

**KIM HIN JOO (MALAYSIA) BERHAD**  
**(“KHJ” or the “Company”)**  
**Registration No. 197801000642 (37655-U)**

SUMMARY KEY MATTERS DISCUSSED AT THE THIRTY NINTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE BROADCAST VENUE AT TR12-R01 & TR12-R02, 12TH FLOOR, MENARA SYMPHONY, NO. 5, JALAN PROFESSOR KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 29 JULY 2020 AT 2.30 P.M.

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**1. CHAIRMAN**

Ms Kor Yann Ning (“**the Chairman**”), being the Independent Non-Executive Director of the Company, who has been nominated by the Board to chair this Annual General Meeting (“**AGM**” or “**the Meeting**”), presided as the Chairman of the Meeting and welcomed all shareholders, proxies and invitees to the Thirty Ninth (“**39th**”) AGM of the Company, being the Company’s first AGM held as a public listed company, subsequent to its listing on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 8 July 2019. The 39<sup>th</sup> AGM of the Company was conducted through live streaming and online remote participation by using Remote Participation and Voting (“**RPV**”) facilities which is in compliance with Section 327 of the Companies Act 2016 (“**the Act**”) and Clause 66 of the Constitution of the Company.

The Chairman also informed that the conducting of the fully virtual meeting served as a precautionary measure to combat the spread of the coronavirus outbreak (“**Covid-19**”) and to support the Government’s guidelines of not having mass gatherings.

**2. QUORUM**

The Company Secretary informed that based on the report issued by the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd (“**BSR**”), a total of 40 participants, comprising shareholders, proxies and corporate representatives, representing 255,925,300 ordinary shares or 67.35% of the total issued and paid up share capital of the Company have registered to attend the Meeting via RPV facilities.

The Company Secretary then confirmed that a quorum was present. With the requisite quorum being present in accordance with Clause 65 of the Constitution of the Company, the Meeting was called to order at 2.30 p.m.

**3. INTRODUCTION OF BOARD MEMBERS AND MEETING PARTICIPANTS**

As the 39th AGM was a fully virtual meeting held during the Recovery Movement Control Order period, a majority of its Board members had participated the Meeting remotely. This is in accordance with the Revised Guidance Note on the Conduct of General Meetings issued by the Securities Commission of Malaysia on 24 June 2020 where it was guided that the fewest possible essential individuals be physically present at the broadcast venue. The Chairman then proceeded to introduce the Directors, Company Secretary, Sponsors, Auditors and Scrutineers who were in attendance with her at the broadcast venue, as well as the Directors who participated the Meeting remotely.

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#### **4. NOTICE AND SUMMARY OF PROXIES RECEIVED**

The Meeting noted that the Company had on 30 June 2020 issued the Notice of the 39<sup>th</sup> AGM announcing that the Meeting will be conducted as a fully virtual meeting. With the consent of the shareholders and proxies present, the Notice of the Meeting having been circulated within the prescribed period, was with the permission of the Meeting, taken as read and proceeded with the agenda proper.

The Meeting further noted that the Company had received in total 14 proxy forms from the shareholders for a total of 254,578,500 ordinary shares, representing 66.99% of the issued and paid up share capital of the Company. Out of these, there were 8 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented stood at 13,340,300, which represented 3.51% of the issued and paid up share capital of the Company.

The Chairman then invited the shareholders and proxies to raise questions by transmitting via the chat box, which can be submitted at any time throughout the Meeting until the announcement on closure of the Q&A session, and reminded the participants that no photography, screenshot, or any form of audio or video recording is allowed at this Meeting.

#### **5. VOTING PROCEDURES**

The Meeting noted that it is mandatory for any resolution to be passed at general meeting to be voted by poll pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities. Accordingly, the Chairman directed the poll to be taken on all the resolutions set forth in the Notice of the 39<sup>th</sup> AGM and subsequently to be conducted by way of electronic polling.

The Chairman further informed that the Company has appointed BSR to conduct the poll voting electronically and Malaysian Issuing House Sdn Bhd as the Scrutineer to verify the poll results. The results of the poll voting will be announced after the Scrutineer has verified the poll results upon closure of the voting session.

Shareholders and proxies were informed that the voting on the resolutions could be done any time throughout the Meeting until the closure of the voting session. The process of voting was shared by the Poll Administrator vide tutorial powerpoint.

#### **6. PRESENTATION ON GROUP OVERVIEW BY THE EXECUTIVE DIRECTOR**

At the invitation of the Chairman, Ms Goh Poh Teng, the Executive Director of the Company presented the Group's corporate snapshot, corporate milestone and business overview with the salient points as set out below:

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1. Corporate Snapshot

- The Group has a proven track record as a retailer of baby, children and maternity products for more than 30 years, with its retail business having grown from a single Mothercare outlet in 1987 to 20 Mothercare outlets and 12 Early Learning Centre (“ELC”) Store-In-Store (“SIS”) to-date, including the establishment of its first The Entertainer outlet in the Far East.
- The Group holds exclusive rights to sell Mothercare and ELC products in Malaysia and is able to leverage on the Mothercare and ELC brand names, which are globally recognised brands synonymous with baby, children and maternity products and are commonly associated with choice, quality and safety.
- The Group has close collaborations with their franchisors and established relationships with brand owners and suppliers. Through these strong long-term working relationships, the Group has expanded their initial selected range of baby, children & maternity products to include a wide range of such products.
- The large portfolio of baby and children products has enabled the Group to be a retailer of choice for baby and children products with proven quality and safety.
- With the Group’s experience and reputation for offering products with proven quality and safety, the Group is well-positioned to continue expanding their network of Mothercare outlets, ELC SIS, The Entertainer outlets and distribution points.
- The distribution business which commenced operations in 2008 grew from the initial 12 distribution points to an estimate 500 distribution points spread throughout Malaysia and 7 distribution points overseas, excluding Mothercare outlets for financial year ended 31 December 2019 (“**FYE 2019**”).
- The Group also does not have any borrowings, and hence has no interest liability and ample cash for its expansion plans.

2. Corporate Milestone

- The Company was incorporated as a private limited company under the name of Kim Hin Joo (Malaysia) Sdn Bhd in 1978 and started its retail journey with the first development agreement signed with Mothercare UK in 1986 and the first Mothercare outlet opened in KL Plaza in 1987.
- In 2007, the Group’s retail presence expanded outside the Klang Valley with the opening of the first Mothercare outlet in Gurney Plaza, Penang.
- The Group then embarked on a robust growth process and successfully forayed into distributorship in 2008 through Global Product Solutions Sdn Bhd to complement its existing retail business.
- By 2011, the distribution business has crossed over 100 distribution points throughout Malaysia and in 2010, the Group signed the development agreement with ELC UK, to begin offering ELC products through ELC outlets which are all operated as a SIS within their Mothercare outlets.
- The Group then entered into the third development agreement with Mothercare UK in 2011 and expanded its Suria KLCC outlet to 9,544 square feet to become the Group’s flagship outlet.
- The Group continues to grow the business by expanding its retail presence to East Malaysia with the opening of the Mothercare outlet and ELC SIS in Suria Sabah Mall, Kota Kinabalu in 2014.

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- The Group also diversified the retail operations into the online retail space in 2016 and launched the Mothercare online store.
- In 2018, the Suria KLCC outlet further expanded to 12,949 square feet, making it the largest outlet in the Group's retail network.
- In 2019, the Company was successfully listed on the ACE Market of Bursa Securities and the Group further opened three (3) new Mothercare outlets at Mid Valley Southkey, Sunway Velocity Mall and Empire Shopping Gallery. The outlet in Mid Valley Southkey is the Group's flagship outlet with a space of 5,619 square feet.
- The Group has ventured into the toys market with The Entertainer and successfully opened its first outlet in Sunway Pyramid in June 2020, adjacent to the Group's 20<sup>th</sup> Mothercare outlet in the said mall.

**3. Business Overview**

- The Group's business activities are categorised into two (2) main segments, namely retail and distribution segments.
- As at FYE 2019, the retail segment and distribution segment generated 84.6% and 15.4% of the Group's revenue respectively.
- On the retail segment, the current number of retail outlets of the Group currently stands at 20 Mothercare outlets, 12 ELC SIS and 1 The Entertainer outlet in Malaysia.
- For the distribution segment, the Group is the authorised distributor for brands such as Tommee Tippee, Konfidence, Zoggs, Gaia, 59s and Giggles, and have approximately 500 distribution points across the Group's network. The Group's top major customers under the distribution segment include ManjaKu, AEON, One Baby World and Grand Baby Shop.

**7. PRESENTATION ON GROUP'S FINANCIAL HIGHLIGHTS BY THE CHIEF FINANCIAL OFFICER**

At the invitation of the Chairman, Ms Phuan Siew Ling, the Chief Financial Officer of the Company presented the financial highlights of the Group for FYE 2019 with the salient points as set out below:

- The Group's revenue has increased from RM97.7 million to RM101.4 million, an increase of RM3.7 million or 3.8% compared to the financial year ended 31 December 2018, mainly due to the KLCC outlet expansion and opening of three (3) new outlets during the year.
- Clothing and Home and Travel products segment has contributed to more than 90% to the Group's revenue, whilst Toys contributed around 7% of the Group's revenue.
- Profit Before Tax was lower compared to the financial year ended 31 December 2018, mainly due to the impact of MFRS 16 accounting changes relating to leases which came into effect from 1 January 2019 and increase in operating expenses arising from the Company's listing.
- The balance sheet of the Company remains strong with positive cash flow and zero borrowings recorded.
- The Company has declared a total dividend of RM5.7 million, which translates to a dividend pay-out of 60.5% for the financial year, which is above the Company's adopted dividend policy of not less than 40% of the Company's annual audited net

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profit attributable to its shareholders as initially disclosed in its Prospectus dated 19 June 2019; and

- Actual utilisation of IPO proceeds as at 31 December 2019 was 29.3%.

## **8. PRESENTATION ON GROUP'S FUTURE BUSINESS PROSPECTS BY THE MANAGING DIRECTOR**

At the invitation of the Chairman, Mr Pang Fu Wei, the Managing Director of the Company presented the Group's future business prospects with the salient points as set out below:

- The implementation of the Movement Control Order (“MCO”) and temporary closure of retail outlets have affected the Group's overall retail operations and impacted their overall financial performance. The Group's retail segment recorded a loss for two (2) consecutive months during the implementation of the MCO from March 2020 to April 2020. Nevertheless, the retail trade recovered and rebounded from the tumble in April 2020 upon the re-opening of a large portion of the economic sectors and business activities starting 4 May 2020 subject to strict compliance of standard operating procedures in controlling and containing the spread of Covid-19, under the conditional MCO.
- During this short interval, the Group embarked on cost cutting measures by being prudent on its capital expenditures and focuses on enhancing its cash flow.
- The Group's long-term strategy focuses on diversification to improve its productivity and revenue, with the first The Entertainer outlet opened at Sunway Pyramid on 19 June 2020, and two (2) more new outlets in the pipeline.
- The Covid-19 however presented an opportunity for the Group to engage with landlords for potential good locations for new outlet openings, alongside with the Group's existing Mothercare outlets.
- Management opined that the Covid-19 has fundamentally changed customers' shopping preference to online shopping experiences, and the Group understands the strategic importance of developing its new e-commerce platform, to improve its proposition to its customers, build resilience within its business and allow it to fulfil the distribution needs of its network across Malaysia, as online sales is expected to grow by 13.3% over the next five (5) years.
- The Group is constantly focusing on digitalisation and will roll out a fully integrated solution in year 2021, known as Oracle System, to enable its customers to browse online catalogue, identify which outlet has the intended items in stock, make the purchase online and arrange for in-store collection within an hour after the purchase is completed.

## **9. QUESTIONS AND ANSWERS SESSION**

The Chairman succinctly addressed the questions received from the members via the chat box, details are set out as below:-

- (i) Mr Hong Kok Chuang raised a query on whether the Company plans to transfer to the Main Market within the next 5 or 10 years. Mr Pang Kim Hin (“**Mr Pang**”), the

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Non-Independent Non-Executive Chairman of the Board, replied that the Group is working hard to make up for the shortfall resulting from the Covid-19 and in the interim will be focusing on the necessary actions to overcome the immediate challenges brought about by Covid-19. Once resolved, Management will consider the possible transfer of listing to the Main Market.

- (ii) Mr Hong Kok Chuang, Mr Yeoh Yun Wei and Ms Chow Wai Sum enquired on the prospect of the Company and its strategies moving forward in light of the Covid-19. Mr Pang highlighted that the plans for The Entertainer is still in the pipeline, with the first outlet opened at Sunway Pyramid in June 2020 and a second outlet targeted for opening in the third quarter of 2020. The Group is focusing on digitalisation of its system and once the new Oracle System is launched, the Group will be better placed to take on the challenges of the e-commerce market. In addition, the Covid-19 has provided the Group a better opportunity to bargain for better rental rates with the landlords.
- (iii) Mr Lew Tuck Wai (“**Mr Lew**”) raised a query on whether the first The Entertainer outlet has opened as stated in page 37 of the Annual Report 2019, and whether the Covid-19 resulted in any changes to the planned opening and expansion of the toy segment. Mr Pang assured that the first The Entertainer outlet has opened at Sunway Pyramid on 19 June 2020 and highlighted that the demand for toys has in fact increased during this Covid-19 period as children were required to stay at home and practice social distancing. The Group is working hard to match this greater demand for toys by liaising with as many stores and landlords as possible to consider the opening of more toy stores.
- (iv) Mr Hong Kok Chuang, Ms Tan Hooi Im, Mr Lau Ati @ Lau Chuan Teng enquired on whether the Company would consider distribution of e-vouchers to the participants of the Meeting. Mr Pang agreed that the proposals were excellent suggestions to be considered for future AGM of the Company.
- (v) Mr Lew highlighted that the Company’s share price has been below its Initial Public Offering (“**IPO**”) price since listing, where its declaration of higher dividend pay-out above its dividend policy of more than 40% has enabled its shareholders to obtain a reasonable return based on the IPO price of RM0.43. In view of the net cash position and good cash flow of the Company, he raised a query on whether similar dividend pay-out ratio would be expected for the financial year 2020. Mr Pang shared similar disappointment with the performance of the share price post-listing and highlighted that the Group is committed to ensure it continues to remain profitable and may continue to issue dividend payments to its shareholders. He informed that Management is optimistic with the financial prospect of the Company for year 2021 post Covid-19 turning positive with the presence of The Entertainer franchise.
- (vi) Mr Lee Yaw Hiong (“**Mr Lee**”) and Mr Eugene Chan Weng Keon raised a query on the reason for the drop in share price since IPO and if the Board plans to support the lower share price. Mr Lee further queried if there will be any plans to carry out share

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buyback exercises, and on the ongoing expansion plans for The Entertainer outlets. Mr Pang clarified that the Company is only allowed to obtain share buy-back mandate from its shareholders after the expiry of its sponsorship period of at least three (3) financial years post-listing or at least one (1) full financial year after the Company has generated operating revenue, as stipulated under Rule 3.21 of the ACE Market Listing Requirements of Bursa Securities. Regarding the share price, Mr Pang opined that it is reflective of the revenue generated by the Company and as such, the Board is focusing in ensuring continued revenue growth for both the retail segment and distribution segments, by focusing on The Entertainer brand as a growth driver and securing key major distribution agencies.

**10. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Chairman informed the Audited Financial Statements for the financial year ended 31 December 2019 (“AFS”) together with the Directors’ and the Auditors’ Reports thereon which had been circulated to all shareholders within the prescribed period were laid at the Meeting for discussion as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders.

It was recorded that the AFS together with the Directors’ and Auditors’ Reports thereon were properly laid and had been duly received.

**11. VOTING RESULTS**

All the following resolutions tabled at the 39<sup>th</sup> AGM of the Company were duly passed by the shareholders of the Company:-

**Ordinary Business**

<b>Resolution</b>	<b>Business</b>
Ordinary Resolution 1	Approval of the additional payment of Directors’ Fees amounting to RM6,000 which was in excess of the earlier approved amount of RM200,000 for the financial year ended 31 December 2019.
Ordinary Resolution 2	Approval of the payment of Directors’ Fees payable to the Directors of the Company on quarterly basis in arrears after each quarter of completed service of the Directors up to an aggregate of RM430,000 from 1 January 2020 until the conclusion of the next AGM of the Company in year 2021.
Ordinary Resolution 3	Re-election of Mr Pang Kim Hin who is retiring pursuant to Clause 95 of the Company’s Constitution.
Ordinary Resolution 4	Re-election of Ms Goh Poh Teng who is retiring pursuant to Clause 95 of the Company’s Constitution.

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Ordinary Resolution 5	Re-election of Mr Hew Moh Yung who is retiring pursuant to Clause 101 of the Company's Constitution.
Ordinary Resolution 6	Re-election of Mr Pang Fu Wei who is retiring pursuant to Clause 101 of the Company's Constitution.
Ordinary Resolution 7	Re-appointment of Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Special Business**

<b>Resolution</b>	<b>Business</b>
Ordinary Resolution 8	Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act 2016.
Ordinary Resolution 9	Proposed Shareholders' Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

**12. CLOSURE**

There being no other business to be transacted, the Meeting terminated at 3.30 p.m. with a vote of thanks extended to the Chairman of the Meeting.

\*\*\*\*\*[End]\*\*\*\*\*