and individual Directors.
- i) Discussed and recommended Directors' fees and benefits payable for shareholders' approval.
- j) Discussed and reviewed the Employment Agreement and Service Agreement for the Directors.
- k) Discussed the pay back of the Executive Directors' salary which was reduced during the COVID-19 pandemic.
- l) Reviewed the Board Charter of the Company.

The Terms of Reference of the NRC is published on the Company's website at www.cwgholdings.com.my.

8. Remuneration of Directors and Senior Management >

8.1 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 Company and the Group for FY2023 is as tabulated:

Company (RM'000)	Fees	Allowance	Salary	Bonus	Benefits in-kind	Other Emoluments	Total
Executive Directors							
Ooi Chin Soon	12	–	–	–	–	–	12
Tan Hing Ming	12	–	137	15	–	30	194
Datuk Hong Choon Hau	12	30	300	127	–	87	556
Independent Non-Executive Directors							
Razmi Bin Alias	24	8	–	–	–	–	32
Loh Seong Yew	24	8	–	–	–	–	32
Ng Tiang Yong	24	6	–	–	–	–	30
Cheong Sing Yee ⁽¹⁾	3	1	–	–	–	–	4
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor ⁽²⁾	28	2	–	–	–	–	30
Total	139	55	437	142	–	117	890

Group (RM'000)	Fees	Allowance	Salary	Bonus	Benefits in-kind	Other Emoluments	Total
Executive Directors							
Ooi Chin Soon	27	30	549	141	5	138	890
Tan Hing Ming	27	30	458	131	5	119	770
Datuk Hong Choon Hau	12	30	300	127	–	87	556
Independent Non-Executive Directors							
Razmi Bin Alias	24	8	–	–	–	–	32
Loh Seong Yew	24	8	–	–	–	–	32
Ng Tiang Yong	24	6	–	–	–	–	30
Cheong Sing Yee ⁽¹⁾	3	1	–	–	–	–	4
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor ⁽²⁾	28	2	–	–	–	–	30
Total	169	115	1,307	399	10	344	2,344

Note:

(1) Appointed on 16 May 2023

(2) Retired on 16 May 2023

8.2 Top Five (5) Senior Management's Remuneration

Given the confidential and commercial sensitivities associated with remuneration matters in highly competitive human resources 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.

8.3 Detailed Remuneration of Top Five (5) Senior Management

The Board is of the view that there is no necessity for the Group to disclose the detailed remuneration package of the Senior Management personnel (who are not Directors) on a named basis. The details are sensitive and proprietary given the competitive human resources environment, as such disclosure may give rise to recruitment and talent retention issues.

The Board ensures that the remuneration of the Senior Management personnel is commensurate with the performance of the Group, with due consideration to attracting, retaining and motivating them to lead and run the Group successfully.

PRINCIPLE B » EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

9. Effective and Independent Audit Committee »

9.1 Chairman of the Audit Committee

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

9.2 Policy Requiring Former Key Audit Partner to Observe Three (3) Years 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 Audit Committee.

The terms of reference of the Audit Committee provides that the Company and the Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the Audit Committee is a former key audit partner.

9.3 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 Audit Committee 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 FY2023, the Audit Committee is satisfied with the technical competency, fees, quality of work and independence of the external auditors.

The Audit Committee met with the external auditors twice during FY2023 to discuss their audit plan, audit findings and the Company's financial statements. At least once a year and whenever necessary, the Audit Committee meets with the external auditors without the presence of executive Board members or Management personnel, to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee has considered the non-audit services provided by the external auditors during FY2023 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/payable to the external auditors.

The external auditors have confirmed to the Audit Committee 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 Audit Committee during the financial year under review is set out in the Audit Committee Report in this Annual Report.

9.4 Composition of the Audit Committee

The Audit Committee comprises solely of INEDs.

9.5 Diversity in Skills of the Audit Committee

The Audit Committee currently comprises members with professional experience in business management, general management, legal, economics, finance and accounting. 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 Audit Committee the ability to effectively discharge their roles and responsibilities.

The Audit Committee regularly receives updates and briefings, particularly from the external auditors on the relevant developments and key changes in Malaysian Financial Reporting Standards, Malaysian Code on Corporate Governance and other practices and rules in regulatory.

II. Risk Management & Internal Control Framework

10. Effective Risk Management and Internal Control Framework ➤

10.1 Establish an Effective 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.

Continuous reviews are carried out by the Group's outsourced internal audit function, whereas Risk Management Committee and Management personnel 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 Audit Committee thrice during the financial year under review.

10.2 Features of Risk Management and Internal Control Framework

The Board has delegated the duties to the Risk Management Committee and Management personnel for identifying, evaluating and monitoring the key business and operational risks on on-going basis. The internal auditors evaluate the adequacy and effectiveness of the Group's risk management and internal control system.

The respective heads of department are responsible for identifying and managing the risk of their departments. Changes in the business and operational risks faced by the Group, emergence of new key business risks, the mitigating measures and corresponding internal controls are discussed during management meeting and reported to the Board, if material and applicable.

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.

10.3 Establishment of a Risk Management Committee

A management level Risk Management Committee was established to identify the key business risks faced by the Group and ensure appropriate internal controls and mitigating measures are implemented to manage the risks effectively.

A Chief Risk Officer 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 Risk Management Committee is to report on an annual basis to the Audit Committee. The risk management functions are incorporated into the terms of reference of the Audit Committee.

11. Effectiveness of Governance, Risk Management and Internal Control »

11.1 Effectiveness of the Internal Audit Function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm, JWC Consulting Sdn. Bhd. ("JWC"), which is sufficiently resourced to provide the services that meet with the Group's required service level. JWC 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 report directly to the Audit Committee.

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.

11.2 Disclosure on the Internal Audit Function

JWC is independent of the activities audited and independent from day-to-day internal control processes. The internal audit staff are also free from any relationships or conflicts of interest, which could impair the objectivity and independence.

The number of staff deployed for the internal audit reviews is normally two (2) to three (3) staff, including the director and managerial level position.

Ms. Joyce Wong Ai May is the Executive Director of JWC. She is the lead internal auditor responsible for the internal audit of the Group. She graduated from the University of Tasmania with a Bachelor of Commerce, majoring in Accounting and Finance. She is an Accountant by profession, and a member of the Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants and Certified Practising Accountants, Australia.

The internal audit is carried out in accordance with the standards and best practices based on the International Professional Practices Framework, which is endorsed by the Institute of Internal Auditors Malaysia.

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

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

I. Engagement with Stakeholders

12. Continuous Communication between Company and Stakeholders »

12.1 Communication with its 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 Group Managing Director 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, among 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.

12.2 Integrated Reporting

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

II. Conduct of General Meetings

13. Encourage Shareholders' Participation at General Meetings »

13.1 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 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 6th AGM in 2022 was sent to the shareholders at least twenty-eight (28) days prior to the meeting date and published in a nationally circulated local newspaper. This enables shareholders to make adequate preparation. Items of special business included in the notice of 6th AGM were accompanied by an explanation of the proposed resolution. All the resolutions set out in the notice of 6th AGM were put to vote by poll with the outcome announced to Bursa Securities on the same day.

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.

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

13.2 Directors' Attendance at General Meetings

All the Directors attended the 6th AGM held on 23 November 2022.

13.3 Leveraging on Technology

Based on an analysis of the investors, the Company does not have a large number of shareholders and a majority of them are Malaysians. 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. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable.

13.4 Shareholders Engagement

The shareholders are invited to raise questions or seek clarification pertaining to the Company's financial performance, agenda and resolutions tabled before putting them for voting.

All the Directors and senior management were present during the AGM to provide responses to the shareholders and ensure sufficient time was allocated for discussion.

The Company has also dedicated an email: cosec@cwgholdings.com.my to which stakeholders can direct their queries or concerns.

13.5 Infrastructure for Virtual General Meeting

It is not applicable to the Company as physical 6th AGM was conducted in the FY2023.

13.6 Minutes of General Meeting

The minutes of the 6th AGM held on 23 November 2022 is made available on the Company's website no later than thirty (30) business day after the meeting.

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, satisfactorily 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 18 September 2023.

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 28 April 2021 and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Internal Control Guidelines”).

Board Responsibilities

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 was briefed on key issues for deliberation and guidance, as needed.

Risk Management Committee

A management level Risk Management Committee was established to identify the key business risks faced by the Group and ensure appropriate internal controls and mitigating measures are implemented to manage the risks effectively. 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.

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 this 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 Production Operation, Management Information System, Marketing, Procurement, Finance, Human Resources Management and Corporate Services/Creative & Product Development.

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 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 Executive Chairman, Group Managing Director, Executive Directors, Senior Independent Director and Non-Executive Directors and Board Committees.
3. The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of his role. He is also 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. The 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 came 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. The actual performance is monitored against budget to identify significant variances for prompt actions to be taken.
14. Quarterly unaudited group financial reports are reviewed by the AC together with the key senior management, and subsequently reported to the Board.
15. Periodic management meetings are attended by respective heads of department and staff to discuss and review financial and operational performance of key divisions within the Group.
16. Monthly review of the management accounts of the Group by the key senior management.

Internal audits and risk management

17. 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.
18. Review and update of the internal control system is made after considering pertinent changes in the regulatory and business environment on an ongoing basis.
19. The Board reviews all areas of significant financial risk and approves all significant investments, if any, after careful review and deliberation.
20. 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 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 2023 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 18 September 2023.

OBJECTIVES »

The primary objective of the Audit Committee 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.

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

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
Razmi Bin Alias	Member	4/4
Ng Tiang Yong	Member	4/4
Cheong Sing Yee ⁽¹⁾	Member	—

Note:

- (1) Attendance is counted from her appointment as a member of the Audit Committee on 16 May 2023.

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").

SUMMARY OF WORK OF THE AUDIT COMMITTEE >

The activities carried out by the Audit Committee during the financial year ended 30 June 2023 were summarised as follows:

- (a) Reviewed the unaudited quarterly financial results and audited financial statements of the Group with the 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.
- (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 as auditors of the Company for the ensuing financial year;
- (g) Reviewed and discussed the internal audit plan presented by 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 the Chief Risk Officer 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 Annual Report 2023.

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) Procurement
- (ii) Inventory management
- (iii) Sub-contracting 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 RM29,701.20.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

On 16 February 2022, CWG Holdings Berhad (“the Company” or “CWG”) completed the private placement following the listing and quotation of a total 37,858,020 placement shares at RM0.400 and RM0.405 per placement share respectively on the Main Market of Bursa Malaysia Securities Berhad. The total gross proceeds raised from the private placement were amounted to RM15,206,208.

The proceeds of the private placement were fully utilised on 30 September 2022:

Description	Proposed Utilisation RM	Actual Utilisation RM	Balance Unutilised RM	Expected Timeframe for Utilisation
Working capital ^(a)	5,974,483	5,974,483	-	Within 12 months
Working capital ^(b)	9,003,725	9,003,725	-	Within 12 months
Expenses ^(c)	228,000	228,000	-	Immediate
Total	15,206,208	15,206,208	-	-

Note:

(a) The working capital comprising payment to suppliers/creditors of the Group.

(b) The working capital comprising defrayment of operational expenses including the purchase of materials, staff related expenses such as salaries, wages, allowances, interest expenses and other operating expenses such as utilities, upkeep of offices and maintenance of plants and machinery.

(c) The expenses comprising professional fees, fees payable to relevant authorities and other related expenses.

2. Audit and Non-audit Fees

During the financial year ended 30 June 2023 (“FY2023”), the amount of audit and non-audit fees payable to the external auditors, BDO PLT and its affiliates for the services rendered to the Company and the Group respectively are as follows:-

Level	Audit Fee (RM)	Non-Audit Fee (RM)
Company	17,800	6,800
Group	111,000	28,750

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

3. Material Contracts

During the FY2023, 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, either still subsisting at the end of the financial year or extend into since the end of the previous financial year.

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 2023 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 2023, 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 18 September 2023

Share Capital

Issued and Fully Paid-up	RM78,351,259.50 divided into 164,148,123 ordinary shares (including 1,546,500 treasury shares)
Class of Shares	Ordinary shares
Voting Rights	<ul style="list-style-type: none"> • One (1) vote per ordinary share on a poll • One (1) vote per person on show of hand

Analysis by Size of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares ^	% of Shareholding ^
1 - 99	17	0.80	374	#
100 - 1,000	121	5.69	61,288	0.04
1,001 - 10,000	1,296	60.96	6,882,265	4.23
10,001 -100,000	607	28.55	17,389,500	10.69
100,001 - 8,130,080 (*)	82	3.86	60,516,776	37.22
8,130,081 and above (**)	3	0.14	77,751,420	47.82
Total	2,126	100.00	162,601,623	100.00

Remarks:

^ Excluding 1,546,500 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 18 September 2023

Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Ooi Chin Soon	29,300,000	18.02	-	-
Datuk Hong Choon Hau	29,036,920	17.86	-	-
ANB Equity Sdn. Bhd.	12,874,500	7.92	-	-
Dato' Khor Wan Tat	1,008,700	0.62	(a) 7,830,000	4.82
Lai Tjhin Tjhin	-	-	(b) 12,874,500	7.92
Lim Kam Seng	8,159,000	5.02	-	-

Note:

[^] Excluding a total of 1,546,500 shares bought-back by the Company and retained as treasury shares.

(a) Deemed interest by virtue of his interest in Khor Say Khai Holdings Sdn. Bhd. ("KSKHSB"), he 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	29,300,000	18.02	-	-
Tan Hing Ming @ Chin Hing Ming	-	-	-	-
Datuk Hong Choon Hau	29,036,920	17.86	-	-
Razmi Bin Alias	-	-	-	-
Loh Seong Yew	250,000	0.15	-	-
Ng Tiang Yong	1,266,800	0.78	-	-
Cheong Sing Yee	-	-	-	-

Note:

[^] Excluding a total of 1,546,500 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 18 September 2023

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	% [^]
1	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	35,576,920	21.88
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHIN SOON	29,300,000	18.02
3	ANB EQUITY SDN BHD	12,874,500	7.92
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR SAY KHAI HOLDINGS SDN BHD (E-PPG)	7,830,000	4.82
5	LIM KAM SENG	6,200,000	3.81
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK SECURITIES PTE LTD FOR WONG PEI FERN	4,800,000	2.95
7	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM ED WIN (PNG)	3,703,600	2.28
8	SAY BENG HOLDINGS SDN BHD	3,198,926	1.97
9	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,815,600	1.73
10	LIM KAM SENG	1,950,000	1.20
11	KHOR SWEE THEAM	1,707,800	1.05
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW YEAW SENG (M01)	1,637,700	1.01
13	TAN PUI SAN	1,632,400	1.00
14	LEE CHEW WAH	1,421,000	0.87
15	APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOW WOOL HUAT (STA 2)	1,267,700	0.78
16	NG TIANG YONG	1,266,800	0.78
17	LOH YERK CHOO	1,025,200	0.63
18	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW KOK TONG (CCTS)	1,000,000	0.62
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR WAN TAT (E-PPG)	1,000,000	0.62
20	SAW JUNE HUI	998,100	0.61
21	HENG SZE SIANG	870,000	0.54
22	CHEONG HOEY WANG	868,000	0.53
23	LIM SOON HUAT	728,100	0.45
24	TAN AH MOY @ TAN SIEW CHUAN	600,000	0.37
25	EAW AI LIN	555,000	0.34
26	LU CHEE WAI	467,600	0.29
27	CHEN THEAN SEONG	422,800	0.26
28	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH WOEL GIAP	412,000	0.25
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG PHAIK YING (E-PRA)	410,800	0.25
30	JING DE MACHINERY INDUSTRIES SDN. BHD.	400,000	0.25

Note:

[^] Excluding a total of 1,546,500 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF WARRANT HOLDINGS

as at 18 September 2023

Warrants 2022/2027

Number of Issued Warrant	81,826,910
Exercise Price Per Warrant	RM0.36

Analysis by Size of Warrant Holdings

Size of Holdings	No. of Holders	% of Holders	No. of Warrant	% of Warrant Holding
1 - 99	105	5.37	4,670	0.01
100 - 1,000	207	10.58	146,793	0.18
1,001 - 10,000	1,264	64.62	4,965,137	6.07
10,001 -100,000	302	15.44	11,189,450	13.67
100,001 - 4,091,344 (*)	76	3.89	46,653,860	57.01
4,091,345 and above (**)	2	0.10	18,867,000	23.06
Total	1,956	100.00	81,826,910	100.00

Remarks:

* Less than 5% of issued warrants

** 5% and above of issued warrants

Directors' Warrant Holdings

Name	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Ooi Chin Soon	14,550,000	17.78	-	-
Tan Hing Ming @ Chin Hing Ming	-	-	-	-
Datuk Hong Choon Hau	-	-	-	-
Razmi Bin Alias	-	-	-	-
Loh Seong Yew	-	-	-	-
Ng Tiang Yong	633,400	0.77	-	-
Cheong Sing Yee	-	-	-	-

ANALYSIS OF WARRANT HOLDINGS (cont'd)

as at 18 September 2023

Thirty (30) Largest Warrant Holders

No.	Name	No. of Warrants	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR OOI CHIN SOON	14,550,000	17.78
2	TAN WAH KIONG	4,317,000	5.28
3	TAN WAH KIONG	3,800,000	4.64
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHOR SAY KHAH HOLDINGS SDN BHD (E-PPG)	3,084,600	3.77
5	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HEE YUEN SANG (MY2105)	3,000,000	3.67
6	LIM KAM SENG	2,900,000	3.54
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK SECURITIES PTE LTD FOR WONG PEI FERN	2,400,000	2.93
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HEE YUEN SANG	2,300,000	2.81
9	ANB EQUITY SDN. BHD.	2,000,000	2.44
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN CHOON PING	1,503,800	1.84
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHENG CHOON SENG	1,350,000	1.65
12	LEE CHEW WAH	1,300,000	1.59
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM CHOOI CHUAN (E-IMO)	1,273,000	1.56
14	LIM KAM SENG	1,100,000	1.34
15	HEE YUEN SANG	1,000,000	1.22
16	MICHELLE GAN	978,000	1.20
17	M & A NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM ED WIN (PNG)	961,960	1.18
18	MOHAMMAD HAFIFI HAFIZ BIN ISHAIK	890,000	1.09
19	KHOR SWEE THEAM	853,900	1.04
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SUN PING	800,000	0.98
21	TOH WEE MENG	800,000	0.98
22	APEX NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEOW WOUI HUAT (STA 2)	633,850	0.77
23	NG TIANG YONG	633,400	0.77
24	ABDUL RAHMAN BIN IBRAHIM	600,000	0.73
25	BENNY LIAU YEW SOON	600,000	0.73
26	MOHD JEFFRY HEW BIN ABDULLAH	540,050	0.66
27	SAW JUNE HUI	499,050	0.61
28	ONG HOCK CHOON	471,400	0.58
29	CHAN SIEW YONG	428,000	0.52
30	CHONG KOK SENG	416,000	0.51

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DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2023

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly investment holding, manufacturing and sales of stationery and printing materials. Further 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
Profit for the financial year	5,983,364	238,437
Attributable to:		
Owners of the parent	5,973,125	238,437
Non-controlling interests	10,239	0
	5,983,364	238,437

DIVIDENDS

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

	RM
In respect of financial year ended 30 June 2022:	
First and final single tier dividend of 0.50 sen per ordinary share, paid on 23 December 2022	813,008
In respect of financial year ended 30 June 2023:	
Interim single tier dividend of 0.25 sen per ordinary share, paid on 20 March 2023	406,504
	1,219,512

The Board recommends a final single tier dividend of 0.50 sen per ordinary share amounting to RM813,008 in respect of financial year ended 30 June 2023, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed dividend which will be recognised as an appropriation of retained earnings in the financial year ending 30 June 2024 when approved by shareholders.

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.

DIRECTORS' REPORT (cont'd)

WARRANTS »

On 3 March 2022, the Company issued 81,826,910 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of one (1) free warrant for every two (2) existing ordinary shares held in the Company ("Warrants").

The Warrants are exercisable at any time for a tenure of five (5) years from the date of issuance of the Warrants at an exercise price of RM0.36 each.

During the financial year, there were no exercise of Warrants by the registered holders. The number of Warrants unexercised at the end of the reporting period comprises 81,826,910 Warrants. The Warrants will expire on 2 March 2027.

The Warrants were listed on Bursa Malaysia Securities Berhad on 10 March 2022.

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.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") »

At the Extraordinary General Meeting of the Company held on 25 January 2022, shareholders of the Company approved the establishment of the ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares) at any point in time over the duration of the ESOS for eligible persons. The ESOS is implemented and administered by an ESOS committee in accordance with the By-Laws.

The salient features of the ESOS are as follows:

- (i) eligible persons are Executive Directors and employees who have been appointed or confirmed in full time service in any company within the Group (excluding dormant subsidiaries), employed under an employment contract for a fixed duration of not less than one (1) year, and has not serviced a notice to resign nor received a notice of termination;
- (ii) not more than 70% of the new shares available under the ESOS shall be allocated, in aggregate, to Executive Directors and senior management of the Group (excluding dormant subsidiaries). In addition, not more than 10% of the new shares available under the ESOS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with the eligible person, holds 20% or more the issued and paid-up capital of the Company (excluding treasury shares);
- (iii) the basis for determining the aggregate number of the new shares that may be offered under the ESOS and/or to an eligible person shall be at the sole and absolute discretion of the ESOS committee after taking into consideration, *inter alia*, the performance, contribution, employment grade, seniority and/or length of service to the Group (excluding dormant subsidiaries) and/or such other factors which the ESOS committee may in its sole and absolute discretion deem fit; and
- (iv) the option exercise price shall be at a discount of not more than 10% of the 5-day volume weighted average market price of the Company's ordinary shares as quoted on Bursa Malaysia Securities Berhad at the time of the offer is made to the grantee.

No options were granted pursuant to the ESOS as of the date of this report.

TREASURY SHARES »

The shareholders of the Company had, at Annual General Meeting ('AGM') held on 23 November 2022, renewed the mandate given to the Company to repurchase its own shares.

During the financial year and up to the date of this report, the Company repurchased 1,052,200 of its issued ordinary shares from the open market at an average price of RM0.32 per share. The total consideration paid for the repurchased shares was RM339,054, which was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT (cont'd)

TREASURY SHARES (cont'd) ▶

As at 30 June 2023, 1,546,500 out of the total 164,148,123 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 162,601,623.

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.

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

Ooi Chin Soon*	
Tan Hing Ming @ Chin Hing Ming*	
Datuk Hong Choon Hau	
Razmi Bin Alias	
Loh Seong Yew	
Ng Tiang Yong	
Cheong Sing Yee	(Appointed on 16 May 2023)
Dato' Mohd Junid Bin Mohd Noor @ Md Noor	(Retired on 16 May 2023)

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

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

Gooi Boon Chuan	
Liaw Keng Siong #	
Hasri Bin Hasan	(Resigned on 1 November 2022)

Director of a subsidiary which was struck off from the register on 10 August 2023.

DIRECTORS' INTERESTS ▶

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 30 June 2023 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 30.06.2023
	Balance as at 01.07.2022	Acquired	Sold	
<u>Direct interests</u>				
Ooi Chin Soon	29,300,000	0	0	29,300,000
Datuk Hong Choon Hau	29,036,920	0	0	29,036,920
Ng Tiang Yong	1,266,800	0	0	1,266,800
Loh Seong Yew	250,000	0	0	250,000

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd) >

Warrants in the Company	Number of warrants			Balance as at 30.06.2023
	Balance as at 01.07.2022	Acquired	Sold	
<u>Direct interests</u>				
Ooi Chin Soon	14,550,000	0	0	14,550,000
Datuk Hong Choon Hau	14,518,460	0	(14,518,460)	0
Ng Tiang Yong	633,400	0	0	633,400

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 the following and as disclosed in Note 27 to the financial statements:

- Certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- Certain Directors who received remuneration from the subsidiaries as Directors of the 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, other than as may arise from the warrants issued as disclosed above.

DIRECTORS' REMUNERATION >

Fees and other benefits of the Directors of the Company who have held office during the financial year ended 30 June 2023 are as follows:

	Group RM	Company RM
Fees	169,076	139,076
Other emoluments	2,164,915	751,009
Estimated monetary value of benefits-in-kind	9,652	0
	<u>2,343,643</u>	<u>890,085</u>

DIRECTORS' REPORT (cont'd)

INDEMNITY AND INSURANCE FOR DIRECTORS, 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 there are no known bad debts to be 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 necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT (cont'd)

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

(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 SUBSEQUENT TO THE END OF THE REPORTING PERIOD ► _____

On 17 July 2023, CWG Park Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement with Great Marvel Sdn. Bhd. for the proposed acquisition of 100 ordinary shares, representing 100% of the equity interest in SA Marvel Sdn. Bhd. with a purchase consideration of RM100,000 to be satisfied entirely via cash. The proposed acquisition was yet to be completed as at the date of this report.

In conjunction with the proposed acquisition, the Company proposes to undertake a proposed diversification of the existing principal activities of the Company and its subsidiaries to include property development.

AUDITORS ► _____

The auditors, BDO PLT (201906000013 (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 2023 amounted to RM17,800 and RM93,200 respectively.

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

Ooi Chin Soon
Director

Tan Hing Ming @ Chin Hing Ming
Director

Penang
18 September 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 75 to 117 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 2023 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
18 September 2023

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 75 to 117 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 18 September 2023

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 2023 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 75 to 117.

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 2023, 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.

Valuation of inventories

The Group holds significant amount of inventories amounted to RM54,877,580 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 other key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT (cont'd)

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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.

INDEPENDENT AUDITORS' REPORT (cont'd)

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)

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 (continued):

- 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.

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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang
18 September 2023

Goh Chee Beng
03535/11/2024 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	26,521,358	27,802,586	0	0
Right-of-use assets	6	6,872,686	5,903,185	0	0
Investments in subsidiaries	7	0	0	63,251,142	63,151,142
Other receivables	9	0	0	12,335,390	0
		33,394,044	33,705,771	75,586,532	63,151,142
Current assets					
Inventories	8	54,877,580	69,088,206	0	0
Trade and other receivables	9	16,935,213	13,080,878	10,055,004	24,807,045
Current tax assets		451,515	703,494	105,400	73,675
Cash and cash equivalents	10	21,162,499	13,949,250	11,619,420	10,540,521
		93,426,807	96,821,828	21,779,824	35,421,241
TOTAL ASSETS		126,820,851	130,527,599	97,366,356	98,572,383
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	11(a)	78,351,260	78,351,260	78,351,260	78,351,260
Treasury shares	11(b)	(484,959)	(145,905)	(484,959)	(145,905)
Reserves	12	26,793,189	22,039,576	19,273,921	20,254,996
		104,659,490	100,244,931	97,140,222	98,460,351
Non-controlling interests		0	(10,239)	0	0
TOTAL EQUITY		104,659,490	100,234,692	97,140,222	98,460,351
LIABILITIES					
Non-current liabilities					
Borrowings	13	867,332	1,234,855	0	0
Lease liabilities	6	449,674	28,809	0	0
Retirement benefit obligations	14	752,829	1,015,445	0	0
Deferred tax liabilities	15	2,297,783	2,179,345	0	0
		4,367,618	4,458,454	0	0
Current liabilities					
Trade and other payables	16	7,324,208	12,834,098	226,134	112,032
Contract liabilities	17	1,176,612	1,797,670	0	0
Borrowings	13	8,263,835	10,964,264	0	0
Lease liabilities	6	661,428	233,497	0	0
Retirement benefit obligations	14	203,589	0	0	0
Current tax liabilities		164,071	4,924	0	0
		17,793,743	25,834,453	226,134	112,032
TOTAL LIABILITIES		22,161,361	30,292,907	226,134	112,032
TOTAL EQUITY AND LIABILITIES		126,820,851	130,527,599	97,366,356	98,572,383

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 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	19	92,624,457	68,652,812	147,040	116,794
Cost of sales	20	(73,260,641)	(56,353,602)	0	0
Gross profit		19,363,816	12,299,210	147,040	116,794
Other operating income		1,978,465	1,458,450	1,295,734	799,874
Selling and distribution costs		(4,512,520)	(3,576,085)	0	0
Administrative and general expenses		(8,381,419)	(7,592,558)	(1,140,597)	(878,269)
Impairment losses on trade receivables	9(g)	(170,090)	(74,104)	0	0
Reversal of impairment losses on trade receivables	9(g)	43,306	151,570	0	0
Finance costs	21	(463,917)	(356,984)	0	0
Profit before tax		7,857,641	2,309,499	302,177	38,399
Tax expense	22	(1,874,277)	(682,583)	(63,740)	(74,949)
Profit/(Loss) for the financial year		5,983,364	1,626,916	238,437	(36,550)
Profit/(Loss) attributable to:					
- owners of the parent		5,973,125	1,678,054	238,437	(36,550)
- non-controlling interests		10,239	(51,138)	0	0
		5,983,364	1,626,916	238,437	(36,550)
Total comprehensive income/(loss) attributable to:					
- owners of the parent		5,973,125	1,678,054	238,437	(36,550)
- non-controlling interests		10,239	(51,138)	0	0
		5,983,364	1,626,916	238,437	(36,550)
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	23(a)	3.67	1.19		
Diluted	23(b)	3.67	1.16		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2023

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 2021		63,145,052	(145,905)	164,037	20,197,485	83,360,669	(7,611)	83,353,058
Profit for the financial year		0	0	0	1,678,054	1,678,054	(51,138)	1,626,916
Other comprehensive income, net of tax		0	0	0	0	0	0	0
Total comprehensive income		0	0	0	1,678,054	1,678,054	(51,138)	1,626,916
Transactions with owners								
Issuance of ordinary shares	11(a)	15,206,208	0	0	0	15,206,208	0	15,206,208
Additional investment in a subsidiary		0	0	0	0	0	48,510	48,510
Total transactions with owners		15,206,208	0	0	0	15,206,208	48,510	15,254,718
Balance as at 30 June 2022		78,351,260	(145,905)	164,037	21,875,539	100,244,931	(10,239)	100,234,692
Balance as at 1 July 2022		78,351,260	(145,905)	164,037	21,875,539	100,244,931	(10,239)	100,234,692
Profit for the financial year		0	0	0	5,973,125	5,973,125	10,239	5,983,364
Other comprehensive income, net of tax		0	0	0	0	0	0	0
Total comprehensive income		0	0	0	5,973,125	5,973,125	10,239	5,983,364
Transactions with owners								
Dividends paid	24	0	0	0	(1,219,512)	(1,219,512)	0	(1,219,512)
Purchase of treasury shares	11(b)	0	(339,054)	0	0	(339,054)	0	(339,054)
Total transactions with owners		0	(339,054)	0	(1,219,512)	(1,558,566)	0	(1,558,566)
Balance as at 30 June 2023		78,351,260	(484,959)	164,037	26,629,152	104,659,490	0	104,659,490

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2023

Company	Note	Share capital RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2021		63,145,052	(145,905)	10,151,142	10,140,404	83,290,693
Loss for the financial year		0	0	0	(36,550)	(36,550)
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive loss		0	0	0	(36,550)	(36,550)
Transaction with owners						
Issuance of ordinary shares	11(a)	15,206,208	0	0	0	15,206,208
Balance as at 30 June 2022		78,351,260	(145,905)	10,151,142	10,103,854	98,460,351
Balance as at 1 July 2022		78,351,260	(145,905)	10,151,142	10,103,854	98,460,351
Profit for the financial year		0	0	0	238,437	238,437
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	238,437	238,437
Transaction with owners						
Dividends paid	24	0	0	0	(1,219,512)	(1,219,512)
Purchase of treasury shares	11(b)	0	(339,054)	0	0	(339,054)
Total transactions with owners		0	(339,054)	0	(1,219,512)	(1,558,566)
Balance as at 30 June 2023		78,351,260	(484,959)	10,151,142	9,122,779	97,140,222

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		7,857,641	2,309,499	302,177	38,399
Adjustments for:					
Bad debts written off		0	503	0	0
Depreciation of property, plant and equipment	5	2,366,304	2,626,831	0	0
Depreciation of right-of-use assets	6	564,063	559,307	0	0
Loss on disposal of property, plant and equipment		132,062	74	0	0
Gain on lease modification	6(e)	0	(2,490)	0	0
Impairment losses on trade receivables	9(g)	170,090	74,104	0	0
Interest expenses	21	463,917	356,984	0	0
Interest income		(104,982)	(115,638)	(1,141,563)	(761,216)
Inventories written down	8(a)	753,616	1,231,187	0	0
Provision for retirement benefits	14(c)	77,299	79,986	0	0
Reversal of impairment losses on trade receivables	9(g)	(43,306)	(151,570)	0	0
Unrealised gain on foreign exchange		(292,370)	(121,461)	0	0
Operating profit/(loss) before changes in working capital		11,944,334	6,847,316	(839,386)	(722,817)
Changes in working capital:					
Inventories		13,457,010	(26,344,357)	0	0
Trade and other receivables		(3,732,398)	(5,534,172)	(12,000)	0
Trade and other payables		(5,517,952)	3,921,014	114,102	63,072
Contract liabilities		(621,058)	1,181,798	0	0
Retirement benefits paid	14	(136,326)	(49,495)	0	0
Cash generated from/(used in) operations		15,393,610	(19,977,896)	(737,284)	(659,745)
Tax paid		(1,344,850)	(546,284)	(95,465)	(93,758)
Tax refunded		137	0	0	0
Net cash from/(used in) operating activities		14,048,897	(20,524,180)	(832,749)	(753,503)
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayment from a subsidiary		0	0	12,376,219	7,830,794
Advance to a subsidiary		0	0	(9,930,000)	(24,300,000)
Incorporation of a subsidiary	7(c)	0	0	(100,000)	0
Interest received		104,982	126,105	1,123,995	747,850
Purchase of property, plant and equipment	5	(1,328,177)	(1,929,118)	0	0
Proceeds from disposal of property, plant and equipment		111,039	235,833	0	0
Net cash (used in)/from investing activities		(1,112,156)	(1,567,180)	3,470,214	(15,721,356)

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Contribution by non-controlling interests		0	48,510	0	0
Dividends paid	24	(1,219,512)	0	(1,219,512)	0
Interest paid		(98,467)	(107,823)	0	0
Purchase of treasury shares	11(b)	(339,054)	0	(339,054)	0
Drawdown of term loan		0	613,464	0	0
Proceeds from issuance of ordinary shares	11(a)	0	15,206,208	0	15,206,208
Net (decrease)/increase in bankers' acceptances		(2,360,933)	9,840,090	0	0
Repayments of:					
- term loans		(1,017,317)	(757,557)	0	0
- lease liabilities		(739,920)	(401,274)	0	0
Net cash (used in)/from financing activities		(5,775,203)	24,441,618	(1,558,566)	15,206,208
Net increase/(decrease) in cash and cash equivalents		7,161,538	2,350,258	1,078,899	(1,268,651)
Effects of exchange rate changes on cash and cash equivalents		51,711	8,121	0	0
Cash and cash equivalents at beginning of financial year		13,949,250	11,590,871	10,540,521	11,809,172
Cash and cash equivalents at end of financial year	10	21,162,499	13,949,250	11,619,420	10,540,521

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities	Bankers' acceptances	Term loans
	Note 6 RM	Note 13 RM	RM
Balance as at 1 July 2021	356,798	0	2,265,643
Cash flows	(401,274)	9,840,090	(144,093)
Non-cash flows:			
- additions of lease liabilities	307,606	0	0
- lease modification	(12,506)	0	0
- unwinding of interest	11,682	183,770	53,709
Balance as at 30 June 2022	262,306	10,023,860	2,175,259
Balance as at 1 July 2022	262,306	10,023,860	2,175,259
Cash flows	(739,920)	(2,360,933)	(1,017,317)
Non-cash flows:			
- additions of lease liabilities	1,552,405	0	0
- effects on lease termination	(18,841)	0	0
- unwinding of interest	55,152	233,385	76,913
Balance as at 30 June 2023	1,111,102	7,896,312	1,234,855

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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 2023 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 18 September 2023.

2. PRINCIPAL ACTIVITIES »

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly investment holding, manufacturing and sales of stationery and printing materials. Further 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 and Amendments to MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 30.1 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 2023

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:

	2023 RM	2022 RM
Malaysia	21,524,548	18,126,023
Other Asian countries	43,154,858	21,896,746
Africa	1,213,693	202,632
America	4,332,489	6,130,114
Europe	13,331,024	11,129,314
Oceania	9,067,845	11,167,983
	<u>92,624,457</u>	<u>68,652,812</u>

(b) Major customer

The following is the major customer with revenue equal or more than ten percent (10%) of revenue of the Group:

	2023 RM	2022 RM
Customer A	9,273,304	*

* less than 10%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 01.07.2022 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Reclassi- fication RM	Balance as at 30.06.2023 RM
Carrying amount						
Freehold land	830,000	0	0	0	0	830,000
Buildings	11,908,260	188,962	0	(748,899)	357,000	11,705,323
Machinery and equipment	14,260,055	336,908	(243,096)	(1,416,231)	281,871	13,219,507
Office equipment, furniture and fixtures	364,334	51,480	(5)	(102,500)	16,980	330,289
Motor vehicles	139,427	0	0	(98,674)	0	40,753
Capital work-in-progress	300,510	750,827	0	0	(655,851)	395,486
	<u>27,802,586</u>	<u>1,328,177</u>	<u>(243,101)</u>	<u>(2,366,304)</u>	<u>0</u>	<u>26,521,358</u>

----- Balance as at 30.06.2023 -----

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	830,000	0	830,000
Buildings	19,073,985	(7,368,662)	11,705,323
Machinery and equipment	56,487,118	(43,267,611)	13,219,507
Office equipment, furniture and fixtures	2,304,569	(1,974,280)	330,289
Motor vehicles	1,464,934	(1,424,181)	40,753
Capital work-in-progress	395,486	0	395,486
	<u>80,556,092</u>	<u>(54,034,734)</u>	<u>26,521,358</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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

Group	Balance as at 01.07.2021 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Reclassi- fication RM	Transfer from right-of- use assets RM	Balance as at 30.06.2022 RM
Carrying amount							
Freehold land	830,000	0	0	0	0	0	830,000
Buildings	12,520,478	113,191	0	(725,409)	0	0	11,908,260
Machinery and equipment	12,775,157	1,090,165	(20,125)	(1,674,561)	2,089,419	0	14,260,055
Office equipment, furniture and fixtures	446,132	34,477	(7)	(116,268)	0	0	364,334
Motor vehicles	250,020	0	(215,775)	(110,593)	0	215,775	139,427
Capital work-in-progress	1,698,644	691,285	0	0	(2,089,419)	0	300,510
	<u>28,520,431</u>	<u>1,929,118</u>	<u>(235,907)</u>	<u>(2,626,831)</u>	<u>0</u>	<u>215,775</u>	<u>27,802,586</u>

----- Balance as at 30.06.2022 -----

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	830,000	0	830,000
Buildings	18,528,023	(6,619,763)	11,908,260
Machinery and equipment	61,273,382	(47,013,327)	14,260,055
Office equipment, furniture and fixtures	2,258,919	(1,894,585)	364,334
Motor vehicles	1,464,934	(1,325,507)	139,427
Capital work-in-progress	300,510	0	300,510
	<u>84,655,768</u>	<u>(56,853,182)</u>	<u>27,802,586</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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 rates are as follows:

Buildings	2 - 3.8%
Machinery and equipment	5 - 10%
Office equipment, furniture and fixtures	10 - 20%
Motor vehicles	20%

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

Capital work-in-progress represents office equipment in progress 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 banks for borrowings as disclosed in Note 13 to the financial statements are as follows:

	Group	
	2023 RM	2022 RM
Building	4,137,471	4,305,463
Machinery and equipment	1,669,210	1,758,235
	5,806,681	6,063,698

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

6. LEASES »

The Group as lessee
Right-of-use assets

	Balance as at 01.07.2022 RM	Additions RM	Depreciation RM	Effects on lease termination RM	Balance as at 30.06.2023 RM
Carrying amount					
Leasehold land	5,642,289	0	(241,448)	0	5,400,841
Machinery and equipment	0	1,293,608	(59,290)	0	1,234,318
Rented properties	260,896	258,797	(263,325)	(18,841)	237,527
	5,903,185	1,552,405	(564,063)	(18,841)	6,872,686

	Balance as at 01.07.2021 RM	Additions RM	Lease modification RM	Depreciation RM	Transfer to property, plant and equipment RM	Balance as at 30.06.2022 RM
Carrying amount						
Leasehold land	5,883,736	0	0	(241,447)	0	5,642,289
Motor vehicles	256,598	0	0	(40,823)	(215,775)	0
Rented properties	240,343	307,606	(10,016)	(277,037)	0	260,896
	6,380,677	307,606	(10,016)	(559,307)	(215,775)	5,903,185

Lease liabilities

	Balance as at 01.07.2022 RM	Additions RM	Lease payments RM	Effects on lease termination RM	Interest expense RM	Balance as at 30.06.2023 RM
Carrying amount						
Machinery and equipment	0	1,293,608	(468,720)	0	46,897	871,785
Rented properties	262,306	258,797	(271,200)	(18,841)	8,255	239,317
	262,306	1,552,405	(739,920)	(18,841)	55,152	1,111,102

	Balance as at 01.07.2021 RM	Additions RM	Lease modification RM	Lease payments RM	Interest expense RM	Balance as at 30.06.2022 RM
Carrying amount						
Motor vehicles	104,041	0	0	(107,579)	3,538	0
Rented properties	252,757	307,606	(12,506)	(293,695)	8,144	262,306
	356,798	307,606	(12,506)	(401,274)	11,682	262,306

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

6. LEASES (cont'd) »

The Group as lessee (cont'd)

Lease liabilities (cont'd)

	Group	
	2023 RM	2022 RM
Represented by:		
Current liabilities	661,428	233,497
Non-current liabilities	449,674	28,809
	1,111,102	262,306
Lease liabilities owing to non-financial institutions	1,111,102	262,306

- (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
Motor vehicles	20%
Machinery and equipment	5%
Rented properties	2 years

- (c) Included in right-of-use assets of the Group, a leasehold land with a carrying amount of RM2,430,242 (2022: RM2,563,406) is charged to a bank for borrowing as disclosed in Note 13 to the financial statements.
- (d) 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.
- (e) The following are the amounts recognised in profit or loss:

	Group	
	2023 RM	2022 RM
Depreciation charge of right-of-use assets (included in cost of sales)	513,528	451,526
Depreciation charge of right-of-use assets (included in administrative and general expenses)	50,535	107,781
Gain on modifications of leases (included in other operating income)	0	(2,490)
Interest expense on lease liabilities (included in finance costs)	55,152	11,682
Expense relating to short term leases (included in administrative and general expenses)	197,722	151,350
Expense relating to low-value asset (included in administrative and general expenses)	4,488	4,862
	821,425	724,711

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

6. LEASES (cont'd) >

The Group as lessee (cont'd)

(f) The following are total cash outflows for leases as a lessee:

	Group	
	2023 RM	2022 RM
Included in net cash from/used in operating activities:		
Payment relating to short term leases and low-value assets	202,210	156,212
Included in net cash from/used in financing activities:		
Payment of lease liabilities	739,920	401,274
Total cash outflows for leases	942,130	557,486

(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 2023			
Extension options expected not to be exercised	244,636	0	244,636
30 June 2022			
Extension options expected not to be exercised	267,600	0	267,600

(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 2023					
Lease liabilities	2.90 - 4.75	707,356	474,720	0	1,182,076
30 June 2022					
Lease liabilities	3.50 - 4.48	239,419	29,217	0	268,636

(i) Certain lease liabilities of the Group are secured by corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
At cost		
Unquoted shares	63,251,142	63,151,142

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

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
Chee Wah Corporation Berhad ("CWCB")	Malaysia	100%	100%	Investment holding, manufacture and sale of stationery and printing materials
CWG Park Sdn. Bhd. ("CPSB")	Malaysia	100%	N/A	Investment holding, property development, and real estate activities

Subsidiaries of CWCB

Chee Wah (M) Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Camel Paper Products Sdn. Bhd.	Malaysia	100%	100%	Inactive
Rausyan Intelek Sdn. Bhd. ("RISB")*	Malaysia	51%	51%	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

* RISB has been struck off from the register on 10 August 2023.

(i) All subsidiaries are audited by BDO PLT in Malaysia, except for CPSB and RISB. The results of CPSB and RISB are consolidated based on unaudited financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

7. INVESTMENTS IN SUBSIDIARIES (cont'd) »

- (c) On 24 May 2023, the Company incorporated a wholly-owned subsidiary, namely CPSB for a cash consideration of RM100,000.
- (d) In the previous financial year, the Company acquired 10,000,000 new ordinary shares in CWCB for a consideration of RM10,000,000 by way of capitalisation of amount owing by a subsidiary. CWCB remained a wholly-owned subsidiary of the Company.
- (e) In the previous financial year, CWCB 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.
- (f) The non-controlling interests of RISB is not disclosed as it is not material to the Group.

8. INVENTORIES »

	Group	
	2023 RM	2022 RM
At cost		
Raw materials	32,824,179	39,631,654
Work-in-progress	2,879,603	4,365,116
Finished goods	11,327,667	6,967,992
Goods-in-transit	1,351,860	11,492,160
	48,383,309	62,456,922
At net realisable value		
Raw materials	4,713,070	5,035,904
Finished goods	1,781,201	1,595,380
	6,494,271	6,631,284
	54,877,580	69,088,206

- (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 RM753,616 (2022: RM1,231,187) as cost of sales.

- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM50,100,109 (2022: RM37,540,461).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

9. TRADE AND OTHER RECEIVABLES »

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Other receivable				
Amount owing by a subsidiary	0	0	12,335,390	0
Current				
Trade receivables				
Third parties	15,723,834	12,347,296	0	0
Related party	0	86,910	0	0
Subsidiaries	0	0	12,526	24,845
	15,723,834	12,434,206	12,526	24,845
Less: Impairment losses	(279,619)	(152,835)	0	0
Total trade receivables	15,444,215	12,281,371	12,526	24,845
Other receivables				
Third parties	264,356	1,275	0	0
Amount owing by a subsidiary	0	0	10,019,478	24,771,200
Deposits	1,140,308	749,011	3,000	1,000
Total other receivables	1,404,664	750,286	10,022,478	24,772,200
Total current receivables	16,848,879	13,031,657	10,035,004	24,797,045
Prepayments	86,334	49,221	20,000	10,000
Total current trade and other receivables	16,935,213	13,080,878	10,055,004	24,807,045
Total current and non-current trade and other receivables	16,935,213	13,080,878	22,390,394	24,807,045

- (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 (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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

- (d) The non-trade portion of amount owing by a subsidiary is unsecured, bears floating interest rates ranging from 3.50% to 4.50% (2022: 3.25% to 3.50%) per annum and payable within next twelve (12) months in cash and cash equivalents, except for an amount of RM12,335,390 which is not payable within next twelve (12) months.

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	
	2023 RM	2022 RM
Profit/(Loss) after tax		
- increase by 0.5% (2022: 0.5%)	84,948	94,131
- decrease by 0.5% (2022: 0.5%)	(84,948)	(94,131)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	3,704,100	3,413,863	22,370,394	24,797,045
United States Dollar	12,997,578	8,907,182	0	0
Others	147,201	710,612	0	0
	16,848,879	13,031,657	22,370,394	24,797,045

- (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 ("ECL").

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

The Group uses an allowance matrix to measure the ECL 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 growth rate, producer price index and global inflation rate (2022: inflation rate and gross domestic product growth rate) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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 2022	140,063	12,772	152,835
Reversal of impairment losses	(30,544)	(12,762)	(43,306)
Charge for the financial year	125,136	44,954	170,090
Balance as at 30 June 2023	234,655	44,964	279,619
Balance as at 1 July 2021	102,649	127,652	230,301
Reversal of impairment losses	(24,043)	(127,527)	(151,570)
Charge for the financial year	61,457	12,647	74,104
Balance as at 30 June 2022	140,063	12,772	152,835

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 2023				
Current	13,181,609	(42,354)	0	13,139,255
1 to 30 days past due	2,070,032	(34,230)	0	2,035,802
31 to 120 days past due	344,195	(88,999)	0	255,196
More than 120 days past due	127,998	(69,072)	(44,964)	13,962
Total	15,723,834	(234,655)	(44,964)	15,444,215
30 June 2022				
Current	11,322,977	(71,439)	0	11,251,538
1 to 30 days past due	792,535	(22,677)	0	769,858
31 to 120 days past due	288,579	(29,105)	0	259,474
More than 120 days past due	30,115	(16,842)	(12,772)	501
Total	12,434,206	(140,063)	(12,772)	12,281,371

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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 ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL 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 ECL for other receivables. The Group has identified the gross domestic product growth rate, producer price index and global inflation rate (2022: inflation rate and gross domestic product growth rate) 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			
	2023		2022	
	RM	% of total	RM	% of total
By country				
Malaysia	3,357,757	22%	3,201,617	26%
Other Asian countries	10,106,160	65%	8,207,223	67%
Europe	913,537	6%	431,320	4%
Africa	844,505	6%	0	0%
Oceania	222,256	1%	17,138	0%
America	0	0%	424,073	3%
	15,444,215	100%	12,281,371	100%

At the end of the reporting period, approximately 33% (2022: 32%) of the trade receivables of the Group were due from one (1) major customer who is a stationery distributor (2022: two (2) major customers who are a retailer and a stationery distributor).

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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

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

	Group	
	2023 RM	2022 RM
Profit after tax		
USD/RM - strengthen by 10% (2022: 10%)	987,816	676,946
- weaken by 10% (2022: 10%)	(987,816)	(676,946)

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

10. CASH AND CASH EQUIVALENTS »

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	14,169,671	4,610,594	4,626,592	1,201,865
Short term funds	6,992,828	9,338,656	6,992,828	9,338,656
	21,162,499	13,949,250	11,619,420	10,540,521

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	15,535,365	12,609,770	11,619,420	10,540,521
United States Dollar	5,577,315	1,328,288	0	0
Others	49,819	11,192	0	0
	21,162,499	13,949,250	11,619,420	10,540,521

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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 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	
	2023 RM	2022 RM
Profit after tax		
USD/RM - strengthen by 10% (2022: 10%)	423,876	100,950
- weaken by 10% (2022: 10%)	(423,876)	(100,950)

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

11. SHARE CAPITAL »

- (a) Ordinary shares

	Group and Company			
	2023		2022	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Issued and fully paid-up with no par value				
Balance as at 1 July 2022/2021	164,148,123	78,351,260	126,290,103	63,145,052
Issued during the year	0	0	37,858,020	15,206,208
Balance as at 30 June	164,148,123	78,351,260	164,148,123	78,351,260

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

11. SHARE CAPITAL (cont'd) >

(a) Ordinary shares (cont'd)

In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM63,145,052 to RM78,351,260 by way of issuance of:

- (i) 25,258,020 new ordinary shares arising from private placement at an issue price of RM0.400 per ordinary share for cash; and
- (ii) 12,600,000 new ordinary shares arising from private placement at an issue price of RM0.405 per ordinary share for cash.

The new ordinary shares issued in the previous financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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.

(b) Treasury shares

The shareholders of the Company had, at Annual General Meeting ('AGM') held on 23 November 2022, renewed the mandate given to the Company to repurchase its own shares.

	Group and Company			
	2023		2022	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Balance as at 1 July 2022/2021	494,300	145,905	494,300	145,905
Purchase of treasury shares	1,052,200	339,054	0	0
Balance as at 30 June	1,546,500	484,959	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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

11. SHARE CAPITAL (cont'd) »

(b) Treasury shares (cont'd)

- (ii) During the financial year, the Company repurchased 1,052,200 of its issued ordinary shares from the open market at an average price of RM0.32 per share. The total consideration paid for the repurchased shares was RM339,054. 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 2023, 1,546,500 (2022: 494,300) out of the total 164,148,123 (2022: 164,148,123) 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 162,601,623 (2022: 163,653,823).

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.

(c) Warrants

On 3 March 2022, the Company issued 81,826,910 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of one (1) free warrant for every two (2) existing ordinary shares held in the Company ("Warrants").

The Warrants are exercisable at any time for a tenure of five (5) years from the date of issuance of the Warrants at an exercise price of RM0.36 each.

During the financial year, there were no exercise of Warrants by the registered holders. The number of Warrants unexercised at the end of the reporting period comprises 81,826,910 (2022: 81,826,910) Warrants. The Warrants will expire on 2 March 2027.

The Warrants were listed on Bursa Malaysia Securities Berhad on 10 March 2022.

(d) Employees' Share Option Scheme ("ESOS")

At the Extraordinary General Meeting of the Company held on 25 January 2022, shareholders of the Company approved the establishment of the ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares) at any point in time over the duration of the ESOS for eligible persons. The ESOS is implemented and administered by an ESOS committee in accordance with the By-Laws.

The salient features of the ESOS are as follows:

- (i) eligible persons are Executive Directors and employees who have been appointed or confirmed in full time service in any company within the Group (excluding dormant subsidiaries), employed under an employment contract for a fixed duration of not less than one (1) year, and has not serviced a notice to resign nor received a notice of termination;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

11. SHARE CAPITAL (cont'd) ➤

(d) Employees' Share Option Scheme ("ESOS") (cont'd)

The salient features of the ESOS are as follows (cont'd):

- (ii) not more than 70% of the new shares available under the ESOS shall be allocated, in aggregate, to Executive Directors and senior management of the Group (excluding dormant subsidiaries). In addition, not more than 10% of the new shares available under the ESOS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with the eligible person, holds 20% or more the issued and paid-up capital of the Company (excluding treasury shares);
- (iii) the basis for determining the aggregate number of the new shares that may be offered under the ESOS and/or to an eligible person shall be at the sole and absolute discretion of the ESOS committee after taking into consideration, *inter alia*, the performance, contribution, employment grade, seniority and/or length of service to the Group (excluding dormant subsidiary) and/or such other factors which the ESOS committee may in its sole and absolute discretion deem fit; and
- (iv) the option exercise price shall be at a discount of not more than 10% of the 5-day volume weighted average market price of the Company's ordinary shares as quoted on Bursa Malaysia Securities Berhad at the time of the offer is made to the grantee.

During the financial year, no options were granted by the Company pursuant to the ESOS.

12. RESERVES ➤

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Capital reserve	164,037	164,037	10,151,142	10,151,142
Retained earnings	26,629,152	21,875,539	9,122,779	10,103,854
	26,793,189	22,039,576	19,273,921	20,254,996

Capital reserve

Capital reserve arose from the internal reorganisation by 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

13. BORROWINGS >

	Group	
	2023 RM	2022 RM
Current liabilities		
Term loans	367,523	940,404
Bankers' acceptances	7,896,312	10,023,860
	8,263,835	10,964,264
Non-current liability		
Term loans	867,332	1,234,855
Total borrowings		
Term loans	1,234,855	2,175,259
Bankers' acceptances	7,896,312	10,023,860
	9,131,167	12,199,119

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (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 2023				
Borrowings	8,346,028	964,397	0	9,310,425
As at 30 June 2022				
Borrowings	11,053,023	1,357,442	0	12,410,465

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

13. BORROWINGS (cont'd) >

- (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	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total RM
		year RM	RM	RM	RM	RM	RM	
As at 30 June 2023								
Fixed rates								
Bankers' acceptances	4.50	7,896,312	0	0	0	0	0	7,896,312
Floating rates								
Term loans	4.33	367,523	315,408	315,408	236,516	0	0	1,234,855
As at 30 June 2022								
Fixed rates								
Bankers' acceptances	3.67	10,023,860	0	0	0	0	0	10,023,860
Floating rates								
Term loans	3.71	940,404	367,523	315,408	315,408	236,516	0	2,175,259

- (e) The following table demonstrates the sensitivity analysis of the profit after tax 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	
	2023 RM	2022 RM
Profit after tax		
- increase by 0.5% (2022: 0.5%)	(34,698)	(198,513)
- decrease by 0.5% (2022: 0.5%)	34,698	198,513

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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:

	Group	
	2023 RM	2022 RM
Unfunded		
Balance as at 1 July 2022/2021	1,015,445	984,954
Defined benefit costs	77,299	79,986
Benefits paid	(136,326)	(49,495)
Balance as at 30 June	956,418	1,015,445
Represented by:		
Current liability	203,589	0
Non-current liability	752,829	1,015,445
	956,418	1,015,445

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

	Group	
	2023 RM	2022 RM
Recognised in profit or loss		
Current service cost	41,417	43,339
Interest expense (expensed as employee benefits)	35,882	36,647
	77,299	79,986

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

	Group	
	2023 %	2022 %
Discount rate	3.99	3.99
Expected rate of salary increase	5.50	5.50

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

14. RETIREMENT BENEFIT OBLIGATIONS (cont'd) »

- (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	
	2023 RM	2022 RM
Increase in discount rate by 1% (2022: 1%)	(42,262)	(46,550)
Decrease in discount rate by 1% (2022: 1%)	46,687	51,442
Increase in expected rate of salary by 1% (2022: 1%)	62,552	57,889
Decrease in expected rate of salary by 1% (2022: 1%)	(56,020)	(51,955)

- (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	
	2023 RM	2022 RM
Balance as at 1 July 2022/2021	2,179,345	1,755,757
Recognised in profit or loss (Note 22)	118,438	423,588
Balance as at 30 June	2,297,783	2,179,345
<u>Net deferred tax liabilities</u>		
Deferred tax assets (before offsetting)	(1,901,000)	(1,918,000)
Offsetting	1,901,000	1,918,000
Deferred tax assets (after offsetting)	0	0
Deferred tax liabilities (before offsetting)	4,198,783	4,097,345
Offsetting	(1,901,000)	(1,918,000)
Deferred tax liabilities (after offsetting)	2,297,783	2,179,345
	2,297,783	2,179,345

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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 2022	1,327,000	0	244,000	38,000	309,000	1,918,000
Recognised in profit or loss	163,000	0	(14,000)	(38,000)	(128,000)	(17,000)
Balance as at 30 June 2023	1,490,000	0	230,000	0	181,000	1,901,000
Balance as at 1 July 2021	1,060,000	1,000	236,000	45,000	265,000	1,607,000
Recognised in profit or loss	267,000	(1,000)	8,000	(7,000)	44,000	311,000
Balance as at 30 June 2022	1,327,000	0	244,000	38,000	309,000	1,918,000

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Total RM
Balance as at 1 July 2022	4,097,345	4,097,345
Recognised in profit or loss	101,438	101,438
Balance as at 30 June 2023	4,198,783	4,198,783
Balance as at 1 July 2021	3,362,757	3,362,757
Recognised in profit or loss	734,588	734,588
Balance as at 30 June 2022	4,097,345	4,097,345

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses				
- expires by 30 June 2028	602,600	604,200	0	0
- expires by 30 June 2032	21,000	21,000	0	0
- expires by 30 June 2033	10,600	0	0	0
Unabsorbed capital allowances	303,400	303,400	0	0
Other deductible temporary differences	537,900	362,900	42,300	40,800
	1,475,500	1,291,500	42,300	40,800

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	3,234,003	9,140,236	0	0
Other payables				
Third parties	829,680	878,802	5,684	0
Accruals	3,257,539	2,812,074	220,450	112,032
Deposits	2,986	2,986	0	0
Total other payables	4,090,205	3,693,862	226,134	112,032
Total trade and other payables	7,324,208	12,834,098	226,134	112,032

- (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 (2022: 15 to 120 days) from the date of invoice.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	6,316,991	10,260,661	226,134	112,032
United States Dollar	1,007,217	2,573,437	0	0
	7,324,208	12,834,098	226,134	112,032

(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 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	
	2023 RM	2022 RM
Profit after tax		
USD/RM - strengthen by 10% (2022: 10%)	(76,548)	(195,581)
- weaken by 10% (2022: 10%)	76,548	195,581

17. CONTRACT LIABILITIES »

	Group	
	2023 RM	2022 RM
Deferred income	1,176,612	1,797,670

(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 RM1,797,670 (2022: RM615,872) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue as at the end of each reporting period.

(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 2023	1,176,612
- as at 30 June 2022	1,797,670

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

18. CAPITAL COMMITMENT »

	Group 2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment: - contracted but not provided for	2,015,081	317,470

19. REVENUE »

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
- sale of goods	92,624,457	68,652,812	0	0
Other revenue				
- management fees	0	0	147,040	116,794
	92,624,457	68,652,812	147,040	116,794

- (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.

20. COST OF SALES »

	Group 2023 RM	2022 RM
Cost of goods sold	73,260,641	56,353,602

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

21. FINANCE COSTS »

	Group	
	2023 RM	2022 RM
Interest expenses on:		
- bank overdrafts	98,467	107,823
- bankers' acceptances	233,385	183,770
- lease liabilities	55,152	11,682
- term loans	76,913	53,709
	463,917	356,984

22. TAX EXPENSE »

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense:				
- based on profit for the financial year	1,759,250	253,340	64,200	78,200
- (over)/underprovision in prior years	(3,411)	5,655	(460)	(3,251)
	1,755,839	258,995	63,740	74,949
Deferred tax expense (Note 15):				
- relating to origination and reversal of temporary differences	234,438	403,588	0	0
- (over)/underprovision in prior years	(116,000)	20,000	0	0
	118,438	423,588	0	0
Tax expense for the financial year	1,874,277	682,583	63,740	74,949

The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

22. TAX EXPENSE (cont'd) ➤

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	7,857,641	2,309,499	302,177	38,399
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	1,885,800	554,300	72,600	9,200
Tax effects in respect of:				
- expenses not deductible for tax purposes	258,698	324,734	8,500	80,100
- income not subject to tax	(40,010)	(18,306)	(17,300)	(18,200)
- expenses eligible for double deduction	(136,000)	(50,000)	0	0
Deferred tax assets not recognised	44,400	7,100	400	7,100
Utilisation of deferred tax assets previously not recognised	(200)	(65,900)	0	0
Reinvestment allowances	(19,000)	(95,000)	0	0
(Over)/Underprovision of tax expense in prior years	(3,411)	5,655	(460)	(3,251)
(Over)/Underprovision of deferred tax in prior years	(116,000)	20,000	0	0
Tax expense for the financial year	1,874,277	682,583	63,740	74,949

23. EARNINGS PER ORDINARY SHARE ➤

(a) Basic

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

	Group	
	2023	2022
Profit attributable to owners of the parent (RM)	5,973,125	1,678,054
Weighted average number of ordinary shares in issue (unit)	162,850,264	141,216,606
Basic earnings per ordinary share (sen)	3.67	1.19

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

23. EARNINGS PER ORDINARY SHARE (cont'd) »

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year (excluding treasury shares), adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2023	2022
Profit attributable to owners of the parent (RM)	5,973,125	1,678,054
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (unit)	162,850,264	141,216,606
Effect of dilution of Warrants (unit)	0	3,062,689
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit)	162,850,264	144,279,295
Diluted earnings per ordinary share (sen)	3.67	1.16

During the financial year, the diluted earnings per ordinary share equals the basic earnings per share due to the anti-dilutive effect of the Warrants which has been ignored in calculating the diluted earnings per ordinary share.

24. DIVIDENDS »

	Group and Company 2023	
	Dividend per share Sen	Amount of dividend RM
In respect of financial year ended 30 June 2022		
First and final single tier dividend	0.50	813,008
In respect of financial year ended 30 June 2023		
Interim single tier dividend	0.25	406,504
		<u>1,219,512</u>

The Board recommends a final single tier dividend of 0.50 sen per ordinary share amounting to RM813,008 in respect of financial year ended 30 June 2023, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed dividend which will be recognised as an appropriation of retained earnings in the financial year ending 30 June 2024 when approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

25. EMPLOYEE BENEFITS »

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages, salaries and bonuses	20,157,611	15,562,884	820,191	436,230
Contributions to defined contribution plan	1,432,066	1,172,142	120,789	48,295
Defined benefit plan	77,299	79,986	0	0
Social security contributions	251,906	202,695	3,035	2,039
Other benefits	1,128,374	1,044,142	9,548	5,277
	23,047,256	18,061,849	953,563	491,841

26. 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 RM10,471,452 as at 30 June 2023 (2022: RM12,530,504).

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 probably 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 2023 to be insignificant.

27. RELATED PARTY DISCLOSURES »

(a) Identities of related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

27. RELATED PARTY DISCLOSURES (cont'd) »

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries:				
Management fees charged	0	0	147,040	116,794
Interest received	0	0	1,055,578	646,364
Related parties:				
Purchase of goods	10,947	19,384	0	0
Services received	150	17,194	0	0
Sale of goods	5,727	167,418	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	
	2023 RM	2022 RM	2023 RM	2022 RM
Short term employee benefits	1,996,011	1,414,341	775,403	396,500
Contributions to defined contribution plan	337,980	189,004	114,682	42,951
	2,333,991	1,603,345	890,085	439,451

Estimated monetary value of benefits-in-kind provided by the Group to the Directors of the Company is RM9,652 (2022: RM22,792).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

28. 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 2023 and 30 June 2022.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Total borrowings (Note 13)	9,131,167	12,199,119	0	0
Total lease liabilities (Note 6)	1,111,102	262,306	0	0
Total debts	10,242,269	12,461,425	0	0
Total equity	104,659,490	100,234,692	97,140,222	98,460,351
Debt-to-equity ratio	0.10 : 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 2023.

(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 2023

28. 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.

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 2023

28. 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.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 6, 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 mainly 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.

29. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF REPORTING PERIOD » _____

On 17 July 2023, CWG Park Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement with Great Marvel Sdn. Bhd. for the proposed acquisition of 100 ordinary shares, representing 100% of the equity interest in SA Marvel Sdn. Bhd. with a purchase consideration of RM100,000 to be satisfied entirely via cash. The proposed acquisition was yet to be completed as at the date of this report.

In conjunction with the proposed acquisition, the Company proposes to undertake a proposed diversification of the existing principal activities of the Company and its subsidiaries to include property development.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2023

30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs »

30.1 New MFRSs and Amendments 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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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

30.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 Paragraph 98M
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting (“AGM”) of the Company will be held at The Light Hotel, Lebuhr Tenggiri 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang on Wednesday, 15 November 2023 at 11.00 am for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---|
| <p>1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.</p> | Please refer to the Explanatory Notes |
| <p>2. To approve the payment of a final single tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2023.</p> | Ordinary Resolution 1 |
| <p>3. To re-elect the following Directors retiring in accordance with the Company’s Constitution and being eligible, have offered themselves for re-election:</p> <p>(i) Razmi Bin Alias - Clause 78(a)</p> <p>(ii) Ng Tiang Yong - Clause 78(a)</p> <p>(iii) Cheong Sing Yee - Clause 79(b)</p> | Ordinary Resolution 2
Ordinary Resolution 3
Ordinary Resolution 4 |
| <p>4. To approve the payment of Directors’ fees and benefits payable up to RM250,000 for the period commencing from this AGM until the next AGM of the Company.</p> | Ordinary Resolution 5 |
| <p>5. To re-appoint Messrs. BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.</p> | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

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

- | | |
|--|-----------------------|
| <p>6. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</p> <p>“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of 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 shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being.</p> <p>THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 8(a) of the Company’s Constitution, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.</p> <p>AND THAT the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.”</p> | Ordinary Resolution 7 |
| <p>7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY</p> <p>“THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:</p> | Ordinary Resolution 8 |

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (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 2023, the audited retained profits of the Company stood at RM9,122,779; 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.

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

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

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

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

By order of the Board

Hing Poe Pyng (MAICSA 7053526) (SSM PC No. 202008001322)
 Leng Li Mei (MAICSA 7062371) (SSM PC No. 202008000276)

Company Secretaries
 Penang

17 October 2023

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders, a final single tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2023 will be paid on 15 December 2023 to depositors registered in the Record of Depositors at the close of business on 30 November 2023.

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

- (a) Shares transferred to the Depositor's Securities Account before 4.30 pm on 30 November 2023 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

Notes:

1. A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:
 - (i) In hard copy form
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.
 - (ii) By electronic means
The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiah.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 6 November 2023 (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. Item 1 of the Agenda - Receipt of Report and Audited Financial Statements

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolutions 2, 3 and 4 - Re-election of Retiring Directors

En. Razmi Bin Alias, Mr. Ng Tiang Yong and Ms. Cheong Sing Yee are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 7th AGM. Their profiles are set out under the Profile of Directors in the Annual Report 2023.

The Nominating and Remuneration Committee ("NRC") has conducted annual assessment for the retiring Directors. Based on the results of the assessment, the Board was satisfied with their performance and contribution to the Group. The process and criteria used in the assessment have been duly elaborated in the Corporate Governance Overview Statement in the Annual Report 2023.

With the recommendation from the NRC, the Board supports the re-election of the retiring Directors.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

3. Ordinary Resolution 5 - Directors' Fees and Benefits

The proposed Ordinary Resolution 5, 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.

4. Ordinary Resolution 6 - Re-appointment of Auditors

Based on the results of the Performance Appraisal of External Auditors for the financial year ended 30 June 2023, the Audit Committee and the Board of the Company at both meetings held on 23 August 2023, were satisfied with the quality of service, sufficiency of resources provided, communication and interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors, BDO PLT in carrying out their functions.

The Board, at the recommendation of the Audit Committee, endorsed the re-appointment of BDO PLT as External Auditors of the Company for the financial year ending 30 June 2024, to be presented to the shareholders for approval.

5. Ordinary Resolution 7 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7 is for the purpose of granting a renewed general mandate ("General Mandate") and waiver of pre-emptive rights under Section 85(1) of the Companies Act 2016 to be read together with Clause 8(a) of the Company's Constitution, if passed, will give authority to the Directors to issue and allot shares up to 10% of the total number of issued shares 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 and will exclude the shareholders' pre-emptive rights over all new shares to be issued under the General Mandate.

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 6th AGM held on 23 November 2022 and which will lapse at the conclusion of the 7th AGM.

6. Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 8, 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 the Annual Report 2023.

Statement Accompanying Notice of Annual General Meeting

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

1. No individual is standing for election as a Director at the forthcoming 7th AGM of the Company.
2. The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are set out in the Explanatory Notes on Special Business (proposed Ordinary Resolution 7) in the Notice of 7th AGM of the Company.

SHARE BUY-BACK STATEMENT

1. Introduction

The shareholders of CWG Holdings Berhad (“CWG” or “the Company”) had at the 6th Annual General Meeting (“AGM”) of the Company held on 23 November 2022, granted approval for the Directors of the Company 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 7th AGM unless the approval for its renewal is obtained from the shareholders at the forthcoming 7th AGM.

On 6 October 2023, 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 7th 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 2 October 2023, the Company’s issued share capital is RM78,351,259.50 comprising 164,148,123 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	164,148,123
10% of the total number of issued shares	16,414,812
Less: Treasury shares held by CWG	<u>(1,546,500)</u>
Maximum number of shares which may be purchased in respect of this Proposed Renewal of Share Buy-Back	<u>14,868,312</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 its own shares when appropriate, and at prices which the Board view as favourable to the Company with a view to improve 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 issued share capital of the Company. The Treasury Shares may also be distributed to shareholders as dividends and, if undertaken, would serve as reward to 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 2023, the retained profits of our Company is approximately RM9,122,779. 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 2 October 2023, 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 2 October 2023 [#]				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	29,300,000	18.02	-	-	29,300,000	19.83	-	-
Datuk Hong Choon Hau	29,036,920	17.86	-	-	29,036,920	19.65	-	-
ANB Equity Sdn. Bhd.	12,874,500	7.92	-	-	12,874,500	8.71	-	-
Dato' Khor Wan Tat	1,008,700	0.62	7,830,000 ⁽¹⁾	4.82	1,008,700	0.68	7,830,000 ⁽¹⁾	5.30
Lai Tjhin Tjhin	-	-	12,874,500 ⁽²⁾	7.92	-	-	12,874,500 ⁽²⁾	8.71
Lim Kam Seng	9,380,000	5.77	-	-	9,380,000	6.35	-	-
Directors								
Ooi Chin Soon	29,300,000	18.02	-	-	29,300,000	19.83	-	-
Tan Hing Ming @ Chin Hing Ming	-	-	-	-	-	-	-	-
Datuk Hong Choon Hau	29,036,920	17.86	-	-	29,036,920	19.65	-	-
Razmi Bin Alias	-	-	-	-	-	-	-	-
Loh Seong Yew	250,000	0.15	-	-	250,000	0.17	-	-
Ng Tiang Yong	1,266,800	0.78	-	-	1,266,800	0.86	-	-
Cheong Sing Yee	-	-	-	-	-	-	-	-

Notes:

[#] Based on total number of issued Shares of the Company (excluding 1,546,500 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 interest in Khor Say Khai Holdings Sdn. Bhd. ("KSKHSB"), he 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 2 October 2023 (inclusive of the 1,546,500 Treasury Shares)	164,148,123
Assuming all the Purchased Shares pursuant to the Proposed Renewal of Share Buy-Back are cancelled	(16,414,812)
Resultant ordinary issued share capital	<u>147,733,311</u>

Conversely, if all the Purchased Shares are retained as Treasury Shares, the Proposed Renewal of 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.

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.

SHARE BUY-BACK STATEMENT (cont'd)

8. Implication of the Code

In the event the Proposed Renewal of Share Buy-Back results in any Director, Major Shareholder and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected Director or Major Shareholder will be obliged to make a mandatory offer for the remaining shares in the Company not held by him/them. However, an exemption may be sought from the Securities Commission by the affected Director or Major Shareholder under Section 219 the Capital Market Services Act before a mandatory offer obligation is triggered.

However, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code. The Company will be mindful of the above implications of the Code in making any purchase of its own shares pursuant to the Proposed Renewal of Share Buy-Back.

9. Purchase, Resale or Transfer and Cancellation of CWG Shares in the Preceding Twelve (12) Months

As at 2 October 2023, the Company had purchased a total of 1,546,500 of its own Shares and retained as Treasury Shares in accordance to the provisions of Section 127 of the Act.

As at the date of this Statement, the Company had not resold or transferred any Treasury Shares on Bursa Securities. No cancellation of Purchased Shares was made in the preceding twelve (12) months.

The details of Shares purchased by the Company in the preceding twelve (12) months are as follows:-

Date	No. of Shares Purchased	Minimum Price (RM)	Maximum Price (RM)	Average Price (RM)	Total Consideration Paid (RM)
03.08.2022	100,000	0.320	0.330	0.325	32,905.20
04.08.2022	30,000	0.330	0.340	0.335	10,078.00
08.08.2022	32,100	0.320	0.325	0.323	10,504.16
09.08.2022	23,600	0.335	0.335	0.335	7,967.82
10.08.2022	75,000	0.315	0.340	0.328	24,616.38
11.08.2022	20,000	0.330	0.330	0.330	6,652.48
12.08.2022	12,000	0.325	0.325	0.325	3,947.17
15.08.2022	35,000	0.325	0.330	0.328	11,590.45
16.08.2022	60,000	0.330	0.340	0.335	20,207.82
17.08.2022	64,100	0.320	0.330	0.325	21,020.41
18.08.2022	40,100	0.320	0.330	0.325	13,185.42
19.08.2022	59,400	0.330	0.345	0.338	20,206.81
01.11.2022	30,000	0.295	0.295	0.295	8,919.26
02.11.2022	14,000	0.300	0.300	0.300	4,248.76
03.11.2022	20,000	0.295	0.295	0.295	5,950.77
07.11.2022	30,000	0.300	0.305	0.303	9,122.02
08.11.2022	50,000	0.305	0.310	0.308	15,420.39
09.11.2022	13,100	0.305	0.315	0.310	4,094.22
10.11.2022	77,800	0.310	0.320	0.315	24,673.74
11.11.2022	10,000	0.325	0.325	0.325	3,296.98
14.11.2022	50,000	0.320	0.325	0.323	16,277.25
15.11.2022	70,000	0.320	0.330	0.325	22,902.67
17.11.2022	30,000	0.320	0.320	0.320	9,675.48
21.11.2022	106,000	0.320	0.325	0.323	34,327.08

SHARE BUY-BACK STATEMENT (cont'd)

10. Historical share prices

The monthly highest and lowest market prices of Shares traded on Bursa Securities in the preceding twelve (12) months were as follows:-

Month	Highest RM	Lowest RM
October 2022	0.335	0.285
November 2022	0.370	0.295
December 2022	0.350	0.300
January 2023	0.320	0.290
February 2023	0.370	0.310
March 2023	0.355	0.305
April 2023	0.370	0.320
May 2023	0.355	0.300
June 2023	0.320	0.295
July 2023	0.340	0.305
August 2023	0.370	0.330
September 2023	0.380	0.330

Last transacted market price as at 2 October 2023 was RM0.340.

(Source: www.investing.com)

11. Proposed intention of the Directors to deal with the Shares bought back

All the Purchased Shares, when the Proposed Renewal of Share Buy-Back is exercised, shall be dealt with in the following manner:

- cancel the Shares so purchased;
- retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled;
- resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- retain part of the shares so purchased as Treasury Shares and cancel the remainder; or
- in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

12. Public shareholding spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 2 October 2023, the public shareholding spread of the Company was approximately 43.97%. 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 7th AGM of the Company to give effect to the Proposed Renewal of Share Buy-Back.

SHARE BUY-BACK STATEMENT (cont'd)

15. Responsibility statement

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

16. Documents available for inspection

Copies of the following documents are available for inspection at the Registered Office of the Company during working hours from Mondays to Fridays (except Public Holidays) from the date of this Annual Report up to and including the date of AGM:

- (a) the Constitution of the Company; and
- (b) the Audited Financial Statements of the Group for past two (2) financial years ended 30 June 2022 and 30 June 2023.

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 7th ANNUAL GENERAL MEETING (“AGM”)

Date : Wednesday, 15 November 2023
Time : 11.00 am
Venue : The Light Hotel, Lebuh Tenggara 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang

PRE-REGISTRATION TO ATTEND THE 7th AGM

In order to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue to accommodate the meeting participants, shareholders/proxies who wish to attend in person are advised to pre-register your attendance with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via the TIIH Online website at <https://tiih.online>.

Please do read and follow the following procedures to pre-register your physical attendance at the 7th AGM via the TIIH Online website at <https://tiih.online>.

1. Login in to TIIH Online website with your user name (i.e. e-mail address) and password under the “e-Services”.
2. If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
3. Select the corporate event: “**(REGISTRATION) CWG 7th AGM**”.
4. Read and agree to the Terms & Conditions and confirm the Declaration.
5. Select “Register for Physical Attendance at Meeting Venue”.
6. Review your registration and proceed to register.
7. System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
8. After verification of your registration against the General Meeting Record of Depositors as at 6 November 2023, the system will send you an e-mail on 13 November 2023 to approve or reject your registration to attend physically at the Meeting Venue.

REGISTRATION ON THE DAY OF 7th AGM

1. Registration will commence at 10.00 am.
2. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification.
3. A voting slip and an identification wristband will be given to you thereafter. No one will be allowed to enter the meeting room without an identification wristband.
4. Registration must be done in person. No person is allowed to register on behalf of another.
5. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

ADMINISTRATIVE GUIDE FOR THE 7th ANNUAL GENERAL MEETING (“AGM”) (cont’d)

APPOINTMENT OF PROXY

1. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Proxy Form in accordance with the notes and instructions printed therein.
2. The Proxy Form is not required if you are attending the meeting.
3. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the registration counter to revoke the appointment of your proxy.
4. Please ensure that the original Proxy Form is deposited at the Company’s Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia not less than 48 hours before the meeting time. No proof of dispatch of Proxy Form will be entertained.
5. You also have the option of submitting the Proxy Form electronically to the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”). The procedures to lodge 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, please 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.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: “CWG 7th AGM - SUBMISSION OF PROXY FORM”. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

ADMINISTRATIVE GUIDE FOR THE 7th ANNUAL GENERAL MEETING (“AGM”) (cont’d)

ii. <u>Steps for Corporation or Institutional Shareholders</u>	
<p>Register as a User with TIIH Online</p>	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised 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 our Share Registrar if you need clarifications on the user registration.)</i></p>
<p>Proceed with submission of form of proxy</p>	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate event name: “CWG 7th AGM - SUBMISSION OF PROXY FORM”. • Agree to the Terms & Conditions and 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 event name: “CWG 7th 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 your record.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to attend the AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 6 November 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

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

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	+603-2783 9299	
En. Mohd Kamal Bin Mohd Din	+603-2783 9237	(Kamal.Mohd@my.tricorglobal.com)
En. Muhammad Ashraff Bin Mohd Khaizan	+603-2783 9276	(Muhammad.Ashraff@my.tricorglobal.com)



PROXY FORM

CWG HOLDINGS BERHAD

201601035444 (1206385-W)

No. of Shares Held

CDS Account No.

Tel./Mobile No.: _____
(During office hours)

*I/We, _____ *NRIC/Passport/Company No. _____
(Full name in block)

of _____
(Address)

being a member(s) of CWG Holdings Berhad, hereby appoint(s) the following person(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Tel./Mobile Phone No.			

*and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Tel./Mobile Phone No.			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the 7th Annual General Meeting ("AGM") of the Company to be held at The Light Hotel, Lebuhraya Seberang Jaya, 13700 Seberang Jaya, Penang on Wednesday, 15 November 2023 at 11.00 am or any adjournment thereof in the manner as indicated below:-

Ordinary Resolutions		First Proxy		Second Proxy	
		For	Against	For	Against
1	Approval for the Payment of a Final Single Tier Dividend of 0.5 sen per Ordinary Share				
2	Re-election of Razmi Bin Alias				
3	Re-election of Ng Tiang Yong				
4	Re-election of Cheong Sing Yee				
5	Approval of Payment of Directors' fees and Benefits Payable up to RM250,000 for the Period from this AGM to the Next AGM				
6	Re-appointment of Messrs. BDO PLT as Auditors of the Company				
7	Authority to Issue Shares				
8	Proposed Renewal of Share Buy-Back Authority				

Please indicate with an "X" in the appropriate space above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____, 2023

*Signature/Common Seal of Member

**Delete if not applicable*

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 6 November 2023 (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.

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STAMP

CWG HOLDINGS BERHAD
201601035444 (1206385-W)

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

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ANNUAL REPORT

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