

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021 - UNAUDITED

	Unaudited	Audited
	As at	As at
	30.09.21	30.06.21
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,304	157,222
Investment properties	5,324	5,341
Right of use assets	655	721
Other receivable	23,462	23,331
Deferred tax assets	140	136
	<u>185,885</u>	<u>186,751</u>
Current assets		
Inventories	359,720	325,432
Trade and other receivables	107,071	110,331
Current tax assets	4,963	6,563
Cash and bank balances	96,690	85,815
	<u>568,444</u>	<u>528,141</u>
TOTAL ASSETS	<u>754,329</u>	<u>714,892</u>
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	418,338	402,502
Total equity	<u>596,267</u>	<u>580,431</u>
Non-current liabilities		
Lease liabilities	431	494
Deferred tax liabilities	8,379	8,379
	<u>8,810</u>	<u>8,873</u>
Current liabilities		
Trade and other payables	46,064	33,988
Contract Liabilities	242	978
Borrowings	95,753	88,357
Lease liabilities	257	256
Dividend payable	5,156	-
Provision for Tax	1,780	1,009
	<u>149,252</u>	<u>124,588</u>
Total liabilities	<u>158,062</u>	<u>133,461</u>
TOTAL EQUITY AND LIABILITIES	<u>754,329</u>	<u>713,892</u>
Net assets per share (RM)	2.07	2.01

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2021. The accompanying notes are an integral part of these interim financial statements.

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2021 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
Revenue	146,415	107,392	146,415	107,392
Cost of sales	<u>(114,899)</u>	<u>(94,252)</u>	<u>(114,899)</u>	<u>(94,252)</u>
Gross profit	31,516	13,140	31,516	13,140
Other income	1,116	1,115	1,116	1,115
Administrative expenses	(4,391)	(5,154)	(4,391)	(5,154)
Selling and distribution expenses	<u>(5,967)</u>	<u>(2,026)</u>	<u>(5,967)</u>	<u>(2,026)</u>
Operating profit	22,274	7,075	22,274	7,075
Finance costs	<u>(153)</u>	<u>(234)</u>	<u>(153)</u>	<u>(234)</u>
Profit before tax	22,121	6,841	22,121	6,841
Tax expense	<u>(4,860)</u>	<u>(1,676)</u>	<u>(4,860)</u>	<u>(1,676)</u>
Profit for the financial period/year	17,261	5,165	17,261	5,165
Other comprehensive income/(loss), net of tax				
Item that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	<u>3,731</u>	<u>(4,834)</u>	<u>3,731</u>	<u>(4,834)</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u><u>20,992</u></u>	<u><u>331</u></u>	<u><u>20,992</u></u>	<u><u>331</u></u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u><u>5.98</u></u>	<u><u>1.78</u></u>	<u><u>5.98</u></u>	<u><u>1.78</u></u>

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2021. The accompanying notes are an integral part of these interim financial statements.

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2021 - UNAUDITED

	----- Non-distributable -----			Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	
At 1 July 2021	177,929	-	(18,865)	1,946	419,421	580,431
Foreign exchange differences on translation	-	-	-	3,731	-	3,731
Profit for the financial year	-	-	-	-	17,261	17,261
Total comprehensive income for the financial year	-	-	-	3,731	17,261	20,992
Transactions with owners:						
Purchase of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	(5,156)	(5,156)
Total transactions with owners	-	-	-	-	(5,156)	(5,156)
At 30 September 2021	<u>177,929</u>	<u>-</u>	<u>(18,865)</u>	<u>5,677</u>	<u>431,526</u>	<u>596,267</u>
At 1 July 2020	177,929	-	(15,301)	37,297	368,837	568,762
Foreign exchange differences on translation	-	-	-	(4,834)	-	(4,834)
Profit for the financial year	-	-	-	-	5,165	5,165
Total comprehensive income for the financial year	-	-	-	(4,834)	5,165	331
Transaction with owners:						
Purchase of treasury shares	-	-	(32)	-	-	(32)
Dividends	-	-	-	-	-	-
Total transactions with owners	-	-	(32)	-	-	(32)
At 30 September 2020	<u>177,929</u>	<u>-</u>	<u>(15,333)</u>	<u>32,463</u>	<u>374,002</u>	<u>569,061</u>

Note:

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM28,162,800 for purposes as set out in Sections 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2021. The accompanying notes are an integral part of these interim financial statements.

CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2021 - UNAUDITED

	30.09.21	30.09.20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	22,121	6,841
Adjustments for:		
Depreciation	3,314	3,215
Gain on disposal of property, plant and equipment	-	-
Impairment loss (reverse)/charge on receivables	(355)	673
Interest expense	153	188
Interest income	(208)	(238)
Unwinding interest	(131)	-
Property, plant and equipment written off	-	(1)
Inventory written down	-	-
Unrealised loss on foreign exchange	475	694
	25,369	11,372
Operating profit before working capital changes	25,369	11,372
(Increase)/Decrease in inventories	(31,630)	9,534
Decrease/(Increase) in receivables	4,311	(946)
Increase in payables	9,736	1,934
	7,786	21,894
Cash from operation	7,786	21,894
Interest paid	(153)	(188)
Income tax paid	(2,511)	(3,175)
	5,122	18,531
Net cash from operating activities	5,122	18,531
Cash flows from investing activities		
Interest received	208	238
Purchase of property, plant and equipment	(1,330)	(547)
Net cash used in investing activities	(1,122)	(309)
Cash flows from financing activities		
Net change in borrowings	5,662	(27,867)
Payment of principal portion of lease liabilities	-	(58)
Purchase of treasury shares	-	(32)
Net cash from/(used in) financing activities	5,662	(27,957)
Net increase/(decrease) in cash and bank balances	9,662	(9,735)
Effect of changes in exchange rate on cash and bank balances	1,213	(1,614)
Cash and bank balances at beginning	85,815	110,322
Cash and bank balances at end	96,690	98,973

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2021. The accompanying notes are an integral part of these interim financial statements.

CHIN WELL HOLDINGS BERHAD
(371551-T)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant To MFRS 134

A1. Basis of Preparation

The condensed consolidated interim financial statements ("Report") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The audited financial statements of the Group for the financial year ended 30 June 2021 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing this Report are consistent with those of the audited financial statements for the financial year ended 30 June 2021.

A2. Significant Accounting Policies

A2.1 Adoption of MFRS and amendments to MFRS

The following MFRS and amendments to MFRS have come into effect during the current financial period:

Effective for annual period beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
Definition of Material
Amendments to MFRS9, MFRS139 and MFRS7 Interest Rate Benchmark Reform

Effective for annual period beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions

Effective for annual period beginning on or after 1 January 2021

Amendment to MFRS 9 Financial Instruments, MFRS139 Financial Instruments: Recognition and Measurement, MFRS7 Financial Instruments: Disclosure, MFRS4 Insurance Contracts and MFRS 16 Lease: Interest Rate Benchmark Reform - Phase 2

Effective for annual period beginning on or after 1 April 2021

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021.

The initial application of the above standards does not have any significant financial impacts to the Group's financial statements upon adoption.

A2.2 Standards issued but not yet effective

At the date of authorisation of this Report, the following standards were issued but not yet effective and have not been early applied by the Group:

Effective for annual period beginning on or after 1 January 2022

Amendments to MFRS3 Business Combination: Reference to the Conceptual Framework
Amendments to MFRS116 Property, Plant and Equipment: Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract
Annual Improvement to MFRS Standards 2018-2020

Effective for annual period beginning on or after 1 January 2023

MFRS17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts - extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS17 Insurance Contracts
Amendments to MFRS101 Presentation of Financial Statement: Classification of Liabilities as Current or Non-current
Amendments to MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date yet to be confirmed

Amendments to MFRS10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

A3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the financial year ended 30 June 2021 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business of the Group was not affected by seasonal or cyclical factors. Factors such as world economic growth might have implication on the Group's revenue.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current financial period under review.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period under review, except as follows:

	Treasury shares	
	No. of Shares	RM
Repurchase of own shares during the current period to date	Nil	Nil
Repurchase of own shares as of 30.09.2021	13,069,800	18,865,126

A8. Dividend Paid

There was no dividend paid in the current reporting period and previous corresponding period.

A9. Segment Information

Segment information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on negotiated basis.

(i) Analysis by business segments

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination/ Adjustment RM'000	Group RM'000
3 months ended 30 September 2021					
Revenue					
External revenue	105,206	41,209	-	-	146,415
Inter-segment revenue	-	-	-	-	-
Total revenue	105,206	41,209	-	-	146,415
Results					
Segment profit	18,574	6,833	(27)	-	25,380
Finance costs	(93)	(60)	-	-	(153)
Interest income	153	11	44	-	208
Depreciation	(2,370)	(944)	-	-	(3,314)
Profit before tax	16,264	5,840	17	-	22,121
Segment assets	611,204	131,551	11,574	-	754,329
Segment liabilities	120,162	32,401	5,499	-	158,062

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
3 months ended 30 September 2020					
Revenue					
External revenue	74,877	32,515	-	-	107,392
Inter-segment revenue	-	-	22,627	(22,627)	-
Total revenue	74,877	32,515	22,627	(22,627)	107,392
Results					
Segment profit	6,552	3,598	22,528	(22,627)	10,051
Finance costs	(201)	(33)	-	-	(234)
Interest income	144	17	77	-	238
Depreciation	(2,265)	(949)	-	-	(3,214)
Profit before tax	4,230	2,633	22,605	(22,627)	6,841
Segment assets	537,574	107,054	4,991		649,619
Segment liabilities	58,898	21,131	529		80,558

(ii) Analysis by geographical segments

	Revenue 3 months		Non-current Assets*	
	ended 30.09.21 RM'000	ended 30.09.20 RM'000	as at 30.09.21 RM'000	as at 30.09.20 RM'000
Malaysia	39,212	34,813	118,483	130,045
Vietnam	718	702	67,402	63,708
Other Asian countries	4,754	9,099	-	-
European countries	61,105	21,482	-	-
North America	32,726	39,396	-	-
Others	7,900	1,900	-	-
	146,415	107,392	185,885	193,753

* Non-current assets information presented excludes financial assets.

A10. Valuations of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 30 June 2021.

A11. Event Subsequent to the End of the Reporting Period

The Company had, on 25 October 2021, announced that Chin Well Service Centre Sdn Bhd (“CWSC”), a wholly-owned subsidiary of the Company had, on the even date, entered into a conditional settlement agreement (“Settlement Agreement”) with NBH Service Centre Sdn Bhd (“NBHSC”), Ng Beng Hoo (“NBH”) and Toh Su See (“TSS”) in relation to the settlement of RM47,683,244.80 due from NBHSC to CWSC (“Proposed Settlement”).

The Proposed Settlement involves the settlement of RM47,683,244.80 due from NBHSC to CWSC (“Amount Owing”) in the following manner:

(i) Transfer amount amounting to RM27,681,274.59 will be settled by way of the following:

- 45% of the adjusted net assets (“NA”) of NBH Realty Sdn Bhd as at 31 December 2020 amounting to RM1,686,979.17;
- 45% of the adjusted NA of Jadi Raya Sdn Bhd as at 31 December 2020 amounting to RM98,514.90; and
- the TSS advances amounting to RM25,895,780.52 as at the date of the Settlement Agreement;

(ii) Balance amount amounting to RM20,001,970.21 represents the Amount Owing after deducting the transfer amount and will be settled over a period of five (5) years.

The Proposed Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad as certain directors and/or major shareholders of the Company are deemed interest in the Proposed Settlement.

The Proposed Settlement is conditional upon obtaining the approval of shareholders of the Company in an extraordinary general meeting (“EGM”) in accordance with the Listing Requirement.

Please refer to the Company’s announcement dated 25 October 2021 for further details of the Proposed Settlement.

Barring any unforeseen circumstances, the Company expects to complete the Proposed Settlement by the second (2nd) quarter of 2022.

Save as disclosed above, there were no other material events subsequent to the end of current reporting quarter ended 30 September 2021 that have not been reflected in this interim financial reports.

A12. Contingencies

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

A13. Changes in Group's Composition

There were no changes in the composition of the Group during the financial period under review.

A14. Capital Commitments

The Group has no major capital commitments as at the end of the reporting period except the followings:

Approved and contracted for:	RM'000
- Property, plant and equipment	<u>1,945</u>

Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

B1. Performance Analysis of all Operating Segments

Comparison with the corresponding quarter and financial year to date in the previous financial year

	Individual Quarter 3 months ended		Changes		Cumulative Quarter 3 months ended		Changes	
	30.09.21	30.09.20	RM'000	%	30.09.21	30.09.20	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Revenue - Business Segments								
-- Fasteners Products	105,206	74,877	30,329	40.5%	105,206	74,877	30,329	40.5%
-- Wire Products	41,209	32,515	8,694	26.7%	41,209	32,515	8,694	26.7%
	<u>146,415</u>	<u>107,392</u>	39,023	36.3%	<u>146,415</u>	<u>107,392</u>	39,023	36.3%
Profit/(Loss) before interest & tax								
-- Fasteners Products	16,357	4,431	11,926	269.1%	16,357	4,431	11,926	269.1%
-- Wire Products	5,900	2,666	3,234	121.3%	5,900	2,666	3,234	121.3%
-- Investment Holding	17	(22)	39	177.3%	17	(22)	39	177.3%
	<u>22,274</u>	<u>7,075</u>	15,199	214.8%	<u>22,274</u>	<u>7,075</u>	15,199	214.8%
Profit/(Loss) before tax								
-- Fasteners Products	16,264	4,230	12,034	284.5%	16,264	4,230	12,034	284.5%
-- Wire Products	5,840	2,633	3,207	121.8%	5,840	2,633	3,207	121.8%
-- Investment Holding	17	(22)	39	177.3%	17	(22)	39	177.3%
	<u>22,121</u>	<u>6,841</u>	15,280	223.4%	<u>22,121</u>	<u>6,841</u>	15,280	223.4%
Profit/(Loss) after tax attributable to ordinary equity holders of the parent								
-- Fasteners Products	12,806	3,211	9,595	298.8%	12,806	3,211	9,595	298.8%
-- Wire Products	4,438	1,976	2,462	124.6%	4,438	1,976	2,462	124.6%
-- Investment Holding	17	(22)	39	177.3%	17	(22)	39	177.3%
	<u>17,261</u>	<u>5,165</u>	12,096	234.2%	<u>17,261</u>	<u>5,165</u>	12,096	234.2%

Overall Review of Group' Financial Performance

During the current reporting quarter, the Group recorded a total revenue and total profit before tax of RM146.42 million and RM22.12 million respectively. Total revenue of the Group increased by 36.3% in the current reporting quarter. The profit before tax of the Group increased by RM15.28 million to RM22.12 million as compared to RM 6.84 million in the corresponding quarter immediate preceding year. This is in line with the higher revenue generated in addition to the better profit margins achieved by both the Fasteners and Wire divisions from its sales in the current reporting quarter.

The equity attributable to the owners of the Company increased to RM596.27 million as at 30.09.2021 as compared to RM580.43 million as at 30.6.2021 after recognition of the profit after tax and declaration of dividend of RM 17.26 million and RM5.16 million respectively. The equity of the Group increased by RM 3.73 million arising from the foreign exchange gain from translation in the current reporting quarter.

In view of the shortage of supply of wire rod in the global market, the Group had been stocking up its raw material to ensure that there is sufficient inventory for its production requirement. The purchase of the raw materials are financed by bank borrowings which resulted in the increase of bank borrowings of RM 5.66 mil in the current reporting quarter. The total cash and bank balance of the Group as at the closing date stood at RM96.69 million lower by RM2.28 million as compared to the corresponding period in the last financial year.

Individual Quarter

Fasteners Products

The Fasteners Products Division recorded a higher revenue of RM105.21 million in the current reporting quarter which represented an increase of 40.5% as compared to the preceding year corresponding period. The lower revenue in the preceding year was due to the adverse effect on economic activities as a result of the country lock down following the outbreak of the COVID-19 pandemic in March 2020. In the current reporting quarter, the demand from the European market had rebounded while the local demand had gradually returned. In line with the increase in revenue, the result of the division in the current reporting quarter improved by RM12.03 million as compared to the preceding year corresponding period.

Wire Products

The Wire Products division achieved higher sales of RM41.21 million in the current reporting period which represents an increase of 26.70% as compared to the corresponding period in the immediate preceding year. The division managed to secure more local orders with better profit margin leading to higher profit before tax of RM5.84 million as compared to RM2.63 million in the preceding year corresponding period.

B2. Variation of Results Against Preceding Quarter

	3 months	3 months	Changes	
	ended	ended		
	30.09.21	30.06.21	RM'000	%
	RM'000	RM'000		
Revenue - Business Segments				
-- Fasteners Products	105,206	98,472	6,734	6.84%
-- Wire Products	41,209	31,873	9,336	29.29%
	<u>146,415</u>	<u>130,345</u>	16,070	12.33%
Profit/(Loss) before interest & tax				
-- Fasteners Products	16,357	7,957	8,400	105.57%
-- Wire Products	5,900	4,474	1,426	31.87%
-- Investment Holding	17	(829)	846	102.05%
	<u>22,274</u>	<u>11,602</u>	10,672	91.98%
Profit/(Loss) before tax				
-- Fasteners Products	16,264	5,002	11,262	225.15%
-- Wire Products	5,840	4,369	1,471	33.67%
-- Investment Holding	17	(592)	609	102.87%
	<u>22,121</u>	<u>8,779</u>	13,342	151.98%
Profit/(Loss) after tax attributable to ordinary equity holders of the parent				
-- Fasteners Products	12,806	2,178	10,628	487.97%
-- Wire Products	4,438	3,579	859	24.00%
-- Investment Holding	17	(649)	666	102.62%
	<u>17,261</u>	<u>5,108</u>	12,153	237.92%

The Group recorded a total revenue of RM146.42 million and profit before tax of RM22.12 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division is RM105.21 million in the current quarter as compared to RM98.47 mil in the immediate preceding quarter. The profit before tax of the division in the current quarter increased by RM11.26 mil to RM16.26 mil. The profit before tax in the last quarter was affected both by lower revenue and the provision of impairment for trade receivables and unwinding interest for the non-current receivables.

Wire Products

The Wire Products Division recorded a revenue of RM41.21 million in the current reporting quarter representing a increase of 29.29% as compared to the RM31.87 million in the immediate preceding quarter. The profit before tax of the division improved by 33.67% to RM5.84 million in the current quarter which is in line with the higher revenue recorded.

B3. Prospects of the Remaining Quarters

The market outlook for the Group in the remaining quarters is expected to be better as compared to the previous financial year. Despite the on-going global uncertainties, the Group expect the global industrial fastener demand will gradually return to pre-pandemic levels in the foreseeable future. In view of the positive progress of the vaccination programme in the country, the Group expect the construction projects in Malaysia which was adversely affected since the Movement Control Order (MCO) period to progressively restart resulting in deliveries to customers in the related industry. The orders from US and Europe are expected to continue to increase in the remaining quarters. The increasing wire rod market price is also expected to benefit the performance of the Group.

The existing DIY segment in Vietnam will continue to bring positive contribution to the Group's performance through the increase of its distribution network in the European and US markets. The Wire Product division with the expansion in production from new product lines such as welded fencing, gabion and poultry mesh, which commenced in the previous quarter is expected to enhance the division's result in the long term with its high value added margin.

In addition to the existing core business, from time to time, the Group will explore other new business ventures which will potentially benefit the growth of the Group.

Barring any unforeseen circumstances, the Group anticipates an improved performance in the current financial year.

B4. Profit Forecast

There was no profit forecast made in any public document.

B5. Profit For The Period

Included in profit or loss for the current quarter and financial year to date are as follows:

	Current quarter RM'000	Current Year To date RM'000
Depreciation	3,314	3,314
Impairment loss charge on receivables	(355)	(355)
Interest expense	153	153
Interest income	(208)	(208)
Unwinding interest	(131)	(131)
Unrealised loss/(gain) on foreign exchange	475	475
Realised gain on foreign exchange	(1,415)	(1,415)
Rental income	(107)	(107)

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments or properties, write off of inventories as well as other exceptional items.

B6. Tax Expense

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
- Current tax	(4,860)	(1,704)	(4,860)	(1,704)
- Deferred tax liabilities	-	28	-	28
	<u>(4,860)</u>	<u>(1,676)</u>	<u>(4,860)</u>	<u>(1,676)</u>

The Group's effective tax rate for the current period under review is lower than the Malaysian statutory income tax rate of 24%. This is mainly due the lower tax rate enjoyed by the subsidiary in Vietnam.

B7. Status of Corporate Proposals

There were no other corporate proposals announced but not completed as at the date of this report save as disclosed in Note A11 above.

B8. Borrowings and Debt Securities

The Group's borrowings :

As as 30.09.2021	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	-	-
Overdraft	-	-	-
Onshore foreign currency loans	55,220	-	55,220
Short term loans	<u>40,533</u>	<u>-</u>	<u>40,533</u>
	<u>95,753</u>	<u>-</u>	<u>95,753</u>
As as 30.09.2020			
Secured:			
Bankers acceptance	-	-	-
Overdraft	-	-	-
Onshore foreign currency loans	33,929	-	33,929
Short term loans	<u>8,549</u>	<u>-</u>	<u>8,549</u>
	<u>42,478</u>	<u>-</u>	<u>42,478</u>

- a. The total borrowings as at the end of the reporting period increased to RM95.75 million as compared to RM42.48 million as of 30.09.2020. More bank borrowings were drawdown in the current reporting quarter to finance the purchase of raw materials. However lower borrowing cost was recorded in the current reporting quarter due to the reduction in interest rate.
- b. The average interest rates of borrowings during the current reporting period to date are as follows:

	30.09.21 %	30.09.20 %
Borrowings denominated in RM		
- Bankers acceptance	-	-
Borrowings denominated in USD		
- Onshore foreign currency loans	0.38	0.60
- Short term loans	1.34	1.36

All the borrowings are based on floating interest rates.

- c. Borrowings denominated in USD are not hedged to RM as the borrowings will be paid off from the export proceeds of the respective subsidiaries denominated in foreign currencies.

B9. Material Litigation

There was no material litigation during the financial period under review except the followings:

- a. On 10 December 2020, Chin Well Service Centre (CWSC), the wholly-owned subsidiary of the Company had filed a Writ of Summon and a Statement of Claim dated 10 December 2020 in the High Court of Malaya at Kuala Lumpur against Lifomax Woodbuild Sdn Bhd and Novamas Enterprise Sdn Bhd (collectively, "the Defendants") through a firm of lawyers acting on its behalf ("the Lifomax/Novamas Claim").

The Lifomax/Novamas Claim sets out that CWSC placed orders of various steel products with the Defendants on diverse dates in 2019 and 2020 for the Defendants to deliver the products to a customer of CWSC namely NBH Service Centre Sdn Bhd (NBHSC). On the Defendants producing invoices accompanied by delivery orders affording evidence of the delivery of the products to NBHSC, CWSC was induced to pay the Defendants the aggregate sum of RM26,340,980 for the products.

The payment to the Defendants was made in discharge of CWSC's obligations as a buyer and it was only upon NBHSC denying receipt of the products purportedly because of the non-delivery of the products that the filing of this action has become necessary.

CWSC is claiming the sum of :

- i. RM15,288,100 against Lifomax Woodbuild Sdn Bhd;
- ii. RM11,052,880 against Novamas Enterprise Sdn Bhd;
- iii. Such further and other relief and order the Honourable Court deems fit.

Both Defendants have filed their respective Defences to the claim and CWSC has filed its Reply to both Defences.

The Defendants have also filed applications to strike out the Claim which CWSC is strenuously objecting. The said application to strike out is fixed for hearing on 17 December 2021.

On 17 November 2021, the 2nd Defendant filed an application for leave to file further affidavit to adduce further evidence at the hearing of their application to strike out the Claim, which application is fixed for hearing on 1 December 2021.

- b. On 8 December 2020, CWSC filed a Writ of Summon and a Statement of Claim dated 8 December 2020 in the High Court of Malaya at Kuala Lumpur against NHJ Marketing Sdn Bhd. (NHJ), Ng Han John and Ng Han Jim (collectively, "the Defendants") through a firm of lawyers acting on its behalf. Ng Han John and Ng Han Jim are the directors of NHJ ("the NHJ Claim").

The NHJ Claim sets out that CWSC had placed orders of various steel products with the NHJ on diverse dates in 2019 and 2020 for NHJ to deliver the product to a customer of CWSC, namely NBHSC. On NHJ producing invoices accompanied by delivery orders affording evidence of the delivery of the products to NBHSC, CWSC induced to pay NHJ the aggregate sum of RM19,800,000 for the products.

The payment to the Defendants was made in discharge of CWSC's obligations as a buyer and it was only upon NBHSC denying receipt of the products purportedly because of the non-delivery of the products that the filing of this action has become necessary.

CWSC is claiming the sum of :

- i. RM19,800,000 against the NHJ;
- ii. A Declaration that the Ng Han John and Ng Han Jim are liable personally in the sum of RM19,800,000.00 to CWSC;
- iii. Judgment for the sum of RM19,800,000.00 against Ng Han John and Ng Han Jim; and
- iv. Costs of this action to be paid by the Defendants to CWSC on client-solicitor basis; and
- v. Such further and other relief and order the Honorable Court deems fit.

The Defendants have filed their respective Defences to the claim and CWSC has filed its Reply to the respective Defences.

The Defendants have also filed applications to strike out the Claim which CWSC is strenuously objecting. The said application to strike out is fixed for hearing on 17 December 2021.

- c. CWSC has succeeded in an application to transfer the NHJ Claim to be heard with the Lifomax/Novamas Claim.

B10. Proposed Dividend

- a. There was no dividend declared in the corresponding quarter and the dividend declared during the current reporting quarter are per below:

	Current Quarter
Interim dividend for the financial year	30.6.2021
Declared and approved on	15.9.2021
Entitlement date	28.10.2021
Payment date	26.11.2021
Dividend per share	1.80 sen
Dividend % (Single Tier)	3.60%(single tier)
Net dividend payable	RM5,156,341

- b. There is no dividend declared for the current financial year ended 30 June 2022.

B11. Earnings Per Share

(i) Basic earnings per share

The basic earnings per share has been calculated based on the Group's profit after tax attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial period:

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	3 months ended	3 months ended
	30.06.21	30.09.20	30.06.21	30.09.20
Profit after tax			-	-
Attributable to owners of the Company (RM'000)	17,261	5,165	17,261	5,165
Weighted average number of ordinary shares ('000)	288,570	289,361	288,570	289,361
Basic Earnings Per Share (sen)	5.98	1.78	5.98	1.78

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	5.98	1.78	5.98	1.78
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There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.