

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

2024

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OUR STORY

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 most established stationery manufacturers in Malaysia. Chee Wah was listed on Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) on 1 November 1994.

On 24 October 2016, CWC Holdings Sdn. Bhd. was incorporated in Malaysia. It was subsequently converted to a public limited company under the name of CWC Holdings Berhad on 30 November 2016. This was followed by another change of name to CWG Holdings Berhad ("CWG" or "the Company") on 23 January 2017.

Following the completion of an internal reorganization on 29 June 2017, CWG directly holds 100% equity of Chee Wah through a share exchange on 30 June 2017.

On 13 July 2017, CWG was successfully listed on the Main Market of Bursa Malaysia Securities Berhad, assuming the listing status from Chee Wah. This is another major milestone in Chee Wah's remarkable journey, spanning more than 65 years since its humble beginnings.

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 wide range of product portfolio, including ready to use stationery and fine art products, such as spiral notebooks, artist pads, hardcover books, files, paper bags, gift wraps and publishing of children books. Our products are exported to approximately 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 balancing its business goals with the global 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



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

The World Brands Foundation ("TWBF") (formerly known as Asia Pacific Brands Foundation) is the world 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 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 was 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 securing brand collaborations reflect the recognition entrusted to us for delivering high quality products. Hence, we are stepping up our effort to continuously build our brands in both local and global markets.

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

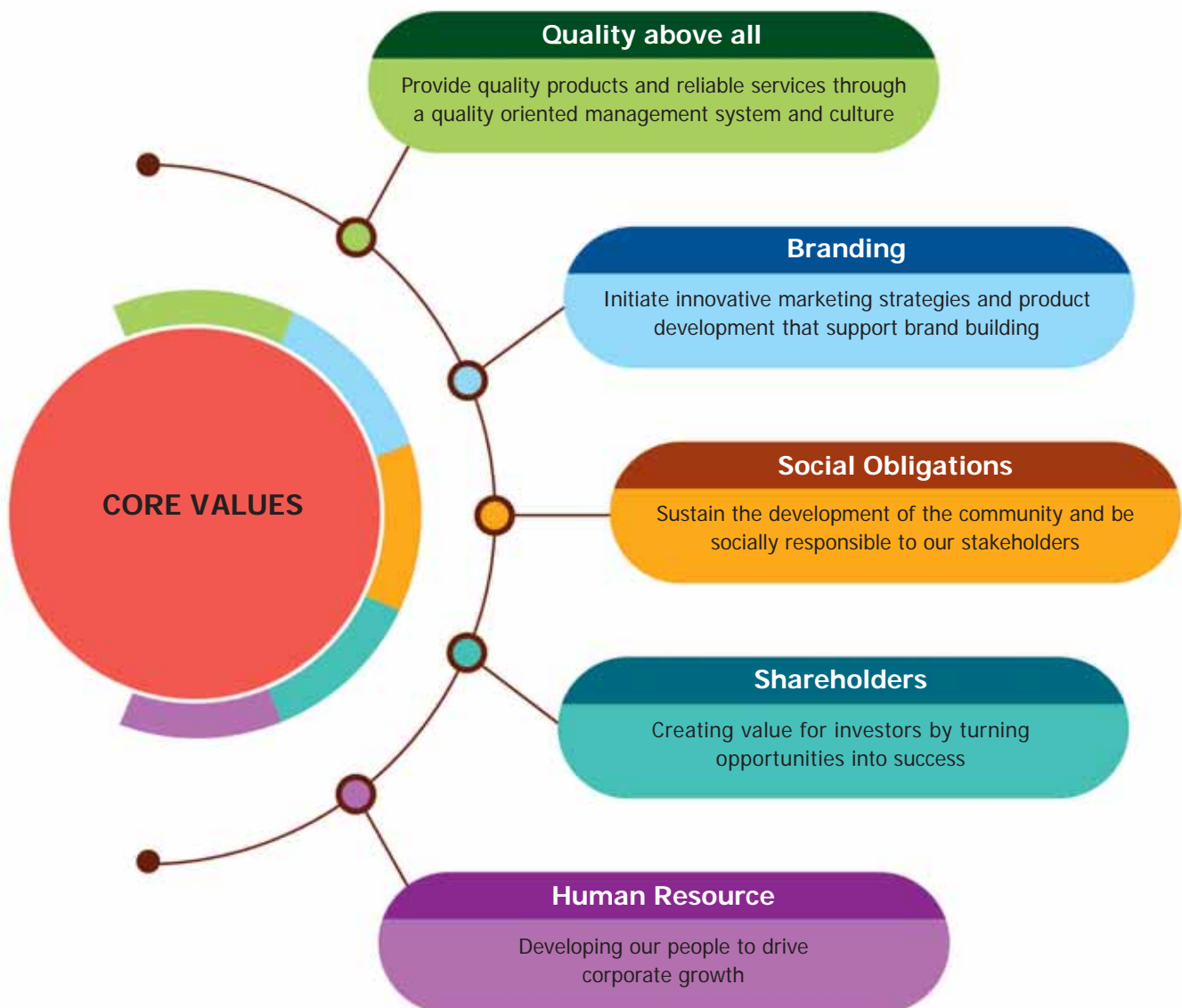
VISION & CORE VALUES

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:

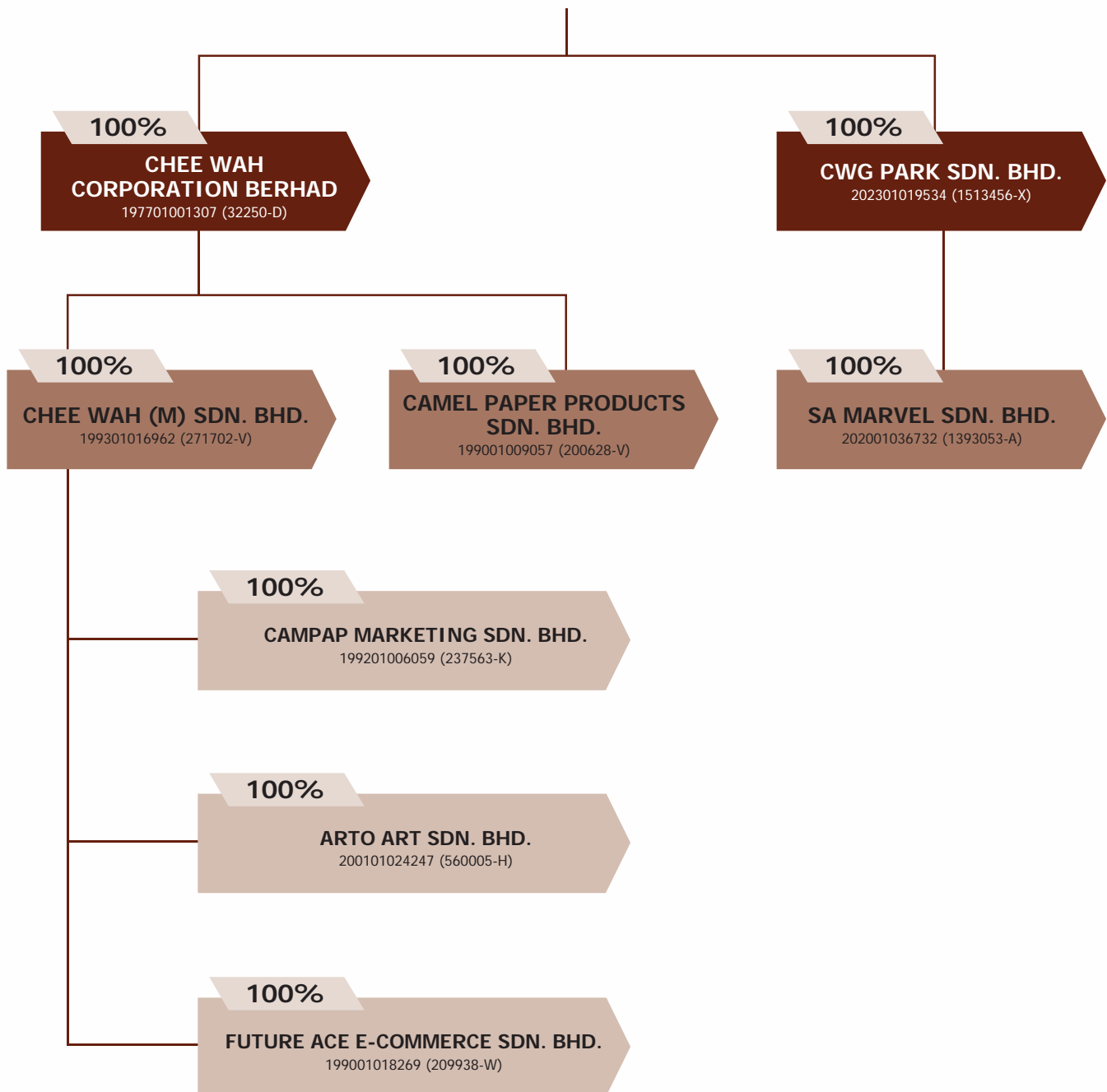


CORPORATE STRUCTURE

As at 27 September 2024



201601035444 (1206385-W)



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

PROFILE OF DIRECTORS

Executive Chairman

OOI CHIN SOON _____ Malaysian, Male, aged 61



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.

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 56



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.

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 48



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 67



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 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.

PROFILE OF DIRECTORS (cont'd)

Independent Non-Executive Director

LOH SEONG YEW _____ Malaysian, Male, aged 46



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 67



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 of Conway Industries Sdn. Bhd. ("KISB"), 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 KISB.

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.

PROFILE OF DIRECTORS (cont'd)

Independent Non-Executive Director

CHEONG SING YEE _____ Malaysian, Female, aged 37



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 served 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.

Additional Information of the Directors:

1. Conflict of Interest ("COI")

i) Ooi Chin Soon

Mr. Ooi Chin Soon is a director and shareholder of Rymba (MRR2) Sdn. Bhd. and Flora Hijauan (MRR2) Sdn. Bhd., both of which are engaged in the construction of buildings.

CWG's sub-subsidiary, SA Marvel Sdn. Bhd. ("SMSB"), is developing a project for commercial units, namely CWG Park @ Simpang Ampat in Penang. Despite his involvement in the Company potentially leading to a COI, this conflict is mitigated as the construction works for CWG Park @ Simpang Ampat have been awarded to a third-party company through a tender committee.

ii) Datuk Hong Choon Hau

Datuk Hong Choon Hau is a director of Nilai Tiga Development Sdn. Bhd. ("NTDSB"), which is involved in the development of building projects for its own operations, i.e. for renting of space in these buildings.

Although Datuk Hong's involvement in the Company could give rise to a potential COI, this conflict is mitigated as there is no direct competition between the Group and NTDSB. Additionally, NTDSB does not have any current joint venture development projects for commercial units within the vicinity of Simpang Ampat in Penang.

iii) Razmi Bin Alias

Encik Razmi Bin Alias is a director of Asdion Property Management Sdn. Bhd., which is involved in property investment. He is also a director of Venice Sanctuary Sdn. Bhd., which principal activities include trading in bauxite and the installation of wireless hardware and connections, as well as sub-contractor for civil works.

Although his involvement in the Company could give rise to a potential COI, this conflict is mitigated because the civil works for CWG Park @ Simpang Ampat are being managed by a third-party company, which was previously selected and approved by the directors of SMSB.

iv) Ng Tiang Yong

Mr. Ng Tiang Yong is a Managing Director and shareholder of Konway Industries Sdn. Bhd. ("KISB"), which principal activities include offset and digital printing of instruction manuals, books, labels and colour boxes.

Despite his involvement in the Company potentially leading to a COI, such conflict is mitigated by the fact that there is no direct competition between the Company and KISB due to differences in the manufacturing processes and the types of products offered to customers.

The Audit Committee will continue to evaluate and monitor any potential COI situation of the aforesaid disclosures on a quarterly basis.

Save as disclosed above, none of the other Directors involved in any situations or has interest in any competing businesses which may give rise to COI with CWG Group.

2. Conviction for Offences

Other than traffic offences (if any), none of the Directors has any convictions for offences within the past 5 years, nor 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 61

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

TAN HING MING @ CHIN HING MING

Group Managing Director
Malaysian, Male, aged 56

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

DATUK HONG CHOON HAU

Group Executive Director
Malaysian, Male, aged 48

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

GOOI BOON CHUAN

General Manager, Sales Department
Malaysian, Male, aged 59

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 39 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 50

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 graduated with an honours degree in Accounting from Universiti Utara Malaysia. In 2018, he was awarded a Master of Business Administration in Manufacturing and Production Management (MBAMPM) by Wawasan Open University. On 8 July 2023, he was conferred the Pingat Jasa Kebaktian (PJK) by Yang di-Pertua Negeri Pulau Pinang.

Mr. Teoh 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 52

Mr. Teoh Hin Chun 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.

Additional Information of the Key Senior Management:

1. Conflict of Interest ("COI")

Save as disclosed in the Profile of Directors, none of the key senior management members involved in any situations or has interest in any competing businesses which may give rise to COI with CWG Group.

2. Conviction for Offences

Other than traffic offences (if any), none of the key senior management members has any convictions for offences within the past 5 years, nor 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 stationery and printed materials, property development and real estate activities.

The Group specializes in the manufacturing and sale of premium quality paper stationery, establishing itself as a leading player in the stationery industry. As a fully integrated manufacturer, the Group is renowned for its premium paper-based stationery products, which are available nationwide through an extensive distribution network that includes wholesalers and retailers, such as prominent hypermarket chains, bookstores, specialty stores, and supermarkets. Furthermore, CWG exports its products to approximately 58 countries across the Asian, Oceanian, European, African, and American regions under various arrangements including Original Brand Manufacturing ("OBM"), Original Equipment Manufacturing ("OEM"), and Original Design Manufacturing ("ODM").

The financial year 2024 ("FY2024") proved to be particularly challenging for CWG Group. Socio-political tensions negatively impacted local business and market sentiments, compounded by uncertainties arising from a difficult economic environment characterized by global trade tensions and geopolitical hostilities. Consequently, the Group reported a pre-tax loss of RM2.345 million for FY2024, reflecting a decline from the profit before tax of RM7.857 million recorded for the financial year ended 30 June 2023 ("FY2023"). This unfavorable financial performance was primarily due to a revenue decline of RM27.621 million, largely influenced by reduced sales orders from customers in both domestic and international markets. As a result, the basic loss per share for FY2024 was recorded at 1.12 sen, in contrast to a basic earnings per share of 3.67 sen in FY2023.

In light of these challenges, the Group actively seeks new business opportunities, particularly in export markets, which have emerged as the main source of revenue. The Group participates in various international trade fairs to enhance its market visibility and uncover potential business avenues. During FY2024, CWG took part in the Paperworld Middle East held from 21 to 23 November 2023 in Dubai, United Arab Emirates. Additionally, the Group also participated in Creativeworld 2024 from 27 to 30 January 2024 in Frankfurt, Germany, and Creativation by NAMTA 2024 from 25 to 27 March 2024 in New Orleans, Los Angeles. These engagements are integral to increasing the Group's presence, facilitating access to international markets and connecting with potential customers, which ultimately aims to enhance the Group's brand recognition and visibility in the global market.



► Paperworld Middle East in Dubai, United Arab Emirates from 21 to 23 November 2023



► Creativation by NAMTA 2024 in New Orleans, Los Angeles from 25 to 27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL PERFORMANCE REVIEW

For FY2024, the Group recorded revenue of RM65.003 million, representing a decrease of RM27.621 million or 29.8% compared to FY2023. The decrease in revenue was driven by lower sales volumes from both the local and export markets.

Total revenue generated from the export market for FY2024 declined by 37.8% to RM44.233 million, from RM71.100 million in FY2023. On the domestic front, revenue declined by 3.5% to RM20.770 million in FY2024 as compared to RM21.524 million in FY2023. The slight decline in domestic sales was mainly due to weakened consumer purchasing power and a reduction in customer orders owing to unfavorable and sluggish market conditions.

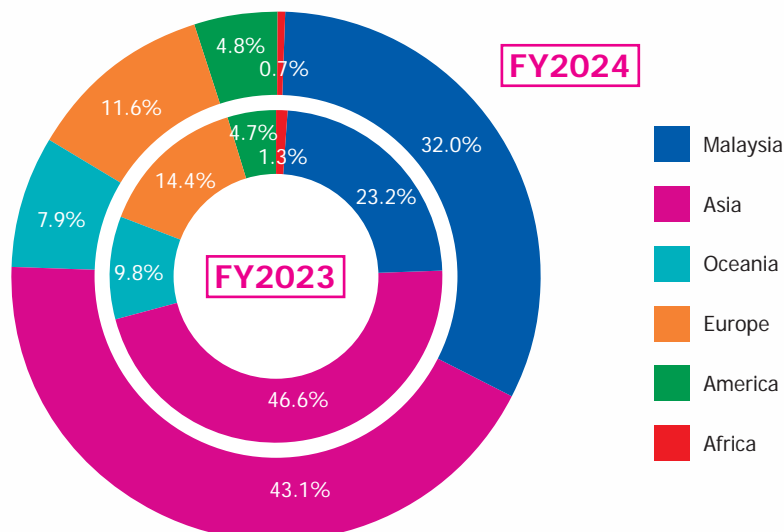
In terms of revenue contribution, total sales of 68.0% and 32.0% were generated from the export market and domestic market respectively in FY2024.

In analyzing the Group's revenue contribution by geographical locations, the ranking mirrored the same situation as reported in the previous financial year. During FY2024, the Asian region (excluding Malaysia) including the Middle East region remained the key revenue contributor with 43.1% (FY2023: 46.6%), followed by the domestic market with 32.0% (FY2023: 23.2%) while the European market ranked third at 11.6% (FY2023: 14.4%).

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

| Country/Regions | FY2024 RM'000 | FY2023 RM'000 | Increase/ (Decrease) RM'000 | % |
|----------------------|------------------|------------------|-----------------------------------|---------------|
| Malaysia | 20,770 | 21,524 | (754) | (3.5) |
| Asia | 28,043 | 43,155 | (15,112) | (35.0) |
| Oceania | 5,140 | 9,068 | (3,928) | (43.3) |
| Europe | 7,517 | 13,331 | (5,814) | (43.6) |
| America | 3,096 | 4,332 | (1,236) | (28.5) |
| Africa | 437 | 1,214 | (777) | (64.0) |
| Total Export | 44,233 | 71,100 | (26,867) | (37.8) |
| Total Revenue | 65,003 | 92,624 | (27,621) | (29.8) |

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:-

| | FY2024 RM'000 | FY2023 RM'000 | Change RM'000 | % |
|---|------------------|------------------|------------------|----------------|
| Revenue | 65,003 | 92,624 | (27,621) | (29.8) |
| Cost of sales [^] | (51,254) | (70,583) | (19,329) | (27.4) |
| Gross Profit | 13,749 | 22,041 | (8,292) | (37.6) |
| Other operating income | 1,076 | 2,022 | (946) | (46.8) |
| Selling and distribution costs | (4,089) | (4,513) | (424) | (9.4) |
| Administrative and general expenses [^] | (9,534) | (8,299) | 1,235 | 14.9 |
| Earnings Before Interest, Taxes, Depreciation and Amortisation | 1,202 | 11,251 | (10,049) | (89.3) |
| Depreciation | (3,111) | (2,930) | 181 | 6.2 |
| Finance costs | (436) | (464) | (28) | (6.0) |
| (Loss) / Profit Before Tax | (2,345) | 7,857 | (10,202) | (129.8) |
| Taxation | 523 | (1,874) | (2,397) | (127.9) |
| (Loss) / Profit After Tax | (1,822) | 5,983 | (7,805) | (130.5) |

[^] Excluding depreciation charges

The Group's cost of sales fell by 27.4% to RM51.254 million in FY2024 in tandem with the decrease in topline. Despite this, the percentage of cost of sales to revenue slightly rose to 78.8% from 76.2% in FY2023.

Other operating income decreased by RM0.946 million driven by absence of gains on realised and unrealised foreign exchange.

Concurrent with the decrease in topline, the selling and distribution costs slightly decreased by RM0.424 million in FY2024. However, administrative and general expenses increased by RM1.235 million in FY2024.

The Group reported a loss after tax (LAT) of RM1.822 million against profit after tax (PAT) of RM5.983 million in FY2023. The decline in profit was mainly attributable to lower revenue, one-off expenses totaling approximately RM0.736 million related to corporate exercise, net impairment losses on trade receivable of RM0.499 million and unfavorable foreign exchange rates, resulting in foreign exchange losses of RM0.193 million, compared to gains of RM0.934 million in the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Financial Position of the Group

| | FY2024 RM'000 | FY2023 RM'000 | Change RM'000 | % |
|--------------------|------------------|------------------|------------------|--------|
| Total assets | 132,952 | 126,821 | 6,131 | 4.8 |
| Non-current assets | 34,584 | 33,394 | 1,190 | 3.6 |
| Current assets | 98,368 | 93,427 | 4,941 | 5.3 |
| Borrowings | 7,362 | 9,131 | (1,769) | (19.4) |

The Group's total assets as at FY2024 rose by 4.8% to RM132.952 million, from RM126.821 million in the previous financial year. This was primarily caused by an increase in inventories of RM13.359 million, driven by taking into account for property development cost of RM20.546 million in the property development segment setoff against decrease in inventories of RM7.187 million in the manufacturing segment; the decline in property, plant and equipment ("PPE") and trade and other receivable balanced off against increase in right-of-use assets.

Non-current assets made up 26.0% (FY2023: 26.3%) of total assets. These included PPE of RM25.040 million (FY2023: RM26.521 million) and right-of-use assets of RM9.544 million (FY2023: RM6.873 million).

Compared to the prior financial year, bank borrowings declined by 19.4%, or RM1.769 million to RM7.362 million in FY2024. Bank borrowings consist of short-term loans of RM6.495 million (FY2023: RM7.896 million) for working capital and term loans of RM0.867 million (FY2023: RM1.235 million) for capital expenditures.

The Group was able to attain a net cash position of RM3.800 million during the financial year under review 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

| | FY2024 RM'000 | FY2023 RM'000 | Change RM'000 | % |
|--|------------------|------------------|------------------|---------|
| Net cash from operating activities | 146 | 14,049 | (13,903) | (99.0) |
| Net cash used in investing activities | (1,540) | (1,112) | 428 | 38.5 |
| Net cash used in financing activities | (6,064) | (5,775) | 289 | 5.0 |
| Net (decrease)/increase in cash and cash equivalents | (7,458) | 7,162 | (14,620) | (204.1) |
| Cash and cash equivalents at end of financial year | 13,713 | 21,162 | (7,449) | (35.2) |

As of the current year's reporting date, the Group's cash and cash equivalents stood at RM13.713 million representing a decrease of RM7.449 million or 35.2% as compared to RM21.162 million in FY2023.

Cash flow from operating activities was RM0.146 million as compared to an inflow of RM14.049 million in FY2023. The decrease was attributed to cash generated in operating profit before changes in working capital and the increase in inventories driven by taking into account for property development cost in the property development segment.

Cash flows used in investing activities of RM1.540 million were mainly our capital investment in right-of-use assets and property, plant and equipment.

Cash flows used in financing activities of RM6.064 million were represented by RM6.934 million on interest payments, repayment of short-term borrowings, lease liabilities, and term loans and dividend payment. In addition, it consists of inflow from proceeds from sale of treasury shares and drawdown of revolving credit amounting to RM0.374 million and RM0.496 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

DIVIDEND »

Given the prevailing market challenges and uncertain economic environment, the Board of Directors has not recommended any dividend payment for FY2024 to preserve cash and provide financial flexibility to meet its current and future requirements.

ANTICIPATED RISKS »

Exposure to credit risk

The Group's exposure to credit risk primarily arises from trade receivables. The Group aims to achieve continuous revenue growth while minimizing losses from impairment and doubtful debts by assessing and approving credit terms on a case-by-case basis. This assessment considers factors such as the customer's payment track record, financial standing, length of the business relationship, and the size and frequency of transactions.

Collections from customers are closely monitored on an ongoing basis by the credit control team. As part of the credit risk management procedure, the Group typically requests cash on delivery or documents against payment at sight for new customers. This approach allows the Group to evaluate the credit standing of new customer before granting any credit terms, thereby safeguarding against potential credit losses.

High inventory level

An increase in inventory levels can lead to higher holding costs and reduced efficiency in warehouse management. Additionally, fluctuations in paper prices pose a risk that could impact the cost of our products. To mitigate these risks, our Group employs effective material planning and closely monitors changes in paper prices. Furthermore, the Group has initiated efforts in product development, aimed at utilizing slow-moving raw materials, which helps to lower overall 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 the Group does 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 prices creates uncertainty whereby these fluctuations in the cost of raw materials may affect the cost of our finished goods.

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

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OUTLOOK AND FUTURE PROSPECTS >>

The global economy remains challenging, with uncertainties affecting various industries. Fluctuations in demand, supply chain disruptions, and rising production costs could negatively impact our manufacturing business. However, by focusing on niche markets, driving strategic innovation and enforcing strict cost controls, the Board believes that the Group is well-equipped to adapt and thrive despite these economic headwinds.

The Group will continue to step up efforts to grow its market share and customer base in new regions through 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 products 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 include prominent hypermarket chains, bookstores, specialty stores and supermarkets. As part of the Group's business objective to be a leading supplier of the stationery and paper products, we remain focused on exploring business opportunities in chain stores by offering OEM arrangements which may increase our local market share size over the traditional stores in the market segment.

At the export front, the Group's stationery products are exported to overseas countries under OBM, OEM and ODM arrangements. Our Group's revenue for the FY2024 is mainly generated from export market which represents 68.0% of total revenue. Our major overseas customers are from Asia which includes Middle East and Oceania countries. Furthermore, we actively participate in international trade fairs to explore new business opportunities and enhance our presence and product recognition in global markets. 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 our 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 diversified into the business of property development through an acquisition of SA Marvel Sdn. Bhd. ("SMSB"), aiming to expand its earnings base. The Company obtained its shareholders' approval on 3 October 2023 for the acquisition of SMSB to enter the property development sector. The acquisition was completed on 17 October 2023.

For the current financial period under review, SMSB is undertaking a project for commercial units in Simpang Ampat, named Pusat Perniagaan Perdana, also known as "CWG Park @ Simpang Ampat". The project has yet to generate any revenue for the Group as the construction of piling work commenced only in June 2024 and it was in track to finish the piping phase by the end of August 2024. Following this, SMSB would commence the building works and mechanical and electrical (M&E) installation according to the scheduled timeline. The Management remains confident that the entire CWG Park project will be completed on schedule by the end of year 2025. It is expected to significantly contribute to the Group's earning in the coming year.

In light of the positive prospects in the printing industry, the Company had on 17 January 2024, entered into a Share Sale Agreement ("SSA") with the vendors, Boo Yin Kwan, Chan Lai Yee, Lam Chun Wai, Loo Zi Kai and Low Yaw Shim for the proposed acquisition of 100% equity interest in Unigenius Holding Sdn. Bhd. ("UHSB") ("Proposed Acquisition"). The Board anticipates that the Proposed Acquisition will potentially provide the Group with additional stream of revenue.

UHSB, through its wholly-owned subsidiaries, Unigenius Print Sdn. Bhd. ("UPS B") and Inbox Packaging Sdn. Bhd. ("IPSB") are principally involved in the manufacture and sale of paper-based printed materials, including paper-based labels for canned and bottled products for food and beverages companies, stickers and inner boxes packaging. Upon completion of the Proposed Acquisition, CWG will get immediate access to a new range of paper-based printed materials which are currently manufactured by UHSB Group. CWG Group will be able to expand its product offerings and revenue base, thereby generating additional income stream for the Group through the consolidation of UHSB Group's financial results. In addition, the enlarged CWG Group is expected to have greater economies of scale due to the similar nature of printing activities between both companies, and the resultant lower overall costs of operations from the enlarged CWG Group is expected to improve profitability of the Group.

On 16 August 2024, the said Proposed Acquisition was approved by the shareholders at an Extraordinary General Meeting. All the conditions precedent stipulated in the SSA has been fulfilled and/or waived accordingly and the SSA has become unconditional on 19 August 2024. The said acquisition is expected to complete by the end of year 2024.

Premised on the positive market outlook of the property industry and barring any unforeseen circumstances, the Board believes that the both manufacturing and property development segment 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 | | | | |
|--|------------------------------|----------------|----------------|----------------|----------------|
| | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2023 RM'000 | 2024 RM'000 |
| A) INCOME | | | | | |
| Revenue | 84,905 | 59,922 | 68,653 | 92,624 | 65,003 |
| Profit/(Loss) before interest and tax | 3,645 | (1,937) | 2,667 | 8,322 | (1,909) |
| Profit/(Loss) before tax | 3,378 | (2,121) | 2,310 | 7,857 | (2,345) |
| Profit/(Loss) attributable to owners of the parent | 2,577 | (1,494) | 1,678 | 5,973 | (1,822) |

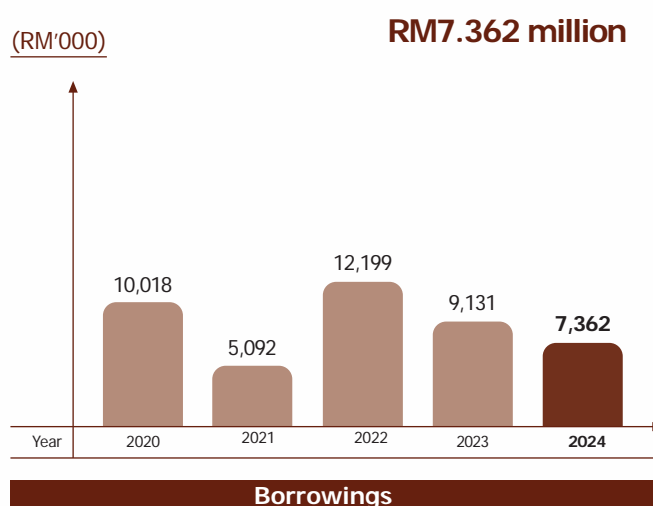
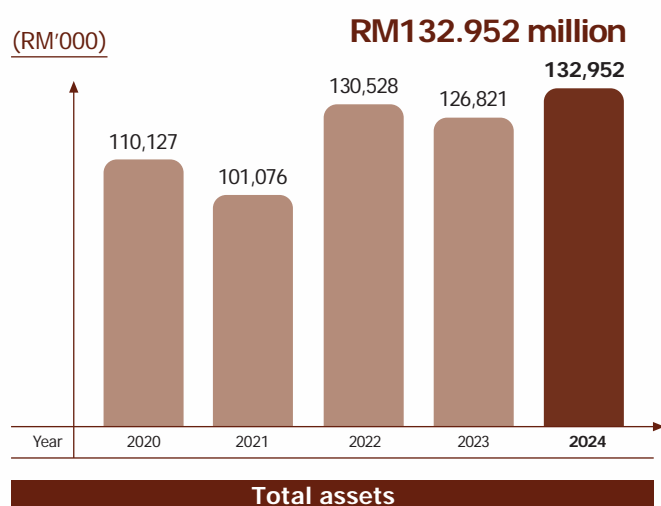
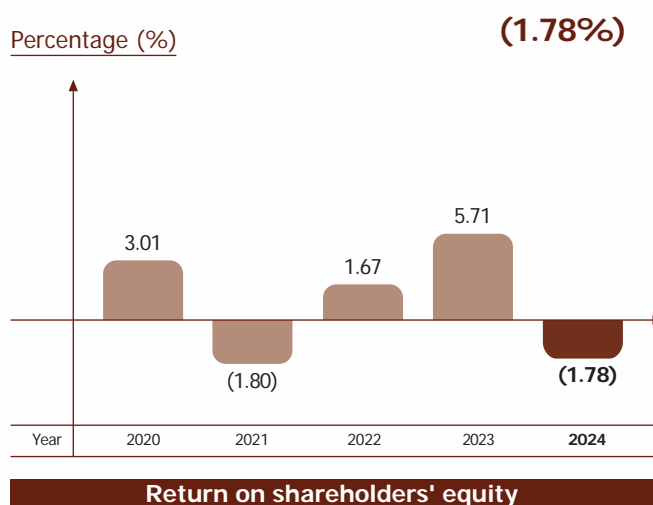
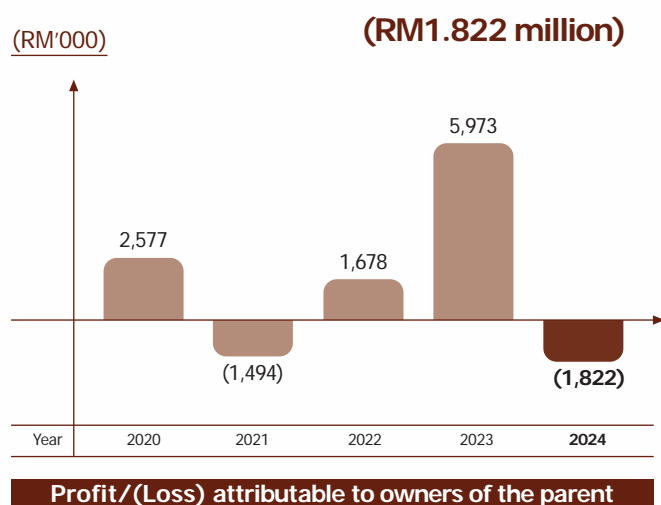
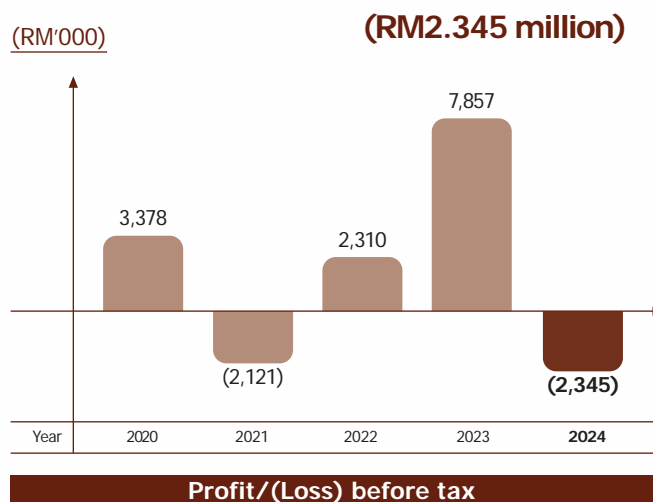
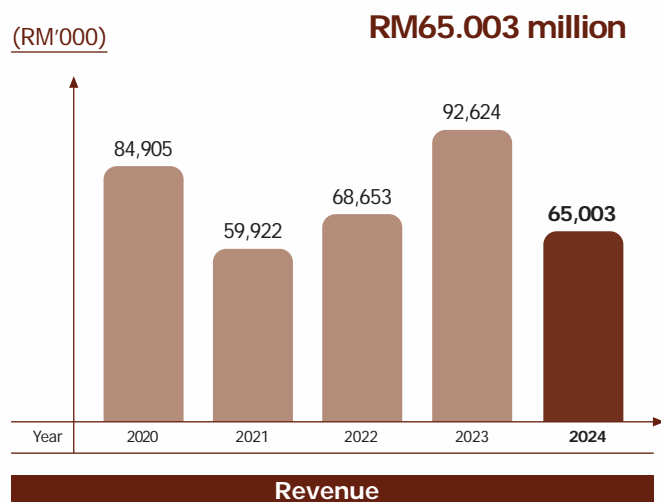
| | | | | | |
|---|---------|---------|---------|---------|---------|
| B) FINANCIAL POSITION | | | | | |
| Assets | | | | | |
| Total assets | 110,127 | 101,076 | 130,528 | 126,821 | 132,952 |
| Current assets | 74,883 | 66,175 | 96,822 | 93,427 | 98,368 |
| | | | | | |
| Liabilities and Shareholders' Equity | | | | | |
| Current liabilities | 19,449 | 13,296 | 25,834 | 17,794 | 26,585 |
| Borrowings | 10,018 | 5,092 | 12,199 | 9,131 | 7,362 |
| Borrowings, net of cash | — | — | — | — | — |
| Lease liabilities | 421 | 356 | 262 | 1,111 | 2,550 |
| Paid-up share capital | 63,145 | 63,145 | 78,351 | 78,351 | 78,351 |
| Treasury shares | 146 | 146 | 146 | 485 | 141 |
| Equity attributable to owners of the parent | 85,554 | 83,361 | 100,245 | 104,659 | 102,536 |

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------|---------|---------|---------|---------|
| C) SHARE INFORMATION AND VALUATION | | | | | |
| i) Share Information | | | | | |
| Number of shares [^] ('000) | 125,796 | 125,796 | 163,654 | 162,602 | 163,702 |
| Weighted average number of shares [^] ('000) | 126,136 | 125,796 | 141,217 | 162,850 | 163,122 |
| Market capitalisation (RM'000) | 37,110 | 44,658 | 49,914 | 49,594 | 42,563 |
| | | | | | |
| Per Share | | | | | |
| Earnings/(Loss) (sen) | 2.04 | (1.19) | 1.19 | 3.67 | (1.12) |
| Net assets (RM) | 0.68 | 0.66 | 0.61 | 0.64 | 0.63 |
| Share price | | | | | |
| - Year high (RM) | 0.51 | 0.46 | 0.65 | 0.39 | 0.38 |
| - Year low (RM) | 0.24 | 0.25 | 0.30 | 0.285 | 0.250 |
| - As at 30 June (RM) | 0.295 | 0.355 | 0.305 | 0.305 | 0.26 |
| | | | | | |
| ii) Valuation | | | | | |
| Price to earnings multiple (times) | 14.5 | — | 25.6 | 8.3 | (23.2) |
| Price to book multiple (times) | 0.43 | 0.54 | 0.50 | 0.48 | 0.41 |

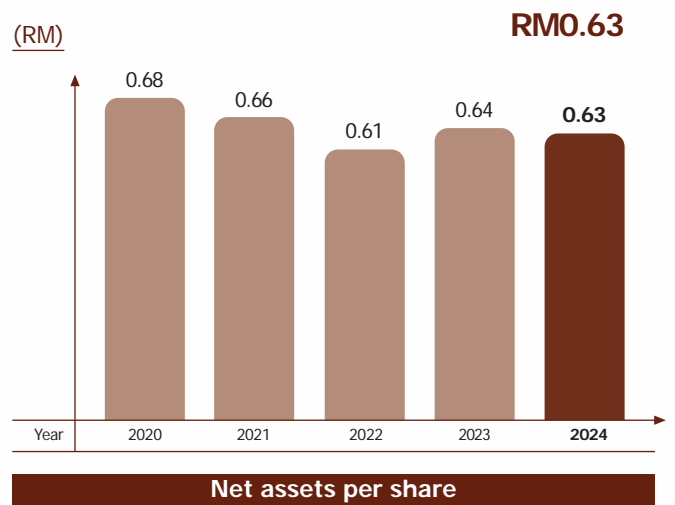
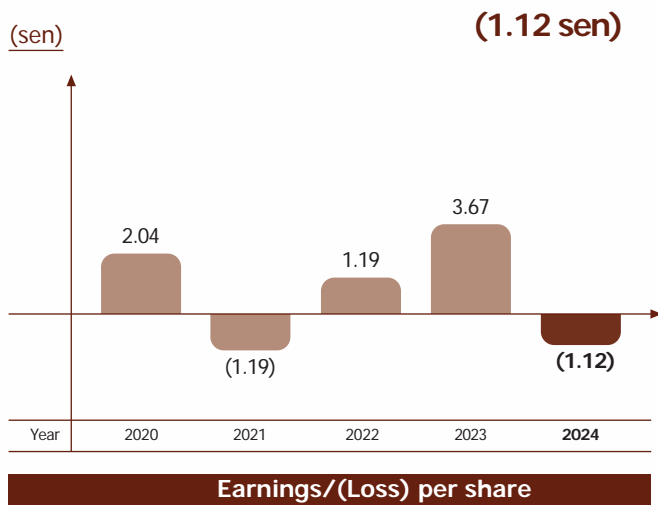
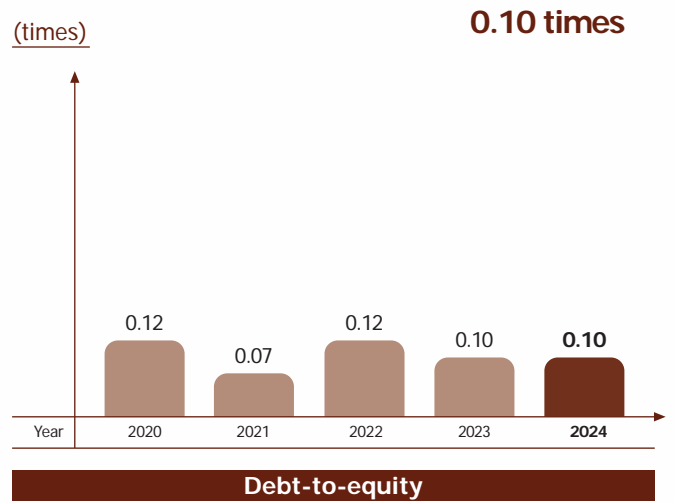
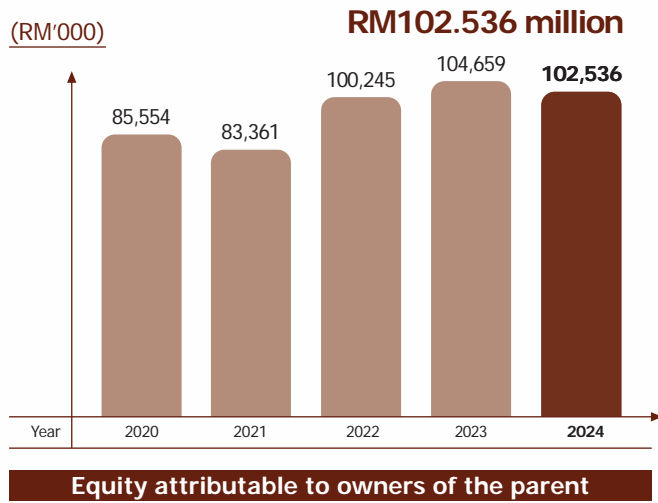
| | | | | | |
|------------------------------------|------|--------|------|------|--------|
| D) FINANCIAL RATIOS | | | | | |
| Return on total assets (%) | 2.34 | (1.49) | 1.29 | 4.71 | (1.37) |
| Return on shareholders' equity (%) | 3.01 | (1.80) | 1.67 | 5.71 | (1.78) |
| Current ratio (times) | 3.85 | 4.98 | 3.75 | 5.25 | 3.70 |
| Debt-to-equity (times) | 0.12 | 0.07 | 0.12 | 0.10 | 0.10 |

[^] Excluding treasury shares

GROUP FINANCIAL HIGHLIGHTS

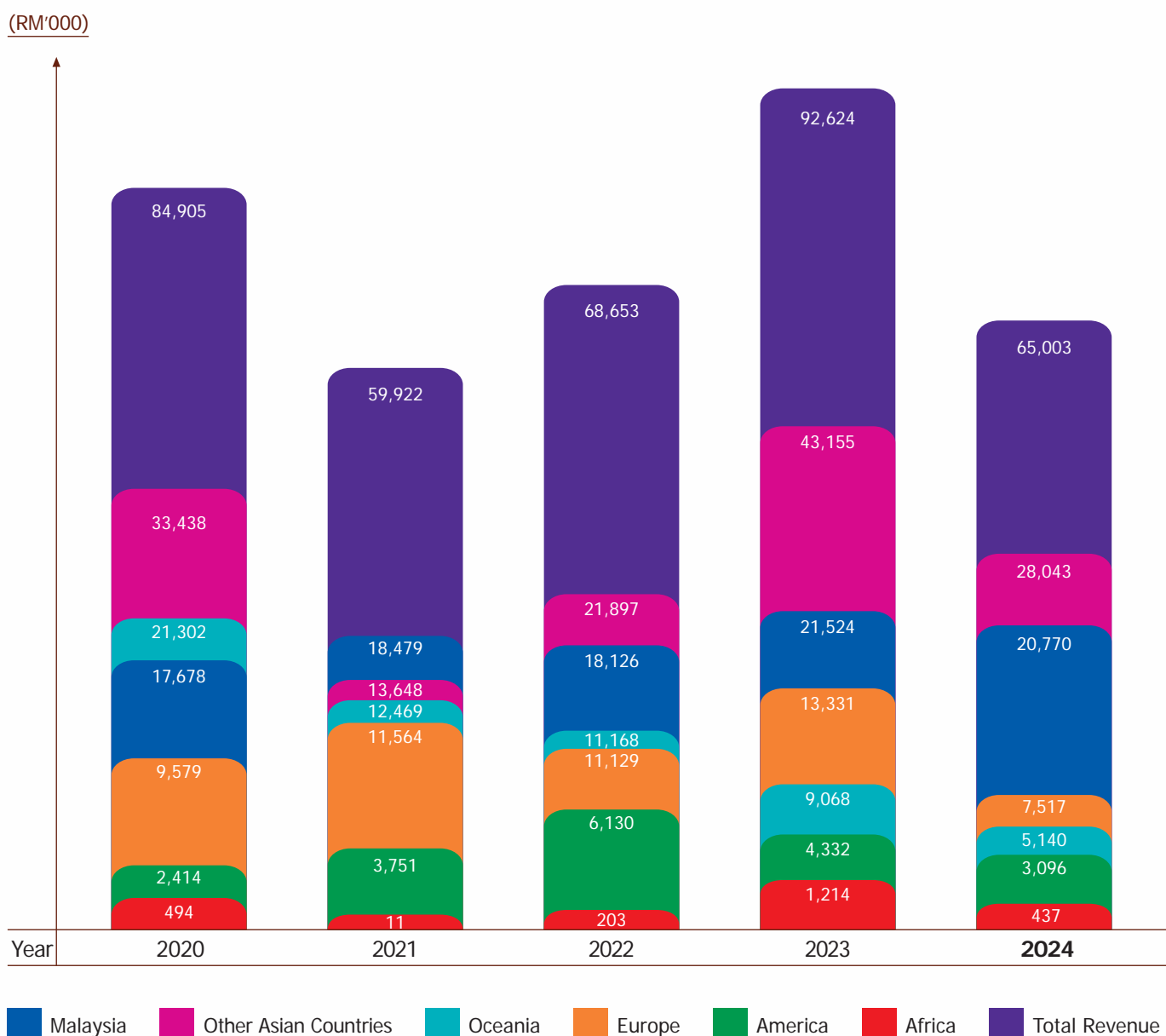


GROUP FINANCIAL HIGHLIGHTS (cont'd)



MARKET SEGMENTATION - REVENUE

| Market Segment | | FINANCIAL YEAR ENDED 30 JUNE | | | | |
|----------------------|-----------------------|------------------------------|----------------|----------------|----------------|----------------|
| | | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2023 RM'000 | 2024 RM'000 |
| 1 | Malaysia | 17,678 | 18,479 | 18,126 | 21,524 | 20,770 |
| 2 | Other Asian Countries | 33,438 | 13,648 | 21,897 | 43,155 | 28,043 |
| 3 | Oceania | 21,302 | 12,469 | 11,168 | 9,068 | 5,140 |
| 4 | Europe | 9,579 | 11,564 | 11,129 | 13,331 | 7,517 |
| 5 | America | 2,414 | 3,751 | 6,130 | 4,332 | 3,096 |
| 6 | Africa | 494 | 11 | 203 | 1,214 | 437 |
| Total Revenue | | 84,905 | 59,922 | 68,653 | 92,624 | 65,003 |



SUSTAINABILITY STATEMENT

Introduction

CWG Holdings Berhad ("CWG") and its subsidiaries ("the Group") are committed to creating long-term value and sustainability for our stakeholders. Sustainability is a cornerstone of the Group's philosophy. The Board of Directors ("the Board") understands that genuine business success extends beyond financial metrics to include our impact on the environment and society. To this end, we have embedded sustainability practices across all aspects of our daily operations to ensure that our business remains resilient and responsible.

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.

Reporting Scope

CWG is an investment holding company with its subsidiaries involved in the manufacture and sale of stationery and printed materials, as well as property development and real estate activities.

This Sustainability Statement covers the business activities of the Group's key operating subsidiary, Chee Wah Corporation Berhad ("CWCB") and describes its sustainability performance for the financial year ended 30 June 2024 ("FY2024").

Assurance

This Sustainability Statement has not been subjected to internal audit or external assurance. However, the data reported in this Statement has been validated internally by the Group's management to ensure accuracy and reliability.

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 environmental, social and governance ("ESG") considerations underpinning sustainability. A Sustainability Working Committee ("SWC") is helmed by the key senior management and heads of department, who assist and report directly to the Group Managing Director on the Group's sustainability matters.

The SWC is responsible for identifying the material sustainability matters ("MSM"), managing and reporting on progress against sustainability strategy, plans and budgets to the key senior management, as the case may be. The key senior management provides 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, governmental and regulatory bodies, as well as the broader communities we serve. This enables us to identify and determine the potential sustainability challenges, risks and opportunities facing the Group. Through effective engagement channels, the stakeholders contribute valuable feedback, suggestions and concerns, driving continuous enhancement of our business practices and product offerings.

We believe that the stakeholder engagement is fundamental to shaping our sustainability strategy and is imperative for achieving sustained long-term growth.

Our key stakeholder groups, interest and concern, and the relevant engagement approaches during FY2024 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 |

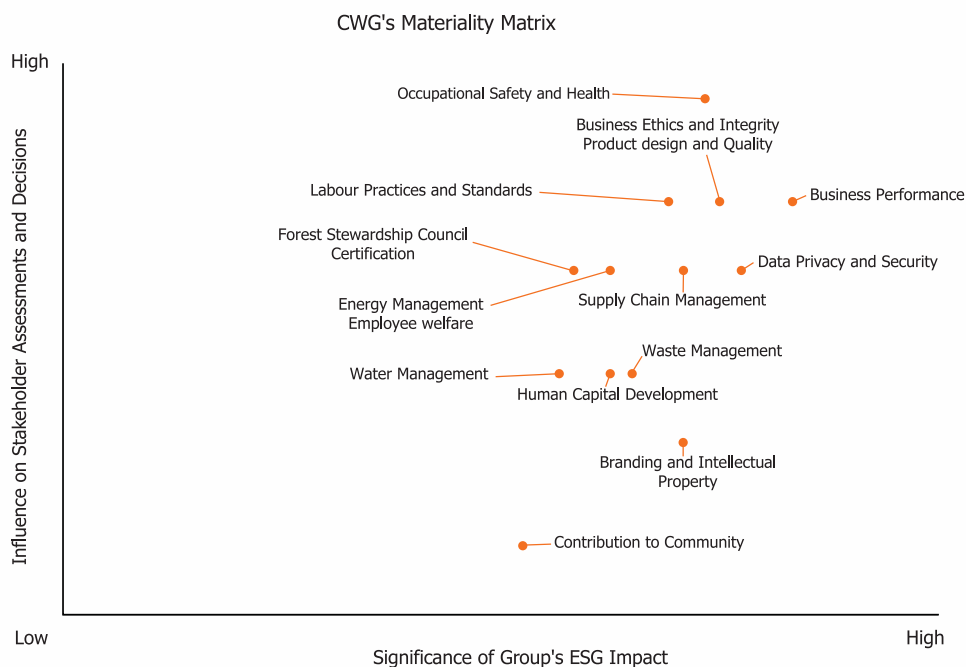
SUSTAINABILITY STATEMENT (cont'd)

| Stakeholder Group | Areas of Interest and Concern | Engagement Approach |
|------------------------------------|--|---|
| 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 |
| 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 | <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 |
| Governmental and Regulatory Bodies | <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 |
| 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 |

Materiality Assessment

A materiality assessment is vital in guiding the Group's strategies and prioritizing its sustainability efforts. The Group defines MSM as those that significantly impact ESG aspects of the Group's business and substantively influence the assessments and decisions of stakeholders.

During the FY2024, we conducted the materiality assessment through engagements with both internal and external stakeholders. The results of this assessment are illustrated in the materiality matrix below:



SUSTAINABILITY STATEMENT (cont'd)

In this Sustainability Statement, the MSM is categorized and discussed in three (3) themes as follows:

| Governance and Business Sustainability | Environmental | Social |
|---|---|--|
| <ul style="list-style-type: none"> • Business Performance • Business Ethics and Integrity • Product Design and Quality • Branding and Intellectual Property • Supply Chain Management • Data Privacy and Security | <ul style="list-style-type: none"> • Forest Stewardship Council Certification • Waste Management • Energy Management • Water Management | <ul style="list-style-type: none"> • Occupational Safety and Health • Labour Practices and Standards • Human Capital Development • Employee Welfare • Contribution to Community |

Governance and Business Sustainability ➤

Business Performance

The Group acknowledges that achieving positive economic performance is crucial for sustaining long-term business operations.

The Group has transitioned from their early trading activities to become a comprehensive manufacturing and distribution specialist, renowned for a wide range of premium quality paper-based stationery. The Group also extends its expertise to supply and distribution of non-paper-based stationery, gift paper and pre-school educational materials.

Presently, the Group primarily operates its business which involves the manufacturing and sale of stationery and printed materials from its manufacturing facilities and sales office in Malaysia. The Group remains focused on expanding its product range within the stationery and printing sector, thereby enhancing its value proposition to a broader customer base. On the export front, the Group's stationery products reach approximately 58 countries worldwide.

At the end of last year, the Group ventured into the property development sector. This diversification aligns with the Group's strategic plan to explore other viable businesses, enhancing profitability and providing better returns for shareholders, thereby reducing reliance on the existing stationery and printing business.

Business Ethics and Integrity

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, harassment, child and force labour, discrimination, 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.

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 to 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 2024, all the new employees have been communicated on the ABC Policy.

SUSTAINABILITY STATEMENT (cont'd)

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 FY2024, 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.

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"). Our dedicated QC and QA teams act as vigilant gatekeepers, ensuring adherence to high standards of operating procedures. We have established quality check procedures and standard operating procedures for our production teams. QC inspections are conducted on a sampling basis at every production process to identify and reject defective items before delivery to our customers.

In order to keep pace with the rapid changing market place and stand out from the competition, we have an in-house design team known as Creative and Product Development. Our designers regularly enhance their knowledge and creativity to develop innovative stationery products. In our continuous efforts to meet customer expectations, we also offer Original Equipment Manufacturing ("OEM"), Original Brand Manufacturing ("OBM") and Original Design Manufacturing ("ODM") arrangements for our discerning customers.

Our marketing and sales teams constantly engage with our customers and promptly respond to their needs in term of quality, service, delivery and pricing. We conduct Customer Satisfaction Survey annually to enhance our overall customer relations and continuously improve our stationery products, ensuring the sustainable growth of our business.

Branding and Intellectual Property

Riding on the outstanding performance of our products, the 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 and universities to home and offices. Our Camel Paper Products brand was awarded Superbrands Malaysia 2003/2004 in 2003, and for CAMPAP in 2005.

With growing recognition of CAMPAP brand, the Group has expanded its product range to include a diverse array of stationery items. The Future Ace series offers pre-school educational materials crafted to foster early learning in young children. The Ecoforest and Ezee series deliver good quality products at affordable prices for students. Arto by Campap series showcase premium art and craft based paper products, while the A-series emphasizes high-grade and elegant stationery paper products. Together, these products continuously grow the Group's share in the paper-based stationery market.

One of our flagship products, the Write-On exercise book series, exemplifies our dedication to excellence in the stationery industry. With a legacy spanning over thirty (30) years, "Write-On" has become a hallmark of quality, distinguished by its elegant marbled-textured cover design. This series has earned widespread acclaim from consumers and remains a preferred choice in the market. As the Group celebrates over six (6) decades of innovation and excellence, the "Write-On" series continues to shine as a testament to our unwavering commitment to crafting premier stationery products that inspire and satisfy our customers.

On 16 February 2024, CWCB signed a contract with Animonsta Studios Sdn. Bhd., securing the rights to use the licensed characters: BoBoiBoy, Mechamato and Papa Pipi for a period of two and a half years. These licensed characters are featured on our paper stationery products, an initiative expected to enhance our product variety and bolster the Group's market share in the Malay segment in Malaysia.

SUSTAINABILITY STATEMENT (cont'd)

Our continuous efforts in building the CAMPAP brand have garnered the Group the prestigious BrandLaureate BestBrands Award 2018-2019 from The World Brand Foundation (formerly known as the Asia Pacific Brands Foundation) on 27 June 2019. CAMPAP is recognized as a brand leadership in the consumer stationery market. In the same year, the Group also received the Most Promising Award at the Gala Night of Export Excellence Award 2019, organized by the Star Media Group Berhad. This award attests to the efforts of Malaysian companies in promoting local products globally, thereby supporting Malaysia's economic sustainability.

Intellectual property ("IP") is a valuable asset crucial for our sustainable business growth. We are committed to protecting our own IP rights, whilst respecting the IP rights of others. Hence, we have registered selected trademarks both locally and internationally in chosen markets. We closely monitor the validity of our trademarks to ensure they are renewed and remain protected. Unauthorized use or display of our IP by third parties is prohibited, and we will pursue legal action against any infringements or misuse of our IP.

Supply Chain Management

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

We source our raw materials from both local and international markets, fostering long-term relationships with our suppliers based on mutual trust. Our procurement team handles all purchases in a fair, objective and professional manner. We maintain close collaboration with our approved suppliers and regularly assess their performance. Quotations from various suppliers are obtained to ensure the competitive pricing. Our QA and QC teams meticulously inspect every batch of raw materials received from the supplier. This is to ensure the quality and specification meet the Group's production requirement.

In FY2024, the proportion of spending on local suppliers is 22%. 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 often necessitate sourcing a majority of materials from overseas. Nevertheless, we generally support local businesses whenever possible.

Our logistics function ensures close monitoring of shipments to ensure timely delivery to customers. Additionally, 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.

Data Privacy and Security

We are committed to protecting data privacy of our stakeholders, encompassing personal and financial information of individuals and organizations.

We take a proactive approach to data security, ensuring the protection of data from being viewed, altered or stolen by unauthorized users. In compliance with the Personal Data Protection Act 2010, all information and personal data are securely managed through our Information Technology (IT) systems.

Our key internal controls to protect data privacy are as follows:

- 1) The technological resources and assets of the Group are protected with advanced encryption, firewalls and antivirus or anti-malware software.
- 2) Appropriate physical and organizational security measures are implemented to protect personal data.
- 3) Email reminders are regularly sent to employees to raise awareness about scams, malicious cyberattacks, and data security.
- 4) Daily data backups are conducted for all servers to ensure data integrity and availability.
- 5) Non-Disclosure Agreements are required to be signed by customers, suppliers and contractors where applicable.

In FY2024, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

Environmental

Forest Stewardship Council Certification

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. The FSC’s Chain of Custody certification specifically ensures that the processes of processing and logistics in the supply chain are managed responsibly.

As one of Malaysia’s most established manufacturers of paper-based products, CWCB recognizes the potential environmental impacts of our production activities. We are committed to minimizing these impacts and promoting sustainable practices.

CWCB has obtained the FSC’s Chain of Custody Certification since 2010. We undergo annual audit to maintain this certification, ensuring our continued compliance with FSC standards. Selected products from CWCB are manufactured in accordance with FSC requirements, reflecting our dedication to environmental stewardship and sustainability.

Waste Management

Our operations are built on a basis of governance procedures to ensure that sound environmental practices are implemented in our daily activities. CWG is committed to adhering to all relevant regulatory requirements throughout the entire operational chain.

On the shop floor, we adhere to stringent waste management practices to ensure that harmful elements from ink sludge, chemical solvents and other liquid by-products from our printing and ancillary services are properly treated before disposal. We store all scheduled wastes in safe location and ensure their disposal through authorized contractors licensed by the Department of Environment for proper treatment.

For non-scheduled waste, such as used packing materials, cards, chipboard, paper cores, plastic and discarded or shredded office papers, a third-party contractor is assigned to handle the collection and disposal process. This contractor ensures that these wastes are meticulously managed and directed towards appropriate recycling facilities, thereby promoting sustainable waste management practices.

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

Energy Management

As part of our effort to reducing energy consumption, we invested in advanced, largely automated production equipment and machinery. It shortens the lead times and minimizes the idle periods during production, resulting in a reduction in electricity usage. We have also installed energy-efficient LED lighting throughout all areas of our manufacturing facilities and office premises. In FY2024, our total electricity consumption was approximately 1,912.881 megawatt-hours (MWh).

Additionally, 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 1,065,452.7 kilowatt-hours (kWh) during the FY2024, which reduced approximately 807.61 metric tonnes of CO2 emissions.

SUSTAINABILITY STATEMENT (cont'd)

Water Management

Water is an essential resource for both our production processes and general daily use. We are cognizant of our responsibility to conserve water.

Our operations primarily rely on the municipal water supply. To prevent wastage, we proactively conduct routine checks to ensure that all water meters, piping, taps and related equipment are in good condition. In FY2024, the Group utilized 10,416 megalitres (ML) of water.

Social >

Occupational Safety and Health

As a manufacturing company, providing a safe and healthy work environment and ensuring personal safety are always our top priorities. We are committed to creating a secure and comfortable workplace by implementing various health and safety measures for our employees.

We recognize the potential safety risks associated with working in production areas that house large printing machines and various ancillary equipment. To mitigate these risks, we equip our employees with appropriate personal protective equipment, which includes safety shoes for production workers, earplugs for machine operators in noise-prone areas and gloves for those handling chemical solvents used in cleaning printing equipment, among other protective gear.

Our Safety and Health Committee ("SHC") plays a crucial role in ensuring the effectiveness of our safety and health policies and procedures and also strict compliance by all employees. Our operations undergo regular training, social and quality audits to ensure adherence to established standards. We conduct frequent inspections on our manufacturing area and equipment to ensure safety procedures are meticulously followed. Additionally, we provide ongoing training on machinery operations and forklift driving, equipping our employees with the essential skills and knowledge to maintain the highest safety standards.

In addition, we conduct regular fire drills for all employees to enhance awareness and ensure emergency preparedness. Monthly fire alarm tests are performed to ensure that our fire safety equipment is always in proper working condition. We also have an emergency response team in place to guide employees on the appropriate actions to take during accidents or emergencies, tailored to the type of incident.

In FY2024, we have achieved zero work-related accidents among the employees and we strive to maintain this record as our long-term commitment.

Labour Practices and Standards

Human rights encompass the essential freedoms and entitlements that every person possesses, regardless of their nationality, race, religion, gender or social standing. Our employment practices are guided by the core principles of fairness and respect.

We are committed to safeguarding our employees' rights by strictly adhering to relevant laws and regulations, such as minimum working age, minimum wage and minimum rest periods. We are against any form of child labour and modern slavery, including forced labour or human trafficking.

Our commitment extends to providing a supportive, caring and healthy living environment for our foreign workers residing in dormitories. 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.

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

SUSTAINABILITY STATEMENT (cont'd)

As at 30 June 2024, 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 | 5 (63%) | 3 (37%) | – | 3 (37%) | 5 (63%) | – | 8 (100%) | – | – |
| Managers | 9 (60%) | 6 (40%) | – | 10 (67%) | 5 (33%) | 1 (7%) | 11 (73%) | 3 (20%) | – |
| Executives | 7 (33%) | 14 (67%) | 3 (14%) | 16 (76%) | 2 (10%) | 5 (24%) | 14 (67%) | 2 (9%) | – |
| Non-Executives | 147 (39%) | 228 (61%) | 133 (35%) | 198 (53%) | 44 (12%) | 52 (14%) | 60 (16%) | 58 (15%) | 205 (55%) |

Majority of the employees are permanent and work on a full-time basis. In FY2024, the Group's staff turnover rate is 11.8%. There were 67 new employees hired by the Group.

Furthermore, we are committed to maintaining harmonious labour relations and promoting positive working conditions. We respect employees' rights to self-representation and participation in trade unions for collective bargaining, as well as their right to address any workplace disputes.

During the FY2024, there were no significant cases of discrimination or any substantiated complaints concerning human rights violations in the Group's operations.

Human Capital Development

We are dedicated to fostering a strong and dynamic workforce. We understand that the success of the Group hinges on having a team of competitive, committed individuals who prioritize the Group's interests alongside their own professional growth. The Board acknowledges that attracting and retaining top talent is essential to the Group continued success.

To ensure our employees are well-compensated and motivated, we align remuneration with their duties and responsibilities while offering ample opportunities for career advancement. We provide long-term career prospects that foster loyalty and professional satisfaction. As part of this commitment, we encourage our employees to participate in training and development courses. These initiatives are designed to enhance their on-the-job performance and contribute to the overall effectiveness and efficiency of the Group.

In FY2024, we implemented various training program to support our employees' continuous learning and professional development. We conducted 23 external training programs and 5 in-house training programs, totaling 966 training hours. These programs covered a wide array of topics, including anti-bribery and corruption, social and environmental awareness, workplace safety and health, industry knowledge and experience, human resources management and technical skills.



Our ISO 9001:2015 Interpretation training on 20 July 2023 provided employees with the knowledge to drive excellence in every aspect of the Group's operations.



An Anti-Bribery and Corruption training for our employees on 12 June 2024, reinforcing our commitment to ethical standards.

SUSTAINABILITY STATEMENT (cont'd)

Employee Welfare

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

The Group places a strong emphasis on the health and well-being of its employees. Various medical benefits such as insurance coverage for personal accidents and group hospitalization are provided to the employees depending on employee categories and positions. Employees are eligible for reimbursement for medical treatments and dental care. Incentives such as zero sick leave and monthly full attendance are also offered to encourage a healthy and committed workforce.

To promote a balanced and enjoyable work-life environment, the Group rents a badminton court adjacent to the main plant in Mak Mandin, Butterworth for employee use. Furthermore, the Group, along with its Management Club ("MClub") organized various sporting events and social functions throughout the financial year, including a futsal tournament, bowling competition, durian feast, Ang Pau Party and MClub dinner.

Notably, the Group hosted festive gatherings and special outings, such as a Chinese New Year company dinner, a staff buffet dinner, a company trip to Batu Caves and Genting Highlands crowned with a delightful annual dinner, as well as an unforgettable trip to Vietnam. These activities foster healthy living, strengthen teamwork, and cultivate closer working relationships among employees.



➤ *Our futsal tournament ignited team spirit, bringing excitement and friendly competition.*

An exhilarating MClub Bowling Competition at Mydin Mall, Bukit Mertajam, Penang on 27 August 2023, where our employees came together to showcase their skills and teamwork. ◀



SUSTAINABILITY STATEMENT (cont'd)

Employee Welfare (cont'd)



Savouring the King of Fruits at our Durian Feast on 22 October 2023, an event filled with delicious flavours and joyous moments.



Expressing gratitude for our employees' hard work as we welcomed the Lunar New Year with a sumptuous seaside seafood dinner, followed by a delightful buffet at The Light Hotel.



A memorable company trip to Batu Caves and Genting Highlands on 24 & 25 September 2023, filled with fun, relaxation and a spectacular annual dinner.

SUSTAINABILITY STATEMENT (cont'd)

Employee Welfare (cont'd)



➤ A remarkable journey to Vietnam from 21 to 25 December 2023, where we immersed ourselves in its beauty and culture, creating cherished memories together.

The Group offers transportation benefits to its employees, such as van shuttle services to facilitate convenient commuting to and from work. For employees who drive, a concrete parking space has been paved, complete with a drainage system to prevent flooding during heavy rain. Two (2) priority parking spaces are reserved exclusively for pregnant employees to provide added convenience and support in the workplace.

The Group annually rewards long service awards to the employees, recognizing their loyalty and continued commitment. To motivate and support the next generation, monetary rewards are given to children of employees who achieve outstanding academic performance.

Contribution to Community

Community engagement stands as one of the key pillars of our corporate social responsibility framework, alongside our dedication to the workplace, marketplace and environmental stewardship.

In FY2024, we made a donation of RM12,000 to Batu Pahat Commercial House, a non-profit charity organization in Johor for its BPCH Flag Project 2023, benefiting 100 students. Batu Pahat Commercial House focuses on raising funds to alleviate the suffering and hardships of the needy and underprivileged, supporting education, healthcare and social activities within our community.

This was then followed by a donation of RM3,000 to Yayasan Humanistik in Selangor, sponsoring its 20th Humanistik Charity Run 2023. This donation supported the Needy Students Adoption Program, which aims to fostering educational opportunities and supporting the well-being for underprivileged students.

We also made monetary contributions of RM8,500 to Thanneer Panthal (refreshments stall) during a Hindu festival by providing complimentary vegetarian food and beverages to 1,000 devotees. This gesture underscores our respect for cultural and religious practices and our desire to support community celebrations.

Our ongoing commitment to public welfare is evident in our continuous rental of several bus shelters from the local council for outdoor advertising displays. These bus shelters serve not only as waiting areas for public transport passengers but also offer protection from hot and rainy weather. To further illustrate our commitment to the community, we take responsibility for the maintenance of these bus shelters, ensuring they remain in good condition while serving the community.

Conclusion

The Board 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 enhance stakeholder value, safeguard the environment and make meaningful contributions to society. By integrating sustainable practices into every aspect of the Group's operations, we aim to drive long-term success and positively impact all our stakeholders.

SUSTAINABILITY STATEMENT (cont'd)

Performance Data Table (ESG Reporting Platform of Bursa Securities)

| Indicator | Measurement Unit | FY2024 |
|---|------------------|-----------|
| Bursa (Anti-Corruption) | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | |
| Senior Management | Percentage | 100.00 |
| Managers | Percentage | 100.00 |
| Executives | Percentage | 100.00 |
| Non-executives | Percentage | 50.00 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 64.71 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 |
| Bursa (Community/Society) | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 23,500.00 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 1,100 |
| Bursa (Diversity) | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | |
| Age Group by Employee Category | | |
| Senior Management Under 30 | Percentage | 0 |
| Senior Management Between 30-50 | Percentage | 37.50 |
| Senior Management Above 50 | Percentage | 62.50 |
| Managers Under 30 | Percentage | 0 |
| Managers Between 30-50 | Percentage | 66.67 |
| Managers Above 50 | Percentage | 33.33 |
| Executives Under 30 | Percentage | 14.29 |
| Executives Between 30-50 | Percentage | 76.19 |
| Executives Above 50 | Percentage | 9.52 |
| Non-executives Under 30 | Percentage | 35.47 |
| Non-executives Between 30-50 | Percentage | 52.80 |
| Non-executives Above 50 | Percentage | 11.73 |
| Gender Group by Employee Category | | |
| Senior Management Male | Percentage | 62.50 |
| Senior Management Female | Percentage | 37.50 |
| Managers Male | Percentage | 60.00 |
| Managers Female | Percentage | 40.00 |
| Executives Male | Percentage | 33.33 |
| Executives Female | Percentage | 66.67 |
| Non-executives Male | Percentage | 39.20 |
| Non-executives Female | Percentage | 60.80 |

SUSTAINABILITY STATEMENT (cont'd)

Performance Data Table (ESG Reporting Platform of Bursa Securities) (cont'd)

| Indicator | Measurement Unit | FY2024 |
|--|------------------|----------|
| Bursa C3(b) Percentage of directors by gender and age group | | |
| Male | Percentage | 85.71 |
| Female | Percentage | 14.29 |
| Under 30 | Percentage | 0 |
| Between 30-50 | Percentage | 42.86 |
| Above 50 | Percentage | 57.14 |
| Bursa (Energy management) | | |
| Bursa C4(a) Total energy consumption | Megawatt | 1,912.88 |
| Bursa (Health and safety) | | |
| Bursa C5(a) Number of work-related fatalities | Number | 0 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 0 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 14 |
| Bursa (Labour practices and standards) | | |
| Bursa C6(a) Total hours of training by employee category | | |
| Senior Management | Hours | 132 |
| Managers | Hours | 277 |
| Executives | Hours | 280 |
| Non-executives | Hours | 277 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 0 |
| Bursa C6(c) Total number of employee turnover by employee category | | |
| Senior Management | Number | 1 |
| Managers | Number | 1 |
| Executives | Number | 7 |
| Non-executives | Number | 78 |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 |
| Bursa (Supply chain management) | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 22 |
| Bursa (Data privacy and security) | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 |
| Bursa (Water) | | |
| Bursa C9(a) Total volume of water used | Megalitres | 10,416 |
| Bursa (Waste management) | | |
| Bursa C10(a) Total waste generated | Metric tonnes | 1,138.36 |

LIST OF GROUP PROPERTIES

as at 30 June 2024

| Location | Description/ Existing Use | Land Area/ Built-up Area (sq. ft.) | Tenure | Age of Building (Years) | Net Carrying Amount (RM'000) |
|---|---|--|---|-------------------------------|------------------------------------|
| DEVELOPMENT PROPERTY | | | | | |
| (a) Lot No. 20395 Grant No. 153116 District 14 Province Wellesley South Penang | Development land approved for commercial development | 252,301 | Freehold | - | 20,000 |
| PROPERTIES HELD FOR OPERATIONAL PURPOSE/PROPERTY, PLANT & EQUIPMENT | | | | | |
| (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 | - | 22 |
| (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 | - | 714 |
| (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 | - | 2,125 |
| (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 | - | 2,297 |
| (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 | - | 26-29 | 4,415 |
| (g) Properties constructed on Lot No. Plot 175 Town of Butterworth Province Wellesley North Penang | A double-storey factory cum warehouse building | 73,644 | - | 29-33 | 2,856 |
| (h) Properties constructed on Lot No. 2091 Section 3 Town of Butterworth Province Wellesley North Penang | A single-storey warehouse building | 32,960 | - | 30-39 | 3,910 |

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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 provides oversight and review to the Group's sustainability strategy, performance and issues.

4.2 Sustainability Strategies

The Board believes that the stakeholder engagement is fundamental to shaping the sustainability strategy and is imperative for achieving sustained long-term 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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 evidenced by 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.

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 8th 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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 2024 ("FY2024"), 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 FY2024.

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 FY2024 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 FY2024, 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 FY2024 are as tabulated below:

| Director | Board | Audit Committee | Nominating & Remuneration Committee |
|--|-------|-----------------|-------------------------------------|
| Ooi Chin Soon Executive Chairman | 5/5 | — | — |
| 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 Independent Non-Executive Director | 5/5 | 4/4 | 2/2 |

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.

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"> Webinar: Part 1 - Understanding Warrants: Introduction, Types and Trends |
| Tan Hing Ming @ Chin Hing Ming | <ul style="list-style-type: none"> Webinar: Sharpening Your Core Leadership Competencies Webinar: Derivatives and the Benefits to the Organisation |
| Datuk Hong Choon Hau | <ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP) Directors' Training for PLCs Companies on Sustainability Preparing Your Business for E-Invoicing in Malaysia: A Comprehensive Guide |
| Razmi Bin Alias | <ul style="list-style-type: none"> Introduction of Bursa Carbon Exchange (BCX) & Centralised Sustainability Intelligence Platform (CSIP) Bursa PLCs Investor Relations Series 1: What Do Investors look for in Your Company? KPMG Board Leadership Center Exclusive - What you need to know about the Bursa's Amended Listing Requirements on Conflict of Interest (COI) |
| Loh Seong Yew | <ul style="list-style-type: none"> Seminar Percukaian Kebangsaan 2023 17th ACCA Asiapacific Thought Leadership Forum The Young Accountants' Toolkit: Navigating the Future with ChatGPT and Data Analytics Preparation and Implementation of e-invoice in Malaysia 2024 Budget Seminar Capital Gains Tax (CGT) on Foreign and Domestic Transactions Mastering Self-Leadership and Motivation in the Workplace Leadership in a Changed World: Upskill your leadership capabilities to drive resilient teams Starting a practice: turning expertise into enterprise Growing your practice: scaling up with the right team |
| Ng Tiang Yong | <ul style="list-style-type: none"> Webinar: e-invoicing |
| Cheong Sing Yee | <ul style="list-style-type: none"> Mandatory Accreditation Programme |

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) Discussed and recommended the re-election of Directors at AGM.
- f) 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.
- g) Conducted annual assessment on Board, Board Committees and individual Directors.
- h) Discussed and recommended Directors' fees and benefits payable for shareholders' approval.
- i) Discussed and reviewed the Employment Agreement, Supplemental Employment Agreement and Service Agreement for the Directors.
- j) Endorsed the performance bonus payable to the Executive Directors pursuant to their respective Employment Agreements.
- k) Reviewed the Board Charter of the Company.
- l) Discussed and reviewed the remuneration package and revision of monthly salaries for the Executive Directors.

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 FY2024 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 | – | 90 | 15 | – | 21 | 138 |
| Datuk Hong Choon Hau | 12 | 30 | 300 | 50 | – | 72 | 464 |
| Independent Non-Executive Directors | | | | | | | |
| Razmi Bin Alias | 24 | 8 | – | – | – | – | 32 |
| Loh Seong Yew | 24 | 8 | – | – | – | – | 32 |
| Ng Tiang Yong | 24 | 7 | – | – | – | – | 31 |
| Cheong Sing Yee | 24 | 7 | – | – | – | – | 31 |
| Total | 132 | 60 | 390 | 65 | – | 93 | 740 |

| Group (RM'000) | Fees | Allowance | Salary | Bonus | Benefits -in-Kind | Other Emoluments | Total |
|--|------|-----------|--------|-------|-------------------|------------------|-------|
| Executive Directors | | | | | | | |
| Ooi Chin Soon | 27 | 30 | 385 | 60 | 4 | 91 | 597 |
| Tan Hing Ming | 27 | 30 | 325 | 50 | 5 | 78 | 515 |
| Datuk Hong Choon Hau | 12 | 30 | 300 | 50 | – | 72 | 464 |
| Independent Non-Executive Directors | | | | | | | |
| Razmi Bin Alias | 24 | 8 | – | – | – | – | 32 |
| Loh Seong Yew | 24 | 8 | – | – | – | – | 32 |
| Ng Tiang Yong | 24 | 7 | – | – | – | – | 31 |
| Cheong Sing Yee | 24 | 7 | – | – | – | – | 31 |
| Total | 162 | 120 | 1,010 | 160 | 9 | 241 | 1,702 |

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 FY2024, 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 FY2024 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 FY2024 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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 7th AGM in 2023 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 7th AGM were accompanied by an explanation of the proposed resolution. All the resolutions set out in the notice of 7th 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 Extraordinary General Meeting ("EGM") held on 3 October 2023 and the 7th AGM held on 15 November 2023.

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 the EGM and AGM are not applicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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 EGM and 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 EGM and 7th AGM were conducted in the FY2024.

13.6 Minutes of General Meeting

The EGM and 7th AGM were held on 3 October 2023 and 15 November 2023 respectively.

The minutes of the EGM and 7th AGM are made available on the Company's website no later than thirty (30) business day after the meetings.

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 27 September 2024.

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.

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

Risk Management Review

During the financial year under review, the Group's existing Enterprise Risk Management ("ERM") framework was overseen by the RMC which is chaired and led by the CRO. The members of the RMC comprise of selected heads of department and other management personnel as deemed appropriate by the CRO. With 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 on risk management activities and action plans for various key risks identified across several departments. These departments include Production Operation, Quality Assurance, Creative & Product Development, Management Information Systems, Marketing, Procurement, Finance, Human Resources Management, Corporate Services and Environment, Health & Safety.

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. The Group adopted an Anti-Bribery & Corruption ("ABC") Policy in line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, effective from 1 June 2020. The ABC Policy established clear guidelines to prevent bribery and corrupt practices within the Group's business operations.

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 2024 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 27 September 2024.

AUDIT COMMITTEE REPORT

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.cwg holdings.com.my.

COMPOSITION, AUDIT COMMITTEE MEETING AND ATTENDANCE

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

Mr. Loh Seong Yew is a member of the Malaysian Institute of Accountants ("MIA"). The biography of each of the following members of the Audit Committee is set out under Profile of Directors in this Annual Report. Accordingly, the composition of the Audit Committee complies with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 | Member | 4/4 |

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE ➤

The activities carried out by the Audit Committee during the financial year ended 30 June 2024 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 IFRS Accounting 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) Reviewed and discussed the conflict of interest (“COI”) and potential COI of the Directors and key senior management;
- (d) Discussed the audit plan, scope of work and proposed audit fee for the year under review with the external auditors;
- (e) 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;
- (f) Reviewed the audit findings of the external auditors and their reports;
- (g) 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;

- (h) Reviewed and discussed the internal audit plan presented by the internal auditors;
- (i) Reviewed the internal audit functions in respect of the adequacy of its scope, functions, competency, resources and necessary authority to carry out its work;
- (j) 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;
- (k) Reviewed the implementation of these recommendations through follow-up audit reports;
- (l) Reviewed the report presented by the Chief Risk Officer of Risk Management Committee;
- (m) Reported to the Board on its activities, significant findings and results;
- (n) 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 2024; and
- (o) Discussed the material litigation involving the Group, if any.

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION ➤

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

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

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

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

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

- (i) Repair and maintenance of machinery
- (ii) Conversion and production
- (iii) Systems of internal control on general affairs

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 RM29,735.20.

ADDITIONAL COMPLIANCE INFORMATION >>

1. Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 30 June 2024 ("FY2024").

2. Audit and Non-audit Fees

During the FY2024, 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 | 19,500 | 22,000 |
| Group | 122,700 | 47,400 |

The non-audit fees comprised mainly of review of Statement on Risk Management and Internal Control, tax fees and fees charged for agreed upon procedures services, including the verification of the computation of the new exercise price and number of outstanding warrants in relation to the proposed rights issue.

3. Material Contracts involving the interest of Directors, Chief Executive and Major Shareholders

During the FY2024, 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, IFRS Accounting 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 2024 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 2024, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable.

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

ANALYSIS OF SHAREHOLDINGS

as at 27 September 2024

Share Capital

| | |
|--------------------------|--|
| Issued and Fully Paid-up | RM78,351,259.50 divided into 164,148,123 ordinary shares (including 446,500 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 | 18 | 0.89 | 385 | # |
| 100 - 1,000 | 139 | 6.88 | 61,088 | 0.04 |
| 1,001 - 10,000 | 1,234 | 61.12 | 6,618,154 | 4.04 |
| 10,001 -100,000 | 541 | 26.80 | 15,906,500 | 9.72 |
| 100,001 - 8,185,080 (*) | 84 | 4.16 | 63,404,076 | 38.73 |
| 8,185,081 and above (**) | 3 | 0.15 | 77,711,420 | 47.47 |
| Total | 2,019 | 100.00 | 163,701,623 | 100.00 |

Remarks:

^ Excluding 446,500 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 27 September 2024

Substantial Shareholders

| Name | Direct Interest | | Indirect Interest | |
|----------------------|-----------------|----------------|---------------------------|----------------|
| | No. of Shares | % [^] | No. of Shares | % [^] |
| Ooi Chin Soon | 29,300,000 | 17.90 | - | - |
| Datuk Hong Choon Hau | 29,036,920 | 17.74 | - | - |
| ANB Equity Sdn. Bhd. | 12,874,500 | 7.86 | - | - |
| Dato' Khor Wan Tat | 1,008,700 | 0.62 | ^(a) 7,830,000 | 4.78 |
| Lai Tjhin Tjhin | - | - | ^(b) 12,874,500 | 7.86 |
| Lim Kam Seng | 9,149,400 | 5.59 | - | - |

Note:

[^] Excluding a total of 446,500 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 | 17.90 | - | - |
| Tan Hing Ming @ Chin Hing Ming | - | - | - | - |
| Datuk Hong Choon Hau | 29,036,920 | 17.74 | - | - |
| Razmi Bin Alias | - | - | - | - |
| Loh Seong Yew | 250,000 | 0.15 | - | - |
| Ng Tiang Yong | 1,266,800 | 0.77 | - | - |
| Cheong Sing Yee | - | - | - | - |

Note:

[^] Excluding a total of 446,500 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 27 September 2024

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) | 35,536,920 | 21.71 |
| 2 | OOI CHIN SOON | 29,300,000 | 17.90 |
| 3 | ANB EQUITY SDN BHD | 12,874,500 | 7.86 |
| 4 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHOR SAY KHAI HOLDINGS SDN BHD (E-PPG) | 7,830,000 | 4.78 |
| 5 | LIM KAM SENG | 6,594,000 | 4.03 |
| 6 | CHOK KWONG MING | 4,970,400 | 3.04 |
| 7 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK SECURITIES PTE LTD FOR WONG PEI FERN | 4,800,000 | 2.93 |
| 8 | SAY BENG HOLDINGS SDN BHD | 3,198,926 | 1.95 |
| 9 | UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS) | 2,800,000 | 1.71 |
| 10 | M & A NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM ED WIN (PNG) | 2,627,400 | 1.60 |
| 11 | LIM KAM SENG | 2,546,400 | 1.56 |
| 12 | KHOR SWEE THEAM | 1,707,800 | 1.04 |
| 13 | TAN PUI SAN | 1,630,000 | 1.00 |
| 14 | APEX SECURITIES BERHAD IVT PDR 201 LEONARD CHIN YEN HAW | 1,436,500 | 0.88 |
| 15 | APEX NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEOW WOUI HUAT (STA 2) | 1,267,700 | 0.77 |
| 16 | NG TIANG YONG | 1,266,800 | 0.77 |
| 17 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHOR WAN TAT (E-PPG) | 1,000,000 | 0.61 |
| 18 | SAW JUNE HUI | 998,100 | 0.61 |
| 19 | LIM SOON HUAT | 728,100 | 0.44 |
| 20 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM CHOOI CHUAN (E-IMO) | 720,000 | 0.44 |
| 21 | KENANGA INVESTMENT BANK BERHAD IVT (22708) YONG SIOW CHIN | 676,900 | 0.41 |
| 22 | TAN AH MOY @ TAN SIEW CHUAN | 600,000 | 0.37 |
| 23 | EAW AI LIN | 555,000 | 0.34 |
| 24 | FOO KAM CHING | 500,000 | 0.31 |
| 25 | LOW SOEW WENG | 500,000 | 0.31 |
| 26 | CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR TEE TONG CHUAN (MY0451) | 492,300 | 0.30 |
| 27 | CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR FONG CHEE MING (KUCHING-CL) | 415,700 | 0.25 |
| 28 | RHB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LOH WOEI GIAP | 412,000 | 0.25 |
| 29 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR WONG PHAIK YING (E-PRA) | 410,800 | 0.25 |
| 30 | JING DE MACHINERY INDUSTRIES SDN. BHD. | 400,000 | 0.24 |

Note:

[^] Excluding a total of 446,500 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF WARRANT HOLDINGS

as at 27 September 2024

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 | 114 | 5.93 | 5,120 | # |
| 100 - 1,000 | 196 | 10.20 | 136,603 | 0.17 |
| 1,001 - 10,000 | 1,150 | 59.83 | 4,515,887 | 5.52 |
| 10,001 -100,000 | 368 | 19.15 | 14,408,000 | 17.61 |
| 100,001 - 4,091,344 (*) | 90 | 4.68 | 32,191,300 | 39.34 |
| 4,091,345 and above (**) | 4 | 0.21 | 30,570,000 | 37.36 |
| Total | 1,922 | 100.00 | 81,826,910 | 100.00 |

Remarks:

* Less than 5% of issued warrants

** 5% and above of issued warrants

Negligible

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 | - | - | - | - |
| Cheong Sing Yee | - | - | - | - |

ANALYSIS OF WARRANT HOLDINGS (cont'd)

as at 27 September 2024

Thirty (30) Largest Warrant Holders

| No. | Name | No. of Warrants | % |
|-----|---|-----------------|-------|
| 1 | OOI CHIN SOON | 14,550,000 | 17.78 |
| 2 | TAN WAH KIONG | 6,358,000 | 7.77 |
| 3 | RHB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HEE YUEN SANG | 4,979,000 | 6.08 |
| 4 | CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HEE YUEN SANG (MY2105) | 4,683,000 | 5.72 |
| 5 | TAN WAH KIONG | 3,338,900 | 4.08 |
| 6 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK SECURITIES PTE LTD FOR WONG PEI FERN | 2,400,000 | 2.93 |
| 7 | HEE YUEN SANG | 1,320,000 | 1.61 |
| 8 | CHEW CHEE PENG | 1,300,000 | 1.59 |
| 9 | KHOR SWEE THEAM | 853,900 | 1.04 |
| 10 | TOH WEE MENG | 800,000 | 0.98 |
| 11 | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR MAZLAN BIN MANDIN | 702,300 | 0.86 |
| 12 | LIM KAM SENG | 683,000 | 0.83 |
| 13 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM CHOOI CHUAN (E-IMO) | 670,000 | 0.82 |
| 14 | APEX NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEOW WOOL HUAT (STA 2) | 633,850 | 0.77 |
| 15 | MOHAMAD SYAZWAN BIN ABU BAKAR | 608,300 | 0.74 |
| 16 | CHAI MEI LING | 580,000 | 0.71 |
| 17 | MOHD JEFFRY HEW BIN ABDULLAH | 500,050 | 0.61 |
| 18 | ANG YEE YEU | 500,000 | 0.61 |
| 19 | TAN KEAT SEANG | 500,000 | 0.61 |
| 20 | TAN SOH KWAI | 500,000 | 0.61 |
| 21 | SAW JUNE HUI | 499,050 | 0.61 |
| 22 | AMIR SYAFIQ BIN ROSLI | 487,200 | 0.60 |
| 23 | ONG HOCK CHOON | 486,300 | 0.59 |
| 24 | MAYBANK NOMINEES (TEMPATAN) SDN BHD MUKHTAR BIN EMBONG | 460,000 | 0.56 |
| 25 | ABDUL RAHMAN BIN IBRAHIM | 400,000 | 0.49 |
| 26 | LEE FOOK ON | 378,600 | 0.46 |
| 27 | WAN RUSLAN BIN WAN YUSOFF | 361,000 | 0.44 |
| 28 | AZWAN BIN ARIFFIN | 350,800 | 0.43 |
| 29 | EWE HONG KHOON | 345,200 | 0.42 |
| 30 | LAW LEH TING | 330,000 | 0.40 |

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2024

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

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 and property development. 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 |
|-----------------------------|-------------|---------------|
| Loss for the financial year | 1,821,637 | 378,774 |
| Attributable to: | | |
| Owners of the parent | 1,821,637 | 378,774 |

DIVIDEND

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

| | |
|--|-----------|
| In respect of financial year ended 30 June 2023: | RM |
| Final single tier dividend of 0.50 sen per ordinary share, paid on 15 December 2023 | 813,008 |

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

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.

DIRECTORS' REPORT (cont'd)

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 15 November 2023, renewed the mandate given to the Company to repurchase its own shares.

During the financial year, the Company resold 1,100,000 of its treasury shares valued at RM0.34 for total consideration of RM374,000 in the open market, resulting in a surplus of RM30,536 which has been credited to the retained earnings account.

As at 30 June 2024, 446,500 (2023:1,546,500) out of the total 164,148,123 (2023:164,148,123) 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 163,701,623 (2023: 162,601,623).

There was no share repurchased and no cancellation of treasury shares were made during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

CWG Holdings Berhad

| |
|---------------------------------|
| 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 |

* 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 | |
| Teoh Hee Hua (Alternate Director of Ooi Chin Soon) | (Appointed on 17 October 2023) |
| Dennis Chung Vui Ming | (Resigned on 17 October 2023) |
| Lim Tze Ming | (Resigned on 10 May 2024) |

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 2024 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 30.06.2024 |
|-------------------------|-----------------------------|----------|------|-----------------------------|
| | Balance as at 01.07.2023 | 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 |

| Warrants in the Company | Number of warrants | | | Balance as at 30.06.2024 |
|-------------------------|-----------------------------|----------|------|-----------------------------|
| | Balance as at 01.07.2023 | Acquired | Sold | |
| <u>Direct interests</u> | | | | |
| Ooi Chin Soon | 14,550,000 | 0 | 0 | 14,550,000 |
| 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 and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

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) 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:

- (a) 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
- (b) 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 2024 are as follows:

| | Group RM | Company RM |
|--|-------------|---------------|
| Fees | 162,000 | 132,000 |
| Other emoluments | 1,530,976 | 607,927 |
| Estimated monetary value of benefits-in-kind | 9,025 | 0 |
| | 1,702,001 | 739,927 |

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.

DIRECTORS' REPORT (cont'd)

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.

(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.

DIRECTORS' REPORT (cont'd)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR ►

On 17 January 2024, the Company has entered into a share sale agreement with Boo Yin Kwan, Chan Lai Yee, Lam Chun Wai, Loo Zi Kai and Low Yaw Shim for the proposed acquisition of 2,049,402 ordinary shares, representing 100% of the equity interest in Unigenius Holding Sdn. Bhd. with a purchase consideration of RM33,000,000 to be satisfied by RM18,000,000 via cash and RM15,000,000 via issuance of redeemable preference shares. The proposed acquisition has yet to be completed as at the date of this report.

The Group is in the process of assessing the financial effect of the proposed acquisition, as the effect will only be observable upon the completion of the acquisition.

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 2024 amounted to RM19,500 and RM103,200 respectively.

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

Ooi Chin Soon
Director

Penang
27 September 2024

Tan Hing Ming @ Chin Hing Ming
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 77 to 125 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2024 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Ooi Chin Soon
Director

Penang
27 September 2024

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 77 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Georgetown in the State of
Penang this 27 September 2024

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 2024 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 material accounting policy information, as set out on pages 77 to 125.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('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 excluding property development costs, amounted to RM47,691,115 as disclosed in Note 9 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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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 (cont'd):

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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
27 September 2024

Goh Chee Beng
03535/11/2024 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2024

| | Note | Group | | Company | |
|--|-------|-------------|-------------|------------|------------|
| | | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 25,039,863 | 26,521,358 | 0 | 0 |
| Right-of-use assets | 6 | 9,543,805 | 6,872,686 | 0 | 0 |
| Investments in subsidiaries | 7 | 0 | 0 | 65,651,142 | 63,251,142 |
| Goodwill on consolidation | 8 | 0 | 0 | 0 | 0 |
| Other receivables | 10 | 0 | 0 | 0 | 12,335,390 |
| | | 34,583,668 | 33,394,044 | 65,651,142 | 75,586,532 |
| Current assets | | | | | |
| Inventories | 9 | 68,237,533 | 54,877,580 | 0 | 0 |
| Trade and other receivables | 10 | 13,700,969 | 16,935,213 | 21,935,875 | 10,055,004 |
| Current tax assets | | 692,228 | 451,515 | 144,938 | 105,400 |
| Cash and cash equivalents | 11 | 15,737,759 | 21,162,499 | 8,690,977 | 11,619,420 |
| | | 98,368,489 | 93,426,807 | 30,771,790 | 21,779,824 |
| TOTAL ASSETS | | 132,952,157 | 126,820,851 | 96,422,932 | 97,366,356 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 12(a) | 78,351,260 | 78,351,260 | 78,351,260 | 78,351,260 |
| Treasury shares | 12(b) | (141,495) | (484,959) | (141,495) | (484,959) |
| Reserves | 13 | 24,326,187 | 26,793,189 | 18,085,419 | 19,273,921 |
| TOTAL EQUITY | | 102,535,952 | 104,659,490 | 96,295,184 | 97,140,222 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 14 | 551,924 | 867,332 | 0 | 0 |
| Lease liabilities | 6 | 1,125,118 | 449,674 | 0 | 0 |
| Retirement benefit obligations | 15 | 702,784 | 752,829 | 0 | 0 |
| Deferred tax liabilities | 16 | 1,451,581 | 2,297,783 | 0 | 0 |
| | | 3,831,407 | 4,367,618 | 0 | 0 |
| Current liabilities | | | | | |
| Trade and other payables | 17 | 16,350,136 | 7,324,208 | 126,610 | 226,134 |
| Contract liabilities | 18 | 1,967,662 | 1,176,612 | 0 | 0 |
| Borrowings | 14 | 6,810,518 | 8,263,835 | 1,138 | 0 |
| Lease liabilities | 6 | 1,424,920 | 661,428 | 0 | 0 |
| Retirement benefit obligations | 15 | 19,614 | 203,589 | 0 | 0 |
| Current tax liabilities | | 11,948 | 164,071 | 0 | 0 |
| | | 26,584,798 | 17,793,743 | 127,748 | 226,134 |
| TOTAL LIABILITIES | | 30,416,205 | 22,161,361 | 127,748 | 226,134 |
| TOTAL EQUITY AND LIABILITIES | | 132,952,157 | 126,820,851 | 96,422,932 | 97,366,356 |

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 2024

| | Note | Group | | Company | |
|--|-------|--------------|--------------|-------------|-------------|
| | | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Revenue | 20 | 65,003,306 | 92,624,457 | 156,315 | 147,040 |
| Cost of sales | 21 | (54,188,359) | (73,260,641) | 0 | 0 |
| Gross profit | | 10,814,947 | 19,363,816 | 156,315 | 147,040 |
| Other operating income | | 860,478 | 1,978,465 | 1,253,274 | 1,295,734 |
| Selling and distribution costs | | (4,089,271) | (4,512,520) | 0 | 0 |
| Administrative and general expenses | | (8,996,195) | (8,381,419) | (1,732,455) | (1,140,597) |
| Impairment losses on trade receivables | 10(f) | (713,699) | (170,090) | 0 | 0 |
| Reversal of impairment losses on trade receivables | 10(f) | 215,027 | 43,306 | 0 | 0 |
| Finance costs | 22 | (436,322) | (463,917) | 0 | 0 |
| (Loss)/Profit before tax | | (2,345,035) | 7,857,641 | (322,866) | 302,177 |
| Taxation | 23 | 523,398 | (1,874,277) | (55,908) | (63,740) |
| (Loss)/Profit for the financial year | | (1,821,637) | 5,983,364 | (378,774) | 238,437 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| - remeasurements of defined benefit obligations | 15(c) | 180,107 | 0 | 0 | 0 |
| - deferred tax effects thereof | 16(a) | (43,000) | 0 | 0 | 0 |
| Total comprehensive (loss)/income, net of tax | | (1,684,530) | 5,983,364 | (378,774) | 238,437 |
| (Loss)/Profit attributable to: | | | | | |
| - owners of the parent | | (1,821,637) | 5,973,125 | (378,774) | 238,437 |
| - non-controlling interests | | 0 | 10,239 | 0 | 0 |
| | | (1,821,637) | 5,983,364 | (378,774) | 238,437 |
| Total comprehensive (loss)/income attributable to: | | | | | |
| - owners of the parent | | (1,684,530) | 5,973,125 | (378,774) | 238,437 |
| - non-controlling interests | | 0 | 10,239 | 0 | 0 |
| | | (1,684,530) | 5,983,364 | (378,774) | 238,437 |
| (Loss)/Earnings per ordinary share attributable to owners of the parent (sen): | | | | | |
| Basic | 24(a) | (1.12) | 3.67 | | |
| Diluted | 24(b) | (1.12) | 3.67 | | |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2024

| 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 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 | 25 | 0 | 0 | 0 | (1,219,512) | (1,219,512) | 0 | (1,219,512) |
| Purchase of treasury shares | 12(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 |
| Balance as at 1 July 2023 | | 78,351,260 | (484,959) | 164,037 | 26,629,152 | 104,659,490 | 0 | 104,659,490 |
| Loss for the financial year | | 0 | 0 | 0 | (1,821,637) | (1,821,637) | 0 | (1,821,637) |
| Other comprehensive loss: | | | | | | | | |
| - remeasurements of defined benefit obligations | | 0 | 0 | 0 | 180,107 | 180,107 | 0 | 180,107 |
| - deferred tax effects thereof | | 0 | 0 | 0 | (43,000) | (43,000) | 0 | (43,000) |
| Total comprehensive loss | | 0 | 0 | 0 | (1,684,530) | (1,684,530) | 0 | (1,684,530) |
| Transactions with owners | | | | | | | | |
| Dividend paid | 25 | 0 | 0 | 0 | (813,008) | (813,008) | 0 | (813,008) |
| Resale of treasury shares | 12(b) | 0 | 343,464 | 0 | 30,536 | 374,000 | 0 | 374,000 |
| Total transactions with owners | | 0 | 343,464 | 0 | (782,472) | (439,008) | 0 | (439,008) |
| Balance as at 30 June 2024 | | 78,351,260 | (141,495) | 164,037 | 24,162,150 | 102,535,952 | 0 | 102,535,952 |

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2024

| Company | Note | Share capital RM | Treasury shares RM | Capital reserve RM | Retained earnings RM | Total equity RM |
|--|-------|---------------------|-----------------------|-----------------------|-------------------------|--------------------|
| 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 |
| Transactions with owners | | | | | | |
| Dividends paid | 25 | 0 | 0 | 0 | (1,219,512) | (1,219,512) |
| Purchase of treasury shares | 12(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 |
| Balance as at 1 July 2023, as previously reported | | 78,351,260 | (484,959) | 10,151,142 | 9,122,779 | 97,140,222 |
| Adjustment due to modified retrospective application of MFRS 9 (financial guarantee contracts) | 30.1 | 0 | 0 | 0 | (27,256) | (27,256) |
| Balance as at 1 July 2023, as restated | | 78,351,260 | (484,959) | 10,151,142 | 9,095,523 | 97,112,966 |
| Loss for the financial year | | 0 | 0 | 0 | (378,774) | (378,774) |
| Other comprehensive income, net of tax | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive loss | | 0 | 0 | 0 | (378,774) | (378,774) |
| Transaction with owners | | | | | | |
| Dividend paid | 25 | 0 | 0 | 0 | (813,008) | (813,008) |
| Resale of treasury shares | 12(b) | 0 | 343,464 | 0 | 30,536 | 374,000 |
| Total transactions with owners | | 0 | 343,464 | 0 | (782,472) | (439,008) |
| Balance as at 30 June 2024 | | 78,351,260 | (141,495) | 10,151,142 | 7,934,277 | 96,295,184 |

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2024

| | Note | Group | | Company | |
|---|-------|--------------|-------------|--------------|-------------|
| | | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| (Loss)/Profit before tax | | (2,345,035) | 7,857,641 | (322,866) | 302,177 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 5 | 2,095,351 | 2,366,304 | 0 | 0 |
| Depreciation of right-of-use assets | 6 | 1,015,762 | 564,063 | 0 | 0 |
| Loss on disposal of property, plant and equipment | | 32,256 | 132,062 | 0 | 0 |
| Fair value adjustment on financial guarantee contract | 14(c) | 0 | 0 | (26,118) | 0 |
| Impairment losses on trade receivables | 10(f) | 713,699 | 170,090 | 0 | 0 |
| Impairment loss on goodwill | 8 | 68,300 | 0 | 0 | 0 |
| Interest expenses | 22 | 436,322 | 463,917 | 0 | 0 |
| Interest income | | (58,802) | (104,982) | (950,262) | (1,141,563) |
| Inventories (written back)/written down | 9(a) | (107,060) | 753,616 | 0 | 0 |
| Provision for retirement benefits | 15(c) | 77,095 | 77,299 | 0 | 0 |
| Reversal of impairment losses on trade receivables | 10(f) | (215,027) | (43,306) | 0 | 0 |
| Unrealised gain on foreign exchange | | (41,233) | (292,370) | 0 | 0 |
| Operating profit/(loss) before changes in working capital | | 1,671,628 | 11,944,334 | (1,299,246) | (839,386) |
| Changes in working capital: | | | | | |
| Inventories | | (13,167,475) | 13,457,010 | 0 | 0 |
| Trade and other receivables | | 2,776,509 | (3,732,398) | (3,302,514) | (12,000) |
| Trade and other payables | | 8,972,210 | (5,517,952) | (99,524) | 114,102 |
| Contract liabilities | | 782,933 | (621,058) | 0 | 0 |
| Retirement benefits paid | 15(b) | (131,008) | (136,326) | 0 | 0 |
| Cash generated from/(used in) operations | | 904,797 | 15,393,610 | (4,701,284) | (737,284) |
| Tax paid | | (1,278,630) | (1,344,850) | (95,446) | (95,465) |
| Tax refunded | | 519,990 | 137 | 0 | 0 |
| Net cash from/(used in) operating activities | | 146,157 | 14,048,897 | (4,796,730) | (832,749) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Repayment from a subsidiary | | 0 | 0 | 22,256,000 | 12,376,219 |
| Advance to a subsidiary | | 0 | 0 | (19,959,400) | (9,930,000) |
| Acquisition of a subsidiary | 7(c) | (100,000) | 0 | 0 | 0 |
| Incorporation of a subsidiary | 7(d) | 0 | 0 | 0 | (100,000) |
| Interest received | | 58,802 | 104,982 | 10,695 | 1,123,995 |
| Net placement of deposits with maturity period more than three (3) months | | (80,000) | 0 | 0 | 0 |
| Purchase of: | | | | | |
| - property, plant and equipment | 5 | (676,712) | (1,328,177) | 0 | 0 |
| - right-of-use assets | 6(f) | (772,438) | 0 | 0 | 0 |
| Proceeds from disposal of property, plant and equipment | | 30,600 | 111,039 | 0 | 0 |
| Net cash (used in)/from investing activities | | (1,539,748) | (1,112,156) | 2,307,295 | 3,470,214 |

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2024

| | Note | Group | | Company | |
|---|-------|-------------|-------------|-------------|-------------|
| | | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Dividends paid | 25 | (813,008) | (1,219,512) | (813,008) | (1,219,512) |
| Interest paid | | (74,743) | (98,467) | 0 | 0 |
| Proceeds from disposal of/(Purchase of) treasury shares | 12(b) | 374,000 | (339,054) | 374,000 | (339,054) |
| Net decrease in bankers' acceptances | | (4,039,747) | (2,360,933) | 0 | 0 |
| Net increase in revolving credit | | 495,693 | 0 | 0 | 0 |
| Repayments of: | | | | | |
| - term loans | | (417,343) | (1,017,317) | 0 | 0 |
| - lease liabilities | | (1,589,573) | (739,920) | 0 | 0 |
| Net cash used in financing activities | | (6,064,721) | (5,775,203) | (439,008) | (1,558,566) |
| Net (decrease)/increase in cash and cash equivalents | | (7,458,312) | 7,161,538 | (2,928,443) | 1,078,899 |
| Effects of exchange rate changes on cash and cash equivalents | | 8,413 | 51,711 | 0 | 0 |
| Cash and cash equivalents at beginning of financial year | | 21,162,499 | 13,949,250 | 11,619,420 | 10,540,521 |
| Cash and cash equivalents at end of financial year | 11(e) | 13,712,600 | 21,162,499 | 8,690,977 | 11,619,420 |

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2024

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group | Lease liabilities | Bankers' acceptances | Revolving credit | Term loans |
|----------------------------------|-------------------|----------------------|------------------|-------------|
| | Note 6 RM | RM | Note 14 RM | RM |
| Balance as at 1 July 2022 | 262,306 | 10,023,860 | 0 | 2,175,259 |
| Cash flows | (739,920) | (2,360,933) | 0 | (1,017,317) |
| Non-cash flows: | | | | |
| - additions of lease liabilities | 1,552,405 | 0 | 0 | 0 |
| - effects on lease termination | (18,841) | 0 | 0 | 0 |
| - unwinding of interest | 55,152 | 233,385 | 0 | 76,913 |
| Balance as at 30 June 2023 | 1,111,102 | 7,896,312 | 0 | 1,234,855 |
| Balance as at 1 July 2023 | 1,111,102 | 7,896,312 | 0 | 1,234,855 |
| Cash flows | (1,589,573) | (4,039,747) | 495,693 | (417,343) |
| Non-cash flows: | | | | |
| - additions of lease liabilities | 2,922,630 | 0 | 0 | 0 |
| - effects on lease termination | (8,187) | 0 | 0 | 0 |
| - unwinding of interest | 114,066 | 190,349 | 7,344 | 49,820 |
| Balance as at 30 June 2024 | 2,550,038 | 4,046,914 | 503,037 | 867,332 |

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

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 2024 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 September 2024.

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 and property development. 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'), IFRS Accounting Standards 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 three (3) reportable segments as follows:

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

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

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the financial years.

Segment assets exclude cash and cash equivalents and tax assets. Segment liabilities exclude tax liabilities and retirement benefit obligations. Even though borrowings arise from financing activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

4. OPERATING SEGMENTS (cont'd) ►

(a) Business segments

| 2024 | Manufacture and sale of stationery and printing materials RM | Investment holding RM | Property development RM | Total RM |
|--|---|-----------------------------|-------------------------------|--------------------|
| Total revenue | 65,003,306 | 156,315 | 0 | 65,159,621 |
| Inter-segment revenue | 0 | (156,315) | 0 | (156,315) |
| Revenue from external customers | 65,003,306 | 0 | 0 | 65,003,306 |
| Interest income | 48,103 | 10,695 | 4 | 58,802 |
| Finance costs | (436,322) | 0 | 0 | (436,322) |
| Net finance (costs)/income | (388,219) | 10,695 | 4 | (377,520) |
| Segment loss before tax | (687,420) | (1,444,865) | (212,750) | (2,345,035) |
| Other material non-cash items: | | | | |
| Depreciation of property, plant and equipment | 2,095,351 | 0 | 0 | 2,095,351 |
| Depreciation of right-of-use assets | 1,015,762 | 0 | 0 | 1,015,762 |
| Reversal of inventories written down | (107,060) | 0 | 0 | (107,060) |
| Impairment losses on trade receivables | 713,699 | 0 | 0 | 713,699 |
| Reversal of impairment losses on trade receivables | (215,027) | 0 | 0 | (215,027) |
| Unrealised gain on foreign exchange | (41,233) | 0 | 0 | (41,233) |
| Additions to non-current assets other than financial instruments | 4,371,780 | 0 | 0 | 4,371,780 |
| Segment assets | 92,652,427 | 3,321,000 | 20,548,743 | 116,522,170 |
| Cash and cash equivalents | | | | 15,737,759 |
| Current tax assets | | | | 692,228 |
| | | | | 132,952,157 |
| Segment liabilities | 16,813,991 | 126,610 | 11,289,677 | 28,230,278 |
| Retirement benefits obligations | | | | 722,398 |
| Deferred tax liabilities | | | | 1,451,581 |
| Current tax liabilities | | | | 11,948 |
| | | | | 30,416,205 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

4. OPERATING SEGMENTS (cont'd) ►

(a) Business segments (cont'd)

| 2023 | Manufacture and sale of stationery and printing materials RM | Investment holding RM | Property development RM | Total RM |
|---|---|-----------------------------|-------------------------------|------------------|
| Total revenue | 92,624,457 | 147,040 | 0 | 92,771,497 |
| Inter-segment revenue | 0 | (147,040) | 0 | (147,040) |
| Revenue from external customers | 92,624,457 | 0 | 0 | 92,624,457 |
| Interest income | 18,997 | 85,985 | 0 | 104,982 |
| Finance costs | (463,917) | 0 | 0 | (463,917) |
| Net finance (costs)/income | (444,920) | 85,985 | 0 | (358,935) |
| Segment profit/(loss) before tax | 8,758,082 | (900,441) | 0 | 7,857,641 |
| Other material non-cash items: | | | | |
| Depreciation of property, plant and equipment | 2,366,304 | 0 | 0 | 2,366,304 |
| Depreciation of right-of-use assets | 564,063 | 0 | 0 | 564,063 |
| Inventories written down | 753,616 | 0 | 0 | 753,616 |
| Impairment losses on trade receivables | 170,090 | 0 | 0 | 170,090 |
| Reversal of impairment losses on trade receivables | (43,306) | 0 | 0 | (43,306) |
| Unrealised gain on foreign exchange | (292,370) | 0 | 0 | (292,370) |
| Additions to non-current assets other than financial instruments | 2,880,582 | 0 | 0 | 2,880,582 |
| Segment assets | 105,183,837 | 23,000 | 0 | 105,206,837 |
| Cash and cash equivalents | | | | 21,162,499 |
| Current tax assets | | | | 451,515 |
| | | | | 126,820,851 |
| Segment liabilities | 18,516,955 | 226,134 | 0 | 18,743,089 |
| Retirement benefits obligations | | | | 956,418 |
| Deferred tax liabilities | | | | 2,297,783 |
| Current tax liabilities | | | | 164,071 |
| | | | | 22,161,361 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

4. OPERATING SEGMENTS (cont'd) ►

(b) 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:

| | 2024 RM | 2023 RM |
|-----------------------|-------------------|-------------------|
| Malaysia | 20,770,083 | 21,524,548 |
| Other Asian countries | 28,042,831 | 43,154,858 |
| Europe | 7,516,666 | 13,331,024 |
| Oceania | 5,140,358 | 9,067,845 |
| America | 3,096,097 | 4,332,489 |
| Africa | 437,271 | 1,213,693 |
| | <u>65,003,306</u> | <u>92,624,457</u> |

(c) Major customer

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

| | 2024 RM | 2023 RM |
|------------|------------|------------|
| Customer A | * | 9,273,304 |

* less than 10%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT ►

| Group | Balance as at 01.07.2023 RM | Additions RM | Disposals RM | Depreciation charge for the financial year RM | Balance as at 30.06.2024 RM |
|--|-----------------------------------|-----------------|-----------------|--|-----------------------------------|
| Carrying amount | | | | | |
| Freehold land | 830,000 | 0 | 0 | 0 | 830,000 |
| Buildings | 11,705,323 | 262,007 | 0 | (786,346) | 11,180,984 |
| Machinery and equipment | 13,219,507 | 309,308 | (62,013) | (1,189,479) | 12,277,323 |
| Office equipment, furniture and fixtures | 330,289 | 6,250 | (843) | (98,316) | 237,380 |
| Motor vehicles | 40,753 | 99,147 | 0 | (21,210) | 118,690 |
| Capital work-in-progress | 395,486 | 0 | 0 | 0 | 395,486 |
| | <u>26,521,358</u> | <u>676,712</u> | <u>(62,856)</u> | <u>(2,095,351)</u> | <u>25,039,863</u> |

----- Balance as at 30.06.2024 -----

| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
|--|-------------------|-----------------------------------|--------------------------|
| Freehold land | 830,000 | 0 | 830,000 |
| Buildings | 19,335,992 | (8,155,008) | 11,180,984 |
| Machinery and equipment | 56,615,077 | (44,337,754) | 12,277,323 |
| Office equipment, furniture and fixtures | 2,308,620 | (2,071,240) | 237,380 |
| Motor vehicles | 1,564,081 | (1,445,391) | 118,690 |
| Capital work-in-progress | 395,486 | 0 | 395,486 |
| | <u>81,049,256</u> | <u>(56,009,393)</u> | <u>25,039,863</u> |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

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

| 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 2024

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 - 25% |
| 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 14 to the financial statements are as follows:

| | Group | |
|-------------------------|------------------|------------------|
| | 2024 RM | 2023 RM |
| Building | 2,855,975 | 4,137,471 |
| Machinery and equipment | 1,580,186 | 1,669,210 |
| | <u>4,436,161</u> | <u>5,806,681</u> |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

6. LEASES ►

The Group as lessee

Right-of-use assets

| | Balance as at 01.07.2023 RM | Additions RM | Depreciation RM | Effects on lease termination RM | Balance as at 30.06.2024 RM |
|-------------------------|-----------------------------------|------------------|--------------------|--|-----------------------------------|
| Carrying amount | | | | | |
| Leasehold land | 5,400,841 | 0 | (241,447) | 0 | 5,159,394 |
| Machinery and equipment | 1,234,318 | 2,772,438 | (157,095) | 0 | 3,849,661 |
| Rented properties | 237,527 | 922,630 | (617,220) | (8,187) | 534,750 |
| | <u>6,872,686</u> | <u>3,695,068</u> | <u>(1,015,762)</u> | <u>(8,187)</u> | <u>9,543,805</u> |

| | 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 |
| | <u>5,903,185</u> | <u>1,552,405</u> | <u>(564,063)</u> | <u>(18,841)</u> | <u>6,872,686</u> |

Lease liabilities

| | Balance as at 01.07.2023 RM | Additions RM | Lease payments RM | Effects on lease termination RM | Interest expense RM | Balance as at 30.06.2024 RM |
|-------------------------|-----------------------------------|------------------|-------------------------|--|---------------------------|-----------------------------------|
| Carrying amount | | | | | | |
| Machinery and equipment | 871,785 | 2,000,000 | (954,504) | 0 | 95,444 | 2,012,725 |
| Rented properties | 239,317 | 922,630 | (635,069) | (8,187) | 18,622 | 537,313 |
| | <u>1,111,102</u> | <u>2,922,630</u> | <u>(1,589,573)</u> | <u>(8,187)</u> | <u>114,066</u> | <u>2,550,038</u> |

| | 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 |
| | <u>262,306</u> | <u>1,552,405</u> | <u>(739,920)</u> | <u>(18,841)</u> | <u>55,152</u> | <u>1,111,102</u> |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

6. LEASES (cont'd) ➤

The Group as lessee (cont'd)

Lease liabilities (cont'd)

| | Group | |
|---|------------|------------|
| | 2024 RM | 2023 RM |
| Represented by: | | |
| Current liabilities | 1,424,920 | 661,428 |
| Non-current liabilities | 1,125,118 | 449,674 |
| | 2,550,038 | 1,111,102 |
| Lease liabilities owing to non-financial institutions | 2,550,038 | 1,111,102 |

- (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 | 24 - 61 years |
| Machinery and equipment | 5% |
| Rented properties | 1 - 2 years |

- (c) Included in right-of-use assets of the Group, a leasehold land with a carrying amount of RM2,125,376 (2023: RM2,430,242) is charged to a bank for borrowing as disclosed in Note 14 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 | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| Depreciation charge of right-of-use assets (included in cost of sales) | 957,932 | 513,528 |
| Depreciation charge of right-of-use assets (included in administrative and general expenses) | 57,830 | 50,535 |
| Interest expense on lease liabilities (included in finance costs) | 114,066 | 55,152 |
| Expense relating to short-term leases (included in administrative and general expenses) | 218,200 | 197,722 |
| Expense relating to low-value asset (included in administrative and general expenses) | 4,488 | 4,488 |
| | 1,352,516 | 821,425 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

6. LEASES (cont'd) ►

The Group as lessee (cont'd)

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

| | Group | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| Included in net cash from/(used in) operating activities: | | |
| Payment relating to short-term leases and low-value assets | 222,688 | 202,210 |
| Included in net cash (used in)/from investing activities: | | |
| Purchase of right-of-use assets | 772,438 | 0 |
| Included in net cash used in financing activities: | | |
| Payment of lease liabilities | 1,589,573 | 739,920 |
| Total cash outflows for leases | 2,584,699 | 942,130 |

(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 2024 | | | |
| Extension options expected not to be exercised | 560,068 | 0 | 560,068 |
| 30 June 2023 | | | |
| Extension options expected not to be exercised | 244,636 | 0 | 244,636 |

(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 2024 | | | | | |
| Lease liabilities | 2.90 - 4.75 | 1,542,464 | 1,186,568 | 0 | 2,729,032 |
| 30 June 2023 | | | | | |
| Lease liabilities | 2.90 - 4.75 | 707,356 | 474,720 | 0 | 1,182,076 |

Sensitivity analysis for lease liabilities at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rate.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

7. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-----------------|------------|------------|
| | 2024 RM | 2023 RM |
| At cost | | |
| Unquoted shares | 65,651,142 | 63,251,142 |

- (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 |
|---|---|---------------------------------|------|--|
| | | 2024 | 2023 | |
| 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% | 100% | Investment holding, property development, and real estate activities |
| <u>Subsidiaries of CWCB</u> | | | | |
| Chee Wah (M) Sdn. Bhd. ("CWMSB") | Malaysia | 100% | 100% | Investment holding |
| Camel Paper Products Sdn. Bhd. | Malaysia | 100% | 100% | Inactive |
| <u>Subsidiary of CPSB</u> | | | | |
| SA Marvel Sdn. Bhd. ("SMSB") | Malaysia | 100% | N/A | Investment holding, real estate activities with own or leased property and other specialised construction activities |
| <u>Subsidiaries of CWMSB</u> | | | | |
| 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% | Inactive |

All subsidiaries are audited by BDO PLT in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

7. INVESTMENTS IN SUBSIDIARIES (cont'd) ►

(c) Acquisition of a subsidiary

On 17 October 2023, CWG Park Sdn. Bhd. ("CPSB") had completed the acquisition of 100 ordinary shares in SA Marvel Sdn. Bhd. ("SMSB"), representing 100% equity interest in SMSB, for a purchase consideration of RM100,000 satisfied via cash.

Fair value of the identifiable total assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

| | At date of acquisition RM |
|---|---------------------------------|
| Inventories (Note 9) | 85,418 |
| Other payables | (53,718) |
| Net assets | <u>31,700</u> |
| Goodwill on consolidation (Note 8) | <u>68,300</u> |
| Cost of acquisition | <u><u>100,000</u></u> |
| Cash outflows on acquisition: | |
| Purchase consideration settled in cash and cash equivalents, represents net cash outflow on acquisition | <u><u>(100,000)</u></u> |

The loss after tax of the subsidiary for the financial period recognised since the acquisition date included in the statements of profit or loss and other comprehensive income amounted to RM323,305.

If the acquisition occurred on 1 July 2023, revenue and loss after tax of the Group for the financial year ended 30 June 2024 would be RM65,003,306 and RM1,776,054 respectively.

On 5 April 2024, CPSB further increased its investment in SMSB from RM100,000 to RM350,000 through the subscription of additional 250,000 ordinary shares for a consideration of RM250,000 by way of capitalisation of the amount owing by the subsidiary.

- (d) In the previous financial year, the Company incorporated a wholly-owned subsidiary, namely CPSB for a cash consideration of RM100,000.
- (e) On 29 September 2023, the Company further increased its investment in CPSB from RM100,000 to RM2,500,000 through the subscriptions of additional 2,400,000 ordinary shares for a consideration of RM2,400,000 by way of capitalisation of the amount owing by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

8. GOODWILL ON CONSOLIDATION ►

| | Group 2024 RM |
|---------------------------------------|---------------------|
| At cost | |
| Balance as at 1 July 2023 | 0 |
| Acquisition of subsidiary (Note 7(c)) | 68,300 |
| Impairment loss | (68,300) |
| Balance as at 30 June | <u>0</u> |

- (a) Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is attributable to the subsidiary, SA Marvel Sdn. Bhd., representing a separate cash-generating unit ("CGU").

- (b) An impairment loss on goodwill amounting to RM68,300 relating to a subsidiary, SA Marvel Sdn. Bhd., has been recognised during the financial year due to subsidiary was making losses in the current financial year.

9. INVENTORIES ►

| | Group | |
|--------------------------------|-------------------|-------------------|
| | 2024 RM | 2023 RM |
| At cost | | |
| Raw materials | 21,049,065 | 32,824,179 |
| Work-in-progress | 3,721,117 | 2,879,603 |
| Finished goods | 14,702,814 | 11,327,667 |
| Goods-in-transit | 196,562 | 1,351,860 |
| Property development costs | 20,546,418 | 0 |
| | <u>60,215,976</u> | <u>48,383,309</u> |
| At net realisable value | | |
| Raw materials | 6,787,763 | 4,713,070 |
| Finished goods | 1,233,794 | 1,781,201 |
| | <u>8,021,557</u> | <u>6,494,271</u> |
| | <u>68,237,533</u> | <u>54,877,580</u> |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

9. INVENTORIES (cont'd) ►

Property development costs

| Group | Freehold land, at cost RM | Development costs RM | Total RM |
|---|---------------------------------|----------------------------|-------------|
| Balance as at 1 July 2023 | 0 | 0 | 0 |
| Incurred during the financial year | 20,000,000 | 461,000 | 20,461,000 |
| Acquisition of a subsidiary (Note 7(c)) | 0 | 85,418 | 85,418 |
| Balance as at 30 June 2024 | 20,000,000 | 546,418 | 20,546,418 |

- (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.

In the previous financial year, the Group had written down inventories amounted to RM753,616 as cost of sales.

During the financial year, the Group had reversed inventories written down of RM107,060 upon usage of such inventories.

- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM32,559,070 (2023: RM50,100,109).
- (c) Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

10. TRADE AND OTHER RECEIVABLES ►

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Non-current | | | | |
| Other receivable | | | | |
| Amount owing by a subsidiary | 0 | 0 | 0 | 12,335,390 |
| Current | | | | |
| Trade receivables | | | | |
| Third parties | 10,580,737 | 15,723,834 | 0 | 0 |
| Subsidiaries | 0 | 0 | 17,040 | 12,526 |
| | 10,580,737 | 15,723,834 | 17,040 | 12,526 |
| Less: Impairment losses | (778,291) | (279,619) | 0 | 0 |
| Total trade receivables | 9,802,446 | 15,444,215 | 17,040 | 12,526 |
| Other receivables | | | | |
| Third parties | 22,097 | 264,356 | 0 | 0 |
| Amount owing by subsidiaries | 0 | 0 | 18,597,835 | 10,019,478 |
| Deposits | 3,730,645 | 1,140,308 | 3,301,000 | 3,000 |
| Total other receivables | 3,752,742 | 1,404,664 | 21,898,835 | 10,022,478 |
| Total current receivables | 13,555,188 | 16,848,879 | 21,915,875 | 10,035,004 |
| Prepayments | 145,781 | 86,334 | 20,000 | 20,000 |
| Total current trade and other receivables | 13,700,969 | 16,935,213 | 21,935,875 | 10,055,004 |
| Total current and non-current trade and other receivables | 13,700,969 | 16,935,213 | 21,935,875 | 22,390,394 |

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables, including amounts owing by subsidiaries are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 to 180 days (2023: 30 to 180 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

10. TRADE AND OTHER RECEIVABLES (cont'd) ►

- (c) The non-trade portion of amounts owing by subsidiaries is unsecured, bear floating interest rates ranging from 4.46% to 4.50% (2023: 3.50% to 4.50%) per annum and payable on demand within next twelve (12) months in cash and cash equivalents, except for an amount of RM12,335,390 which was not payable within next twelve (12) months in the previous financial year.

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

| | Company | |
|---------------------------------|------------|------------|
| | 2024 RM | 2023 RM |
| (Loss)/Profit after tax | | |
| - increase by 0.5% (2023: 0.5%) | 70,672 | 84,948 |
| - decrease by 0.5% (2023: 0.5%) | (70,672) | (84,948) |

The effect to the equity of the Company is not presented as it is not affected by the changes in interest rates.

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

| | Group | | Company | |
|----------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Ringgit Malaysia | 6,854,725 | 3,704,100 | 21,915,875 | 22,370,394 |
| United States Dollar | 6,421,932 | 12,997,578 | 0 | 0 |
| Others | 278,531 | 147,201 | 0 | 0 |
| | 13,555,188 | 16,848,879 | 21,915,875 | 22,370,394 |

- (e) 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 consumer price index and gross domestic product from manufacturing (2023: gross domestic product growth rate, producer price index and global inflation 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 statements 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 2024

10. TRADE AND OTHER RECEIVABLES (cont'd) ►

(f) 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 2023 | 234,655 | 44,964 | 279,619 |
| Reversal of impairment losses | (170,891) | (44,136) | (215,027) |
| Charge for the financial year | 13,890 | 699,809 | 713,699 |
| Balance as at 30 June 2024 | 77,654 | 700,637 | 778,291 |
| 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 |

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.

(g) 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 2024 | | | | |
| Current | 8,218,503 | (16,527) | 0 | 8,201,976 |
| 1 to 30 days past due | 1,219,497 | (13,218) | 0 | 1,206,279 |
| 31 to 120 days past due | 442,100 | (47,909) | 0 | 394,191 |
| More than 120 days past due | 700,637 | 0 | (700,637) | 0 |
| Total | 10,580,737 | (77,654) | (700,637) | 9,802,446 |
| 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 |

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

10. TRADE AND OTHER RECEIVABLES (cont'd) ►

- (h) Impairment for other receivables, financial guarantee contracts and non-trade portion of amounts owing by subsidiaries 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, financial guarantee contracts and non-trade portion of amounts owing by subsidiaries are 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, financial guarantee contracts and non-trade portion of amounts owing by subsidiaries. The Group has identified the consumer price index and gross domestic product from manufacturing (2023: gross domestic product growth rate, producer price index and global inflation rate) as the key macroeconomic factor.

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

- (i) 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 | | | |
|-----------------------|-----------|------------|------------|------------|
| | 2024 | | 2023 | |
| | RM | % of total | RM | % of total |
| By country | | | | |
| Malaysia | 3,303,358 | 34% | 3,357,757 | 22% |
| Other Asian countries | 6,321,281 | 64% | 10,106,160 | 65% |
| Europe | 157,196 | 2% | 913,537 | 6% |
| America | 20,611 | 0% | 0 | 0% |
| Africa | 0 | 0% | 844,505 | 6% |
| Oceania | 0 | 0% | 222,256 | 1% |
| | 9,802,446 | 100% | 15,444,215 | 100% |

At the end of the reporting period, approximately 13% (2023: 33%) of the trade receivables of the Group were due from one (1) major customer who is a stationery distributor (2023: one (1) major customer who is 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 2024

10. TRADE AND OTHER RECEIVABLES (cont'd) ►

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

| | Group | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| (Loss)/Profit after tax | | |
| USD/RM - strengthen by 10% (2023: 10%) | 488,067 | 987,816 |
| - weaken by 10% (2023: 10%) | (488,067) | (987,816) |

The effect to the equity of the Group is not presented as it is not affected by the changes in foreign currency exchange rate.

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

11. CASH AND CASH EQUIVALENTS ►

| | Group | | Company | |
|------------------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Cash and bank balances | 7,088,037 | 14,169,671 | 1,021,255 | 4,626,592 |
| Deposits with licensed banks | 1,480,000 | 0 | 500,000 | 0 |
| Short term funds | 7,169,722 | 6,992,828 | 7,169,722 | 6,992,828 |
| | 15,737,759 | 21,162,499 | 8,690,977 | 11,619,420 |

- (a) Included in the cash and bank balances of the Group is an amount of RM974 held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- (b) The currency exposure profile of cash and cash equivalents are as follows:

| | Group | | Company | |
|----------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Ringgit Malaysia | 12,439,678 | 15,535,365 | 8,690,977 | 11,619,420 |
| United States Dollar | 3,122,489 | 5,577,315 | 0 | 0 |
| Others | 175,592 | 49,819 | 0 | 0 |
| | 15,737,759 | 21,162,499 | 8,690,977 | 11,619,420 |

- (c) The interest rate of deposits with licensed banks of the Group are 2.20% to 2.65% per annum with remaining maturity periods of 14 days to 91 days.

Sensitivity analysis for fixed rate deposits with licensed banks at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

11. CASH AND CASH EQUIVALENTS (cont'd) ►

- (d) 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.

- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

| | Group | | Company | |
|---|-------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Cash and bank balances | 7,088,037 | 14,169,671 | 1,021,255 | 4,626,592 |
| Deposits with licensed banks | 1,480,000 | 0 | 500,000 | 0 |
| Short term funds | 7,169,722 | 6,992,828 | 7,169,722 | 6,992,828 |
| As per statements of financial position | 15,737,759 | 21,162,499 | 8,690,977 | 11,619,420 |
| Less: Deposit with maturity period more than three (3) months | (80,000) | 0 | 0 | 0 |
| Bank overdrafts (Note 14) | (1,945,159) | 0 | 0 | 0 |
| As per statements of cash flows | 13,712,600 | 21,162,499 | 8,690,977 | 11,619,420 |

- (f) No expected credit loss was recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (g) The following table demonstrates the sensitivity of the (loss)/profit after tax of the Group to a reasonably possible changes in the USD exchange rate against the functional currency of the Group with all other variables held constant:

| | Group | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| (Loss)/Profit after tax | | |
| USD/RM - strengthen by 10% (2023: 10%) | 237,309 | 423,876 |
| - weaken by 10% (2023: 10%) | (237,309) | (423,876) |

The effect to the equity of the Group is not presented as it is not affected by the changes in foreign currency exchange rate.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

12. SHARE CAPITAL ►

(a) Ordinary shares

| | Group and Company | | | |
|---|---------------------------|------------|---------------------------|------------|
| | 2024 | | 2023 | |
| | Number of ordinary shares | Amount RM | Number of ordinary shares | Amount RM |
| Issued and fully paid-up with no par value | | | | |
| Balance as at 30 June | 164,148,123 | 78,351,260 | 164,148,123 | 78,351,260 |

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 15 November 2023, renewed the mandate given to the Company to repurchase its own shares.

| | Group and Company | | | |
|--------------------------------|---------------------------|-----------|---------------------------|-----------|
| | 2024 | | 2023 | |
| | Number of ordinary shares | Amount RM | Number of ordinary shares | Amount RM |
| Balance as at 1 July 2023/2022 | 1,546,500 | 484,959 | 494,300 | 145,905 |
| Purchase of treasury shares | 0 | 0 | 1,052,200 | 339,054 |
| Resale of treasury shares | (1,100,000) | (343,464) | 0 | 0 |
| Balance as at 30 June | 446,500 | 141,495 | 1,546,500 | 484,959 |

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

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

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

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

- (ii) In the previous financial year, the Company repurchased 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

12. SHARE CAPITAL (cont'd) ►

(b) Treasury shares (cont'd)

- (iii) During the financial year, the Company resold 1,100,000 of its treasury shares valued at RM0.34 for total consideration of RM374,000 in the open market, resulting in a surplus of RM30,536 which has been credited to the retained earnings account.

As at 30 June 2024, 446,500 (2023: 1,546,500) out of the total 164,148,123 (2023: 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 163,701,623 (2023: 162,601,623).

There was no share repurchased and no cancellation of treasury shares were made 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 (2023: 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 2024

12. 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 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.

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

13. RESERVES ➤

| | Group | | Company | |
|-------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Capital reserve | 164,037 | 164,037 | 10,151,142 | 10,151,142 |
| Retained earnings | 24,162,150 | 26,629,152 | 7,934,277 | 9,122,779 |
| | 24,326,187 | 26,793,189 | 18,085,419 | 19,273,921 |

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 2024

14. BORROWINGS ►

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Current liabilities | | | | |
| <i>Unsecured</i> | | | | |
| Financial guarantee contracts | 0 | 0 | 1,138 | 0 |
| <i>Secured</i> | | | | |
| Bank overdrafts (Note 11(e)) | 1,945,159 | 0 | 0 | 0 |
| Term loans | 315,408 | 367,523 | 0 | 0 |
| Bankers' acceptances | 4,046,914 | 7,896,312 | 0 | 0 |
| Revolving credit | 503,037 | 0 | 0 | 0 |
| | 6,810,518 | 8,263,835 | 1,138 | 0 |
| Non-current liability | | | | |
| <i>Secured</i> | | | | |
| Term loans | 551,924 | 867,332 | 0 | 0 |
| Total borrowings | | | | |
| Financial guarantee contracts | 0 | 0 | 1,138 | 0 |
| Bank overdrafts (Note 11(e)) | 1,945,159 | 0 | 0 | 0 |
| Term loans | 867,332 | 1,234,855 | 0 | 0 |
| Bankers' acceptances | 4,046,914 | 7,896,312 | 0 | 0 |
| Revolving credit | 503,037 | 0 | 0 | 0 |
| | 7,362,442 | 9,131,167 | 1,138 | 0 |

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

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

14. BORROWINGS (cont'd) ➤

(c) Financial guarantee contracts (cont'd)

Financial guarantee contracts are subject to forward looking expected credit loss model based on the general approach within MFRS 9 as disclosed in Note 10(h) to the financial statements.

The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The nominal amounts of financial guarantee provided are as follows:

| | Company | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| Banking facilities granted to a subsidiary | 38,056,636 | 29,870,608 |

The movements of the financial guarantee contracts during the financial year are as follows:

| | Company 2024 RM |
|--|-----------------------|
| At beginning of financial year | 0 |
| Effects of modified retrospective application of MFRS 9 (Note 30.1(a)) | 27,256 |
| As restated | 27,256 |
| Fair value changes on financial guarantee contracts | (26,118) |
| At end of financial year | 1,138 |

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

| Group | On demand or within | | | Total RM |
|-------------------------------|---------------------|--------------------|--------------------|-------------|
| | 1 year RM | 1 to 5 years RM | Over 5 years RM | |
| As at 30 June 2024 | | | | |
| Borrowings | 6,867,617 | 591,890 | 0 | 7,459,507 |
| As at 30 June 2023 | | | | |
| Borrowings | 8,346,028 | 964,397 | 0 | 9,310,425 |
| Company | | | | |
| As at 30 June 2024 | | | | |
| Financial guarantee contracts | 38,056,636 | 0 | 0 | 38,056,636 |
| As at 30 June 2023 | | | | |
| Financial guarantee contracts | 29,870,608 | 0 | 0 | 29,870,608 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

14. BORROWINGS (cont'd) ➤

- (e) 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 2024 | | | | | | | | |
| Fixed rates | | | | | | | | |
| Bankers' acceptances | 4.44 | 4,046,914 | 0 | 0 | 0 | 0 | 0 | 4,046,914 |
| Revolving credit | 5.85 | 503,037 | 0 | 0 | 0 | 0 | 0 | 503,037 |
| Floating rates | | | | | | | | |
| Bank overdrafts | 8.27 | 1,945,159 | 0 | 0 | 0 | 0 | 0 | 1,945,159 |
| Term loans | 4.78 | 315,408 | 315,408 | 236,516 | 0 | 0 | 0 | 867,332 |
| 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 |

- (f) The following table demonstrates the sensitivity analysis of the (loss)/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 | |
|---------------------------------|----------|---------|
| | 2024 RM | 2023 RM |
| (Loss)/Profit after tax | | |
| - increase by 0.5% (2023: 0.5%) | (10,687) | (4,692) |
| - decrease by 0.5% (2023: 0.5%) | 10,687 | 4,692 |

The effect to the equity of the Group is not presented as it is not affected by the changes in interest rate.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

15. RETIREMENT BENEFIT OBLIGATIONS

- (a) The Group operates final salary defined benefit plan with guaranteed lump sum payment at retirement and early retirement for its eligible employees.
- (b) The present value of defined benefit obligations are as follows:

| Unfunded | Group | |
|--------------------------------|------------|------------|
| | 2024 RM | 2023 RM |
| Balance as at 1 July 2023/2022 | 956,418 | 1,015,445 |
| Defined benefit (income)/costs | (103,012) | 77,299 |
| Benefits paid | (131,008) | (136,326) |
| Balance as at 30 June | 722,398 | 956,418 |
| Represented by: | | |
| Current liability | 19,614 | 203,589 |
| Non-current liability | 702,784 | 752,829 |
| | 722,398 | 956,418 |

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

| | Group | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| Recognised in profit or loss | | |
| Current service cost | 46,256 | 41,417 |
| Interest expense (expensed as employee benefits) | 30,839 | 35,882 |
| | 77,095 | 77,299 |
| Recognised in other comprehensive income | | |
| Remeasurements arising from: | | |
| - changes in financial assumptions | (8,285) | 0 |
| - changes in demographic assumptions | 6,248 | 0 |
| - experience adjustments | (178,070) | 0 |
| | (180,107) | 0 |
| | (103,012) | 77,299 |

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

| | Group | |
|----------------------------------|-----------|-----------|
| | 2024 % | 2023 % |
| Discount rate | 4.23 | 3.99 |
| Expected rate of salary increase | 5.50 | 5.50 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

15. 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 | |
|--|------------|------------|
| | 2024 RM | 2023 RM |
| Increase in discount rate by 1% (2023: 1%) | (32,850) | (42,262) |
| Decrease in discount rate by 1% (2023: 1%) | 36,479 | 46,687 |
| Increase in expected rate of salary by 1% (2023: 1%) | 32,684 | 62,552 |
| Decrease in expected rate of salary by 1% (2023: 1%) | (32,771) | (56,020) |

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

16. DEFERRED TAX LIABILITIES ►

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

| | Group | |
|--|-------------|-------------|
| | 2024 RM | 2023 RM |
| Balance as at 1 July 2023/2022 | 2,297,783 | 2,179,345 |
| Recognised in profit or loss (Note 23) | (889,202) | 118,438 |
| Recognised in other comprehensive income | 43,000 | 0 |
| Balance as at 30 June | 1,451,581 | 2,297,783 |
| Net deferred tax liabilities | | |
| Deferred tax assets (before offsetting) | (2,170,000) | (1,901,000) |
| Offsetting | 2,170,000 | 1,901,000 |
| Deferred tax assets (after offsetting) | 0 | 0 |
| Deferred tax liabilities (before offsetting) | 3,621,581 | 4,198,783 |
| Offsetting | (2,170,000) | (1,901,000) |
| Deferred tax liabilities (after offsetting) | 1,451,581 | 2,297,783 |
| | 1,451,581 | 2,297,783 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

16. 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 2023 | 1,490,000 | 0 | 230,000 | 0 | 181,000 | 1,901,000 |
| Recognised in profit or loss | (96,000) | 1,000 | (13,000) | 25,000 | 395,000 | 312,000 |
| Recognised in other comprehensive income | 0 | 0 | (43,000) | 0 | 0 | (43,000) |
| Balance as at 30 June 2024 | 1,394,000 | 1,000 | 174,000 | 25,000 | 576,000 | 2,170,000 |
| 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 |

Deferred tax liabilities of the Group

| | Property, plant and equipment RM | Total RM |
|------------------------------|---|-------------|
| Balance as at 1 July 2023 | 4,198,783 | 4,198,783 |
| Recognised in profit or loss | (577,202) | (577,202) |
| Balance as at 30 June 2024 | 3,621,581 | 3,621,581 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

16. 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 | |
|--|------------------|------------------|---------------|----------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Unused tax losses | | | | |
| - expires by 30 June 2028 | 602,100 | 602,100 | 0 | 0 |
| - expires by 30 June 2032 | 21,000 | 21,000 | 0 | 0 |
| - expires by 30 June 2034 | 136,200 | 0 | 0 | 0 |
| Unabsorbed capital allowances | 303,500 | 303,500 | 0 | 0 |
| Other deductible temporary differences | 607,200 | 647,400 | 45,300 | 153,000 |
| | 1,670,000 | 1,574,000 | 45,300 | 153,000 |

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

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

17. TRADE AND OTHER PAYABLES ►►

| | Group | | Company | |
|--------------------------------|-------------------|------------------|----------------|----------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Trade payables | | | | |
| Third parties | 12,830,434 | 3,234,003 | 0 | 0 |
| Other payables | | | | |
| Third parties | 569,900 | 829,680 | 775 | 5,684 |
| Accruals | 2,949,652 | 3,257,539 | 125,835 | 220,450 |
| Deposits | 150 | 2,986 | 0 | 0 |
| Total other payables | 3,519,702 | 4,090,205 | 126,610 | 226,134 |
| Total trade and other payables | 16,350,136 | 7,324,208 | 126,610 | 226,134 |

- (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 30 to 90 days (2023: 15 to 120 days) from the date of invoice.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

17. TRADE AND OTHER PAYABLES (cont'd) ►

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

| | Group | | Company | |
|----------------------|-------------------|------------------|----------------|----------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Ringgit Malaysia | 16,067,823 | 6,316,991 | 126,610 | 226,134 |
| United States Dollar | 282,313 | 1,007,217 | 0 | 0 |
| | <u>16,350,136</u> | <u>7,324,208</u> | <u>126,610</u> | <u>226,134</u> |

(d) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

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

| | Group | |
|--|---------------|---------------|
| | 2024 RM | 2023 RM |
| (Loss)/Profit after tax | | |
| USD/RM - strengthen by 10% (2023: 10%) | (21,456) | (76,548) |
| - weaken by 10% (2023: 10%) | <u>21,456</u> | <u>76,548</u> |

The effect to the equity of the Group is not presented as it is not affected by the changes in foreign currency exchange rate.

18. CONTRACT LIABILITIES ►

| | Group | |
|-----------------|------------------|------------------|
| | 2024 RM | 2023 RM |
| Deferred income | <u>1,967,662</u> | <u>1,176,612</u> |

(a) Contract liabilities relate to advance consideration received from customers. The liability is recognised as revenue upon satisfaction of each performance obligation.

(b) The amount of RM1,176,612 (2023: RM1,797,670) 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 2024 | 1,967,662 |
| - as at 30 June 2023 | <u>1,176,612</u> |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

18. CONTRACT LIABILITIES (cont'd) ►

(d) The currency exposure profile of contract liabilities are as follows:

| | Group | |
|----------------------|------------------|------------------|
| | 2024 RM | 2023 RM |
| Ringgit Malaysia | 50,926 | 41,732 |
| United States Dollar | 1,916,736 | 1,134,880 |
| | <u>1,967,662</u> | <u>1,176,612</u> |

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

| | Group | |
|--|----------------|---------------|
| | 2024 RM | 2023 RM |
| (Loss)/Profit after tax | | |
| USD/RM - strengthen by 10% (2023: 10%) | (145,672) | (86,251) |
| - weaken by 10% (2023: 10%) | <u>145,672</u> | <u>86,251</u> |

The effect to the equity of the Group is not presented as it is not affected by the changes in foreign currency exchange rate.

19. CAPITAL COMMITMENT ►

| | Group | |
|---|----------------|------------------|
| | 2024 RM | 2023 RM |
| Capital expenditure in respect of purchase of property, plant and equipment: - contracted but not provided for | <u>519,492</u> | <u>2,015,081</u> |

20. REVENUE ►

| | Group | | Company | |
|--|-------------------|-------------------|----------------|----------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Revenue from contracts with customers | | | | |
| - sale of goods | 65,003,306 | 92,624,457 | 0 | 0 |
| Other revenue | | | | |
| - management fees | 0 | 0 | 156,315 | 147,040 |
| | <u>65,003,306</u> | <u>92,624,457</u> | <u>156,315</u> | <u>147,040</u> |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

20. REVENUE (cont'd) ▶

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

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

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

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

21. COST OF SALES ▶

| | Group | |
|--------------------|------------|------------|
| | 2024 | 2023 |
| | RM | RM |
| Cost of goods sold | 54,188,359 | 73,260,641 |

22. FINANCE COSTS ▶

| | Group | |
|------------------------|---------|---------|
| | 2024 | 2023 |
| | RM | RM |
| Interest expenses on: | | |
| - bank overdrafts | 74,743 | 98,467 |
| - bankers' acceptances | 190,349 | 233,385 |
| - revolving credit | 7,344 | 0 |
| - lease liabilities | 114,066 | 55,152 |
| - term loans | 49,820 | 76,913 |
| | 436,322 | 463,917 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

23. TAXATION ►

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Current tax expense: | | | | |
| - based on profit for the financial year | 373,070 | 1,759,250 | 32,500 | 64,200 |
| - (over)/underprovision in prior years | (7,266) | (3,411) | 23,408 | (460) |
| | 365,804 | 1,755,839 | 55,908 | 63,740 |
| Deferred tax expense (Note 16): | | | | |
| - relating to origination and reversal of temporary differences | (853,202) | 234,438 | 0 | 0 |
| - overprovision in prior years | (36,000) | (116,000) | 0 | 0 |
| | (889,202) | 118,438 | 0 | 0 |
| Taxation for the financial year | (523,398) | 1,874,277 | 55,908 | 63,740 |

The Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profits for the fiscal year.

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

| | Group | | Company | |
|--|-------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| (Loss)/Profit before tax | (2,345,035) | 7,857,641 | (322,866) | 302,177 |
| Tax at Malaysian statutory tax rate of 24% (2023: 24%) | (562,800) | 1,885,800 | (77,500) | 72,600 |
| Tax effects in respect of: | | | | |
| - expenses not deductible for tax purposes | 359,879 | 258,698 | 208,548 | 8,500 |
| - income not subject to tax | (142,451) | (40,010) | (72,700) | (17,300) |
| - expenses eligible for double deduction | (157,800) | (136,000) | 0 | 0 |
| Deferred tax assets not recognised | 32,688 | 44,400 | 0 | 400 |
| Utilisation of deferred tax assets previously not recognised | (9,648) | (200) | (25,848) | 0 |
| Reinvestment allowances | 0 | (19,000) | 0 | 0 |
| (Over)/Underprovision of tax expense in prior years | (7,266) | (3,411) | 23,408 | (460) |
| Overprovision of deferred tax in prior years | (36,000) | 116,000 | 0 | 0 |
| Taxation for the financial year | (523,398) | 1,874,277 | 55,908 | 63,740 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

24. (LOSS)/EARNINGS PER ORDINARY SHARE ►

(a) Basic

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

| | Group | |
|--|-------------|-------------|
| | 2024 | 2023 |
| (Loss)/Profit attributable to owners of the parent (RM) | (1,821,637) | 5,973,125 |
| Weighted average number of ordinary shares in issue (unit) | 163,121,568 | 162,850,264 |
| Basic (loss)/earnings per ordinary share (sen) | (1.12) | 3.67 |

(b) Diluted

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

| | Group | |
|--|-------------|-------------|
| | 2024 | 2023 |
| (Loss)/Profit attributable to owners of the parent (RM) | (1,821,637) | 5,973,125 |
| Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (unit) | 163,121,568 | 162,850,264 |
| Effect of dilution of Warrants (unit) | 0 | 0 |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit) | 163,121,568 | 162,850,264 |
| Diluted (loss)/earnings per ordinary share (sen) | (1.12) | 3.67 |

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

25. DIVIDENDS ►

| | Group and Company 2024 | |
|--|------------------------------|-----------------------------|
| | Dividend per share Sen | Amount of dividend RM |
| In respect of financial year ended 30 June 2023 | | |
| Final single tier dividend | 0.50 | <u>813,008</u> |
| | | |
| | 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 | <u>406,504</u> |
| | | <u>1,219,512</u> |

26. EMPLOYEE BENEFITS ►

| | Group | | Company | |
|--|-------------------|-------------------|----------------|----------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Wages, salaries and bonuses | 18,731,779 | 20,157,611 | 696,367 | 820,191 |
| Contributions to defined contribution plan | 1,365,372 | 1,432,066 | 97,735 | 120,789 |
| Defined benefit plan | 77,095 | 77,299 | 0 | 0 |
| Social security contributions | 244,001 | 251,906 | 3,160 | 3,035 |
| Other benefits | 1,215,219 | 1,128,374 | 15,965 | 9,548 |
| | <u>21,633,466</u> | <u>23,047,256</u> | <u>813,227</u> | <u>953,563</u> |

Included in the employee benefits of the Group and of the Company are remuneration of Directors amounting to RM1,692,976 (2023: RM2,333,991) and RM739,927 (2023: RM890,085) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

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.

(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 | |
|-------------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Subsidiaries: | | | | |
| Management fees charged | 0 | 0 | 156,315 | 147,040 |
| Interest income | 0 | 0 | 939,567 | 1,055,578 |
| Related parties: | | | | |
| Purchase of goods | 0 | 10,947 | 0 | 0 |
| Services received | 0 | 150 | 0 | 0 |
| Sale of goods | 2,200 | 5,727 | 0 | 0 |
| Warehouse rental | 350,400 | 0 | 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

27. RELATED PARTY DISCLOSURES (cont'd) ►

(c) Compensation of key management personnel (cont'd)

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

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Short term employee benefits | 1,456,996 | 1,996,011 | 648,917 | 775,403 |
| Contributions to defined contribution plan | 235,980 | 337,980 | 91,010 | 114,682 |
| | 1,692,976 | 2,333,991 | 739,927 | 890,085 |

Estimated monetary value of benefits-in-kind provided by the Group to the Directors of the Company is RM9,025 (2023: RM9,652).

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 2024 and 30 June 2023.

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 | |
|----------------------------------|-------------|-------------|-------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Total borrowings (Note 14) | 7,362,442 | 9,131,167 | 1,138 | 0 |
| Total lease liabilities (Note 6) | 2,550,038 | 1,111,102 | 0 | 0 |
| Total debts | 9,912,480 | 10,242,269 | 1,138 | 0 |
| Total equity | 102,535,952 | 104,659,490 | 96,295,184 | 97,140,222 |
| Debt-to-equity ratio | 0.10 : 1 | 0.10 : 1 | 0.00001 : 1 | * |

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

28. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd) »

(a) Capital management (cont'd)

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 2024.

(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.

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 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

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):

(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 14 and Note 17 to the financial statements respectively.

(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 10, Note 11 and Note 14 to the financial statements respectively.

(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 10, Note 11, Note 17 and Note 18 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR ►

On 17 January 2024, the Company has entered into a share sale agreement with Boo Yin Kwan, Chan Lai Yee, Lam Chun Wai, Loo Zi Kai and Low Yaw Shim for the proposed acquisition of 2,049,402 ordinary shares, representing 100% of the equity interest in Unigenius Holding Sdn. Bhd. with a purchase consideration of RM33,000,000 to be satisfied by RM18,000,000 via cash and RM15,000,000 via issuance of redeemable preference shares. The proposed acquisition has yet to be completed as at the date of this report.

The Group is in the process of assessing the financial effect of the proposed acquisition, as the effect will only be observable upon the completion of the acquisition.

30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs ►

30.1 New MFRSs adopted during the financial year

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

| Title | Effective Date |
|--|----------------------------|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments 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 112 <i>International Tax Reform - Pillar Two Model Rules</i> | See MFRS 112 paragraph 98M |

Adoption of the above Standards and Amendments to the Standards did not have any material effect on the financial performance or position of the Group and of the Company other than the adoption of Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information* as described in Note 30.1(a).

- (a) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

MFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4 *Insurance Contracts*.

Amendments to MFRS 17 adds a new transition option to MFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of MFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with MFRS 9 *Financial Instruments*.

The Group and the Company do not have any contracts that meet the definition of an insurance contract under MFRS 17, except for corporate guarantee provided to a subsidiary, which are financial guarantee contracts that the Company had previously explicitly asserted under MFRS 4. The Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2024

30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd) ►

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

In relation to this, the Company recognised financial guarantee contracts, recognising the difference in retained earnings. The impact on transition is summarised below:

| Company | Note | As at 30 June 2023 RM | Impact RM | As at 1 July 2023 RM |
|-------------------|------|--------------------------------|--------------|-------------------------------|
| Borrowings | 14 | 0 | 27,256 | 27,256 |
| Retained earnings | | 9,122,779 | (27,256) | 9,095,523 |

30.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

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 |
|---|----------------|
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</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 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| MFRS 18 <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| MFRS 19 <i>Subsidiaries without Public Accountability: Disclosure</i> | 1 January 2027 |
| 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.

31. STATUTORY DISCLOSURES ►

Pursuant to Section 249(4)(e) of Companies Act 2016, details of auditors' remuneration payable by the Group and the Company during the financial year were as follows:

| | Group | | Company | |
|------------------------------|------------|------------|------------|------------|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Statutory audit - BDO PLT | 122,700 | 111,000 | 19,500 | 17,800 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 8th 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, 27 November 2024 at 11.00 am for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring in accordance with the Company's Constitution and being eligible, have offered themselves for re-election:
 - (i) Tan Hing Ming @ Chin Hing Ming - Clause 78
 - (ii) Datuk Hong Choon Hau - Clause 78
3. To approve the payment of Directors' fees and benefits payable up to RM500,000 for the period commencing from this AGM until the next AGM of the Company.
4. To re-appoint Messrs. BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

Please refer to the Explanatory Notes

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

AS SPECIAL BUSINESS

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

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

“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.

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.”

Ordinary Resolution 5

6. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits of the Company. As at the latest financial year ended 30 June 2024, the audited retained profits of the Company stood at RM7,934,277; and

Ordinary Resolution 6

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (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."

- 7. 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

25 October 2024

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

1. A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:
 - (i) In hard copy form
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.
 - (ii) By electronic means
The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://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 19 November 2024 (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 Reports 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 1 and 2 - Re-election of Retiring Directors

Mr. Tan Hing Ming @ Chin Hing Ming and Datuk Hong Choon Hau are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 8th AGM. Their profiles are set out under the Profile of Directors in the Annual Report 2024.

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 2024.

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

3. Ordinary Resolution 3 - Directors' Fees and Benefits

The proposed Ordinary Resolution 3, if passed, will facilitate the payment of the Directors' fees and benefits to the Directors for the period commencing this AGM through to the next AGM.

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

4. Ordinary Resolution 4 - Re-appointment of Auditors

Based on the results of the Performance Appraisal of External Auditors for the financial year ended 30 June 2024, the Audit Committee and the Board of the Company at both meetings held on 28 August 2024, 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 2025, to be presented to the shareholders for approval.

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

The proposed Ordinary Resolution 5 is for the purpose of granting a renewed general mandate ("General Mandate"), 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.

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 7th AGM held on 15 November 2023 and which will lapse at the conclusion of the 8th AGM.

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

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to purchase the Company's own shares up to 10% of the total issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the proposed resolution is set out in the Share Buy-Back Statement in the Annual Report 2024.

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 8th 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 5) in the Notice of 8th AGM of the Company.

SHARE BUY-BACK STATEMENT

1. Introduction

The shareholders of CWG Holdings Berhad (“CWG” or “the Company”) had at the 7th Annual General Meeting (“AGM”) of the Company held on 15 November 2023, 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 8th AGM unless the approval for its renewal is obtained from the shareholders at the forthcoming 8th AGM.

On 1 October 2024, 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 8th 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 27 September 2024, being the latest practicable date (“LPD”), 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>(446,500)</u> |
| Maximum number of shares which may be purchased in respect of this Proposed Renewal of Share Buy-Back | <u>15,968,312</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.

The 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 2024, the retained profits of our Company is approximately RM7,934,277. 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 LPD, the effect of the Share Buy-Back on the percentage shareholdings of the substantial shareholders and/or Directors of CWG are as follows:-

| Name | Existing as at LPD [#] | | | | After the Proposed Renewal of Share Buy-Back [^] | | | |
|-----------------------------------|---------------------------------|-------|---------------------------|------|---|-------|---------------------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Substantial Shareholders | | | | | | | | |
| Ooi Chin Soon | 29,300,000 | 17.90 | - | - | 29,300,000 | 19.83 | - | - |
| Datuk Hong Choon Hau | 29,036,920 | 17.74 | - | - | 29,036,920 | 19.65 | - | - |
| ANB Equity Sdn. Bhd. | 12,874,500 | 7.86 | - | - | 12,874,500 | 8.71 | - | - |
| Dato' Khor Wan Tat | 1,008,700 | 0.62 | 7,830,000 ⁽¹⁾ | 4.78 | 1,008,700 | 0.68 | 7,830,000 ⁽¹⁾ | 5.30 |
| Lai Tjhin Tjhin | - | - | 12,874,500 ⁽²⁾ | 7.86 | - | - | 12,874,500 ⁽²⁾ | 8.71 |
| Lim Kam Seng | 9,149,400 | 5.59 | - | - | 9,149,400 | 6.19 | - | - |
| Directors | | | | | | | | |
| Ooi Chin Soon | 29,300,000 | 17.90 | - | - | 29,300,000 | 19.83 | - | - |
| Tan Hing Ming @ Chin Hing Ming | - | - | - | - | - | - | - | - |
| Datuk Hong Choon Hau | 29,036,920 | 17.74 | - | - | 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 | 0.77 | - | - | 1,266,800 | 0.86 | - | - |
| Cheong Sing Yee | - | - | - | - | - | - | - | - |

Notes:

[#] Based on total number of issued Shares of the Company (excluding 446,500 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 LPD (inclusive of the 446,500 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. Regulatory Requirements

The Proposed Renewal of Share Buy-Back is subject to compliance with Section 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

Pursuant to the Listing Requirements, the Proposed Renewal of Share Buy-Back is subject to, inter-alia, the following rules:

- The public shareholding spread of twenty-five per cent (25%) of total listed Shares of the Company (excluding treasury shares) is to be maintained at all times;
- The purchase price of Shares on the Bursa Securities cannot be more than fifteen per cent (15%) above the weighted average market price for the Shares for the five (5) market days immediately before the purchase;
- An immediate announcement will be made to Bursa Securities on any purchase of its own Shares as well as any resale or cancellation of the Shares purchased; and
- If subsequently resold on Bursa Securities, the Company may only resell the Shares purchased at:
 - (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale; or
 - (b) a discounted price of not more than five per cent (5%) to the weighted average market price of the Shares for the five (5) market days immediately before the resale provided that:
 - (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

10. Ranking of the Shares Purchased

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in other distributions or otherwise would be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of CWG Shares for any purposes including, without limiting the generality of Section 127 of the Act, the provisions of any law or requirements of the Constitution of the Company or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

SHARE BUY-BACK STATEMENT (cont'd)

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

As at LPD, the Company holds 446,500 CWG Shares as Treasury Shares. The Company has not purchased and/or cancelled any CWG Shares in the preceding twelve (12) months.

In the last twelve (12) months preceding to the date of this Statement, 1,100,000 Treasury Shares were resold in the open market pursuant to Section 127 of the Act as follows:-

| Date | No. of Treasury Shares Resold | Minimum Price (RM) | Maximum Price (RM) | Average Price (RM) | Total Consideration Received (RM) |
|-----------|-------------------------------|--------------------|--------------------|--------------------|-----------------------------------|
| 10.1.2024 | 1,100,000 | 0.340 | 0.340 | 0.340 | 372,391.80 |

12. 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 2023 | 0.345 | 0.315 |
| November 2023 | 0.360 | 0.320 |
| December 2023 | 0.345 | 0.320 |
| January 2024 | 0.355 | 0.295 |
| February 2024 | 0.305 | 0.280 |
| March 2024 | 0.295 | 0.280 |
| April 2024 | 0.290 | 0.250 |
| May 2024 | 0.280 | 0.255 |
| June 2024 | 0.270 | 0.260 |
| July 2024 | 0.395 | 0.260 |
| August 2024 | 0.345 | 0.260 |
| September 2024 | 0.285 | 0.215 |

Last transacted market price as at LPD was RM0.255 per share prior to the printing of this Statement.

(Source: www.investing.com)

13. 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.

SHARE BUY-BACK STATEMENT (cont'd)

14. Public shareholding spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at LPD, the public shareholding spread of the Company was approximately 44.50%. 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.

15. 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.

16. Directors' recommendation

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 8th AGM of the Company to give effect to the Proposed Renewal of Share Buy-Back.

17. 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 other facts, the omission of which would make any statement herein misleading.

18. 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 8th 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 2023 and 30 June 2024.

19. 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 8th ANNUAL GENERAL MEETING (“AGM”)

Date : Wednesday, 27 November 2024
Time : 11.00 am
Venue : The Light Hotel, Lebuhr Tenggiri 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang

PRE-REGISTRATION TO ATTEND THE 8th AGM

In order to allow the Company to make the necessary arrangements in relation to the meeting, 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 8th 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 8th 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 19 November 2024, the system will send you an e-mail on 25 November 2024 to approve or reject your registration to attend physically at the Meeting Venue.

REGISTRATION ON THE DAY OF 8th 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 wristband printed with passcode will be given to you thereafter. No one will be allowed to enter the meeting room without the 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 8th 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 8th 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 8th 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 8th 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 8th 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. |

ADMINISTRATIVE GUIDE FOR THE 8th ANNUAL GENERAL MEETING (“AGM”) (cont’d)

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 19 November 2024 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 | | Telephone No. |
|---|---------------------------------------|--------------------------------|
| Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia | General Line | +603-2783 9299 |
| | En. Low Cheng Chuan | +603-2783 9278 |
| | En. Muhammad Ashraff Bin Mohd Khaizan | +603-2783 9276 |
| | Fax No. | +603-2783 9222 |
| | Email | is.enquiry@my.tricorglobal.com |



PROXY FORM

CWG HOLDINGS BERHAD

201601035444 (1206385-W)

No. of Shares Held

CDS Account No.

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 8th Annual General Meeting ("AGM") of the Company to be held at The Light Hotel, Lebuh Tenggara 2, Bandar Seberang Jaya, 13700 Seberang Jaya, Penang on Wednesday, 27 November 2024 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 | Re-election of Tan Hing Ming @ Chin Hing Ming | | | | |
| 2 | Re-election of Datuk Hong Choon Hau | | | | |
| 3 | Approval of Payment of Directors' fees and Benefits Payable up to RM500,000 for the Period from this AGM to the Next AGM | | | | |
| 4 | Re-appointment of Messrs. BDO PLT as Auditors of the Company | | | | |
| 5 | Authority to Issue Shares | | | | |
| 6 | Proposed Renewal of Share Buy-Back Authority | | | | |

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 _____, 2024

*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://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 19 November 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

Fold here for sealing

STAMP

CWG HOLDINGS BERHAD
201601035444 (1206385-W)

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

Fold here

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/24

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