

THIS CIRCULAR TO SHAREHOLDERS OF KIM HIN JOO (MALAYSIA) BERHAD (“KHJ” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused this Circular prior to its issuance as it is an exempt document pursuant to Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities.

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KIM HIN JOO (MALAYSIA) BERHAD

(Registration No.: 197801000642 (37655-U))

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL
OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Forty-Third Annual General Meeting (“**43rd AGM**”) of the Company will be held at Room 3, 18th Floor, Tower 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Thursday, 30 May 2024 at 10.00 a.m. and at any adjournment thereof, together with the Form of Proxy are enclosed herein.

The Notice of the Company’s 43rd AGM and Proxy Form are enclosed in the Annual Report 2023 of the Company and are available on the Company’s website at www.khj-my.com.

A member entitled to participate and vote at the 43rd AGM is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. In such event, please complete and return the Proxy Form in accordance with the instructions therein as soon as possible and shall be deposited at the office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 43rd AGM or any adjournment thereof at which the person named in the Proxy Form proposes to vote, and in default the Proxy Form shall not be treated as valid. The lodging of the Proxy Form will not preclude you from participating and voting in person at the 43rd AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 28 May 2024, at 10.00 a.m.

Date and time of the 43rd AGM : Thursday, 30 May 2024, at 10.00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Act”	: The Companies Act 2016
“AGM”	: Annual General Meeting
“Board”	: The Board of Directors of KHJ
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Circular”	: This circular to shareholders of KHJ dated 30 April 2024
“Director(s)”	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon- i) a director of the Company, its subsidiary or holding company; or ii) a chief executive of the Company, its subsidiary or holding company.
“Existing Mandate”	The mandate obtained from the shareholders at the Company’s 42 nd AGM held on 30 May 2023 for the Group to enter into Recurrent Related Party Transaction(s)
“FYE”	: Financial year ended/ending, as the case may be
“KHJ” or the “Company”	: Kim Hin Joo (Malaysia) Berhad (Registration No.: 197801000642 (37655-U))
“KHJ Group” or the “Group”	: KHJ and its subsidiary companies, collectively
“KHJ Share(s)” or “Share(s)”	: Ordinary share(s) in KHJ
“Listing Date”	: 8 July 2019, the date KHJ was admitted to the Official List of Bursa Securities
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities
“LPD”	: 1 April 2024 being the latest practicable date prior to the printing and despatch of this Circular
Major Shareholder	: Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation as defined under Rule 1.01 or any other corporation which is its subsidiary or holding company;

DEFINITIONS (Cont'd)

- “Mandate Period” : The period during which the Recurrent Related Party Transactions are to be entered into for which the Proposed Mandate is being sought. This period shall commence immediately upon the passing of the ordinary resolution for the Proposed Mandate during the forthcoming AGM until:-
- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
 - (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is the earlier
- Proposed Mandate : Collectively, the proposed renewal of the Existing Mandate for RRPTs during the Mandate Period
- “Recurrent Related Party Transaction(s)” or “RRPT(s)” : Related party transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for the day-to-day operations of the KHJ Group
- Related Party(ies) : Director(s), major shareholder(s) and/or person(s) connected with such Director(s) or major shareholder(s) as defined under Rule 1.01 of the Listing Requirements

All references to “we”, “us”, “our” and “ourselves” are to KHJ or KHJ Group. All references to “you” in this Circular are to the shareholders of KHJ.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that KHJ’s plans and objectives will be achieved.

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KIM HIN JOO (MALAYSIA) BERHAD

(Registration No.: 197801000642 (37655-U))
(Incorporated in Malaysia)

Registered office

Wisma Pang Cheng Yean
Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3
Kawasan Perindustrian Balakong Jaya
43300 Seri Kembangan
Selangor Darul Ehsan

30 April 2024

Board of Directors

Pang Kim Hin	<i>(Non-Independent Non-Executive Chairman)</i>
Pang Fu Wei	<i>(Managing Director)</i>
Goh Poh Teng	<i>(Executive Director)</i>
Chew Soo Lin	<i>(Senior Independent Non-Executive Director)</i>
Yen Se-Hua Stewart	<i>(Independent Non-Executive Director)</i>
Kor Yann Ning	<i>(Independent Non-Executive Director)</i>
Hew Moh Yung	<i>(Independent Non-Executive Director)</i>

To: The shareholders of KHJ

Dear Sir/ Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

During the Company's 42nd AGM held on 30 May 2023 ("**42nd AGM**"), the Company had obtained a general mandate from its shareholders for the Company and its subsidiaries to enter into RRPTs in the ordinary course of business of a revenue or trading nature which are necessary for the day-to-day operations of the Group based on commercial terms which are not more favourable to the Related Parties than those generally available to the public.

The said general mandate for RRPTs shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Forty-Third AGM ("**43rd AGM**") unless authority for its renewal is obtained from the shareholders of the Company at the said AGM.

On 15 April 2024, the Board announced that KHJ proposes to seek shareholders' approval on the Proposed Mandate.

The purpose of this Circular is to provide you with the relevant details of the Proposed Mandate, together with the recommendation of the Board thereon and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming 43rd AGM, which will be held at Room 3, 18th Floor, Tower 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Thursday, 30 May 2024 at 10.00 a.m. The Notice of the 43rd AGM and Proxy Form are enclosed in the Annual Report 2023 of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED MANDATE TO BE TABLED AT THE 43rd AGM.

2. DETAILS OF THE PROPOSED MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Rule 10.09(2) and Guidance Note 8 of the Listing Requirements, a listed corporation may seek a mandate from its shareholders for RRPTs subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal or more than the prescribed threshold as set out in Rule 10.09(1) of the Listing Requirements whereby:-

“in relation to a listed corporation with a share capital of RM60 million and above:-

- (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
- (ii) the percentage ratio of such RRPT is 1% or more,

whichever is the higher; or

in relation to a listed corporation with a share capital which is less than RM60 million:-

- (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
- (ii) the percentage ratio of such RRPT is 1% or more,

whichever is the lower”;

- (c) the listed corporation's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities for perusal together with a checklist showing compliance with such information;
- (d) in a meeting to obtain a shareholder mandate, the relevant related party must comply with the requirements set out in Rule 10.08(7) of the Listing Requirements; and
- (e) the listed corporation immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed corporation, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

KHJ Group had, in its ordinary course of business, entered into certain RRPTs and it is anticipated that the companies within KHJ Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in **Section 2.4** of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

Accordingly, the Board proposes to seek its shareholders' approval for the Proposed Mandate for future RRPT(s) to be entered into during the Mandate Period.

These RRPT(s), which are necessary for the day-to-day operations of KHJ Group, have been/will be entered into at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of KHJ's minority shareholders.

2.2 Validity period of the Proposed Mandate

The Proposed Mandate, if approved by the shareholders of the Company at the forthcoming AGM, will take effect from the date of the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Thereafter, the approval of the shareholders of the Company will be sought for the renewal of the Proposed Mandate at each subsequent AGM of the Company.

2.3 Principal activities of the KHJ Group

KHJ is principally involved in the retailing of maternity and children's wear and products whilst the principal activities of its subsidiaries are as follows:-

Name of companies	Effective equity interest held (%)	Principal activities
Global Product Solutions Sdn Bhd ("Global Product")	100.0	Distribution of maternity and children's products
Global Retail Network Sdn Bhd ("Global Retail")	100.0	Dormant
Queemay Toys (Malaysia) Sdn Bhd ("Queemay Toys")	100.0	Retailing, trading, distribution and e-commerce of toys

2.4

Class of Related Parties and nature and details of the RRPTs

The nature and details of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposed Mandate are as follows:-

(a) Class of Related Parties

(i) Existing Class of Related Parties

No.	Transacting Related Parties		Interested directors/major shareholders in Related Parties	Nature of relationship	Shareholdings in the Related Parties	
	Provider	Recipient			Direct (%)	Indirect (%)
(i)	Cheng Properties Sdn Bhd ("Cheng Yearn")	KHJ Group	Pang Kim Hin	(a) Pang Kim Hin is a director and substantial shareholder of Cheng Yearn (b) Pang Kim Hin is a director of KHJ	90.0	-
(ii)	Kim Hin International Pte Ltd ("KHI")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei	(a) Pang Kim Hin is a director and substantial shareholder of KHI (b) Pang Fu Wei is a director of KHI (c) Pang Kim Hin and Pang Fu Wei are directors of KHJ	77.6	(1)22.4 -
(iii)	Little Humans Pte Ltd ("Little Humans") (formerly known as Mothercare Sg Pte Ltd) ("Mothercare Sg")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei (c) KHI	(a) Pang Kim Hin is a director and substantial shareholder of Little Humans (b) Pang Fu Wei is a director of Little Humans (c) KHI is a major shareholder of KHJ, as well as the holding company of Little Humans (d) Pang Kim Hin and Pang Fu Wei are directors of KHJ	- - 100.0	(2)100.0 - -

No.	Transacting Related Parties		Interested directors/major shareholders in Related Parties	Nature of relationship	Shareholdings in the Related Parties	
	Provider	Recipient			Direct (%)	Indirect (%)
(iv)	Global Outsourcing Solutions Pte Ltd ("Global Outsourcing")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei (c) KHI	(a) Pang Kim Hin is a director and substantial shareholder of Global Outsourcing (b) Pang Fu Wei is a director of Global Outsourcing (c) KHI is a major shareholder of KHJ, as well as the holding company of Global Outsourcing (d) Pang Kim Hin and Pang Fu Wei are directors of KHJ	- 100.0	⁽²⁾ 100.0 - -
(v)	Trade Solutions Ltd ("Trade Solutions")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei (c) KHI	(a) Pang Kim Hin is a director and substantial shareholder of Trade Solutions (b) Pang Fu Wei is a director of Trade Solutions (c) KHI is a major shareholder of KHJ, as well as the holding company of Trade Solutions (d) Pang Kim Hin and Pang Fu Wei are directors of KHJ	- 100.0	⁽²⁾ 100.0 - -
(vi)	Kim Hin Innovation Labs Pte Ltd ("KHIL")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei (c) KHI	(a) Pang Kim Hin is a director and substantial shareholder of KHIL (b) Pang Fu Wei is a director of KHIL (c) KHI is a major shareholder of KHJ, as well as the holding company of KHIL (d) Pang Kim Hin and Pang Fu Wei are directors of KHJ	- 100.0	⁽²⁾ 100.0 - -

No.	Transacting Related Parties		Interested directors/major shareholders in Related Parties	Nature of relationship	Shareholdings in the Related Parties	
	Provider	Recipient			Direct (%)	Indirect (%)
(vii)	Kim Hin Toys Pte Ltd ("KHT")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei (c) KHI	(a) Pang Kim Hin is a director and substantial shareholder of KHT (b) Pang Fu Wei is a director of KHT (c) KHI is a major shareholder of KHJ, as well as the holding company of KHT (d) Pang Kim Hin and Pang Fu Wei are directors of KHJ	- 100.0	(3) 100.0 -
(viii)	Mother and Child Ltd ("MCL")	KHJ Group	(a) Pang Kim Hin (b) Pang Fu Wei	(a) Pang Kim Hin is a director and substantial shareholder of MCL (b) Pang Fu Wei is a director of MCL (c) Pang Kim Hin and Pang Fu Wei are directors of KHJ	50.0 -	- -

Notes:-

- (1) Deemed interested by virtue of his spouse's shareholdings as well as his shareholdings held through Queemay Holdings Pte Ltd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his shareholdings held through KHI pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his shareholdings held through KHI pursuant to Section 8 of the Act.

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(b) Nature and details of the RRPTs

(i) Existing RRPTs

Transacting Related Parties		Nature of transactions						Reason for deviation where Actual value exceeds Estimated value by 10% or more (if any)
No.	Provider		Recipient(s)	Estimated value to be transacted from the forthcoming AGM to the next AGM (RM)	Actual value transacted from 30 May 2023 to LPD (RM)	Estimated value per last mandate (RM)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM)	
1.	Payment of rental ⁽¹⁾							
(i)	Cheng Yean	- KHJ	Payment of rental by KHJ to Cheng Yean for the tenancy of KHJ's headquarters and warehouses	530,000	160,000	530,000	80,000	N/A
		- Global Product	Payment of rental by Global Product to Cheng Yean for the tenancy of Global Product's headquarters and warehouses	360,000	170,080	360,000	74,560	N/A
		- Global Retail	Payment of rental by Global Retail to Cheng Yean for the tenancy of Global Retail's headquarters and warehouses	160,000	(20,960)	160,000	-	N/A
		- Queemay Toys	Payment of rental by Queemay Toys to Cheng Yean for the tenancy of Queemay Toys' headquarters and warehouses	50,000	10,880	50,000	5,440	N/A
2.	Payment of corporate management fees							
(i)	KHI	- Global Product	Payment of corporate management fees for management and support services relating to the following:- - strategic planning, formulation of business strategies, business development and overall management and supervision of Global Product's operations - support services relating to, amongst others, assistance in respect of marketing, Information Technology and other administrative functions	500,000	74,155	500,000	18,375	N/A

Transacting Related Parties					Reason for deviation where Actual value exceeds Estimated value by 10% or more (if any)		
No.	Provider	Recipient(s)	Nature of transactions	^Estimated value to be transacted from the forthcoming AGM to the next AGM (RM)	Actual value transacted from 30 May 2023 to LPD (RM)	Estimated value per last mandate (RM)	Estimated value to be transacted from the LPD up to the forthcoming AGM (RM)
2.	Payment of corporate management fees (cont'd)						
(ii)	Little Humans (formerly known as Mothercare Sg)	KHJ	Payment of corporate management fees for management and support services relating to digital marketing and customer service, group IT support services, business direction for marketplace and e-commerce, as well as the usage of website and e-commerce IT systems.	500,000	199,000	500,000	40,058
	N/A						
3.	Payment of corporate services fees						
(i)	KHJ Group	KHI group of companies ⁽²⁾	Payment of corporate services fees for management and support services relating to the following:- - Project management and coordination, channel and content management, campaign management, order management and customer service management for maintenance of website for market place and E-commerce. - support services relating to graphic design, conceptualize and curate corporation multichannel visual content.	500,000	122,864	500,000	32,000
	N/A						

Transacting Related Parties		No.	Provider	Recipient(s)	Nature of transactions						
4. Purchase of products											
(i)	KHI group of companies ⁽²⁾	KHJ Group	Purchase of products, comprising mainly Home & Travel ⁽³⁾ products	8,000,000	673,663	8,000,000	80,000	N/A			
(ii)	KHT	KHJ Group	Purchase of products, comprising mainly toy products	1,000,000	-	1,000,000	-	N/A			
5. Sale of products											
(i)	KHJ Group	KHI group of companies ⁽²⁾	Sale of products, comprising mainly Home & Travel ⁽³⁾ products	2,700,000	803,325	2,700,000	200,000	N/A			
(ii)	KHJ Group	KHT	Sale of products, comprising mainly toy products	300,000	-	300,000	-	N/A			

Notes:-

[^] The estimated values are based on management's estimates, which takes into account, amongst others, the transacted amount for the FYE 31 December 2023 and the forecasted values for the FYE 31 December 2024. The estimated values may vary and are subject to changes.

(1) The tenancy period of the rental is not more than 3 years, and the rental is payable on monthly basis. The respective size and location of the rental premises are set out as follows:-

Company	Size of premises (sq ft)	Location of premises
KHJ	29,332.00	Wisma Pang Cheng Yeau, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3 Kawasan Perindustrian Balakong Jaya 43300 Seri Kembangan Selangor Darul Ehsan (Tenure of the tenancy from 1 July 2023 to 30 June 2025)
Global Product	27,345.64	Wisma Choo Peck Lian* Lot 5205B, Jalan Perindustrian Balakong Jaya 1/3 Kawasan Perindustrian Balakong Jaya 43300 Seri Kembangan Selangor Darul Ehsan
Queemay Toys	1,986.36	(*Global Product and Queemay Toys are all located within the same premises) (Tenure of the tenancy from 1 July 2023 to 30 June 2025)

(2) KHI group of companies that KHJ Group purchases/sells products from/to comprise KHI, KHIL, Little Humans [Formerly known as Mothercare Sg]. Global Outsource, Trade Solutions, KHT and MCL under the Existing Mandate. These purchases/sales of products are carried out on ad hoc basis in circumstances where there are shortages of inventories and/or supply of certain brands, or when large orders were required to be fulfilled by our Group or the KHI group of companies. KHJ Group also has in place certain distribution arrangements with the KHI group of companies, for the sale of these house brand products developed and managed by these companies (which were previously provided for under the corporate management fees).

(3) 'Home & Travel' products comprises a range of products generally used in the care and upbringing of newborns, infants and children at home or for travelling purposes including baby feeding, car seats and bedroom items.

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2.5 Amount due from and owing by Related Parties pursuant to the RRPTs

As at the LPD, there is no amount due and owing by the Related Parties pursuant to the RRPTs that has exceeded the credit terms.

2.6 Review procedures for RRPTs

KHJ Group has established the following review procedures to be carried out to ensure that all related party transactions and RRPTs in the course of its business are made at arm's length basis, on transaction prices and at normal commercial terms, which are not more favourable to the Related Parties than those available to the public, and are not detrimental to the other shareholders of the Company who are not part of the transactions:-

- (a) KHJ shall assess the pricing, quality, terms and expertise of any goods or services that the Related Party offered. These shall be compared to the same goods/services offered by the normal unrelated open market transactions including the appropriate preferential rates and discounts accorded for the same purchases in terms of the commercial terms in the standard industry norm;
- (b) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities;
- (c) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, for instance, where the vendors is the sole distributor/ agents, the transaction price will be determined based on the usual business practice and policies of KHJ Group to ensure the RRPT is not detrimental to KHJ Group;
- (d) KHJ Group shall maintain a record of all the RRPTs entered into pursuant to the shareholders' mandate to ensure that the necessary approvals are obtained and proper review procedures are followed in respect of all these transactions;
- (e) All the RRPTs shall be presented for review to KHJ's Audit Committee on a quarterly basis to monitor and track to ensure these transactions are at arm's length and within the normal commercial terms and not more favourable to any party than those generally available to the public. The Audit Committee shall then report to the Board for further action if necessary;
- (f) In reviewing these transactions, the Audit Committee may request for additional information from professional sources as it deems fit to ensure that the transactions are within the scope of the Related Party Transactions policy. The Audit Committee shall also review the adequacy of the processes and procedures to track and monitor these RRPTs in a timely and orderly manner to ensure accuracy;
- (g) All Directors and major shareholders are required to declare and disclose any transaction in which they are deemed to have interest and give their undertakings that all business transactions entered between themselves and/or persons connected with them and KHJ Group are negotiated and agreed at arm's length basis based on normal commercial terms and are not to the detriment of the minority shareholders and favourable to the Related Party/Part(ies); and
- (h) There are no specific thresholds for approval of RRPTs within the KHJ Group. However, all RRPTs are subject to the approval of the Board. If any Directors or members of the Audit Committee have an interest(s) in the RRPT(s), he/she shall refrain from the deliberation and voting on the matter in relation to the RRPT(s).

2.7 Disclosure in Annual Report

All RRPTs shall be disclosed in the Company's Annual Report and the breakdown of the transactions pursuant to the Proposed Mandate during the financial year and for the subsequent financial year in the following manner:-

- (a) the aggregate value;
- (b) the nature/type;
- (c) names of the Related Party/Part(ies) involved; and
- (d) relationship of the Related Party/Part(ies) with KHJ Group.

2.8 Statement by the Audit Committee

The Audit Committee has seen and reviewed the procedures set out in **Section 2.6** of this Circular and is of the view that these procedures are sufficient to ensure that the RRPTs are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders. The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner as well as to ensure that the RRPTs are carried out:-

- (a) on an arm's length basis;
- (b) on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (c) are not detrimental to the minority shareholders of the Company.

The Audit Committee has the overall responsibility of determining whether the procedures set out in **Section 2.6** are appropriate and applicable to KHJ Group. The Audit Committee will review and ascertain the procedures in **Section 2.6** annually, as well as when the need arises.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED MANDATE

The Proposed Mandate will enable the KHJ Group to carry out RRPTs necessary for the Group's day-to-day operations, which may be time sensitive in nature, and will eliminate the need to announce and convene separate general meetings from time to time to seek shareholders' mandate for such transaction. In doing so, the Company will avoid incoming substantial expenses associated with the convening of general meetings on an ad hoc basis, thereby improving administrative efficiency.

The Board is also of the view that the RRPTs are beneficial to KHJ Group. The close commercial relationships that have been established with the Related Parties have created an effective network that KHJ Group can draw upon to support its operational needs, deriving synergistic and operational benefits to support its retail, marketing and distribution functions.

4. EFFECTS OF THE PROPOSED MANDATE

The Proposed Mandate will not have any material effect on the share capital of the Company, as well as the consolidated net assets, gearings, earnings and earnings per share as well as the shareholdings of the substantial shareholders of the Company.

5. CONDITIONALITY OF THE PROPOSED MANDATE

The Proposed Mandate is subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

The direct and indirect interests of the interested directors and interested major shareholder of the Company as at the LPD are as follows:-

	Shareholdings in KHJ as at LPD			
	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
<u>Interested directors</u>				
Pang Kim Hin	11,280,700	2.97	⁽¹⁾ 235,600,000	62.00
Pang Fu Wei	538,800	0.14	-	-
<u>Interested major shareholder</u>				
KHI	235,600,000	62.00	-	-

Note:-

(1) Deemed interested by virtue of his shareholdings held through KHI pursuant to Section 8 of the Act.

By virtue of their directorships and shareholdings in KHJ and the Related Parties as disclosed in **Section 2.4** of this Circular, the interested directors, mainly Pang Kim Hin and Pang Fu Wei ("**Interested Directors**") have abstained and will continue to abstain from the Board's deliberations and voting on the Proposals. They will also abstain from voting in respect of their direct and/or indirect shareholdings in KHJ on the resolution approving the Proposed Mandate at the forthcoming AGM.

In addition, the interested major shareholder of the Company, namely KHI will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Mandate at the forthcoming AGM.

The aforementioned Interested Directors and interested major shareholder of the Company have also undertaken to ensure that the persons connected to them (if any) will abstain from deliberating and/or voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Mandate.

7. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed Mandate, is of the opinion that the Proposed Mandate is in the best interest of the Company and accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution on Proposed Mandate to be tabled at the forthcoming AGM.

8. AGM

The 43rd AGM, the notice of which is enclosed in the Annual Report 2023 of KHJ, will be held at Room 3, 18th Floor, Tower 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Thursday, 30 May 2024 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications the resolution so as to give effect to the Proposed Mandate.

If you are unable to participate and vote at the 43rd AGM, please complete, sign and return the Proxy Form in accordance with the instructions provided therein to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the 43rd AGM, or at any adjournment thereof at which the person named in the instrument proposes to vote.

The Notice of the Company's 43rd AGM and Proxy Form are available on the Company's website at www.khj-my.com. The lodging of the Proxy Form does not preclude you from participating and voting in person at the 43rd AGM should you subsequently decide to do so.

9. FURTHER INFORMATION

You are advised to refer to the attached appendix of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
KIM HIN JOO (MALAYSIA) BERHAD

CHEW SOO LIN
Senior Independent Non-Executive Director

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of KHJ and they collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular 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.

2. MATERIAL CONTRACTS

The Group has not entered into any material contract which is not in the ordinary course of KHJ Group's business within the 2 years immediately preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither our Company nor our subsidiaries are involved in any material litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of the Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any legal proceeding which may have a material adverse effect on the business or financial position of the Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Wisma Pang Cheng Yean, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian Balakong Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) the Constitution of KHJ; and
- (b) audited consolidated financial statements of KHJ Group for the past 2 FYEs ended 31 December 2022 and 31 December 2023.

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