

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

MINUTES OF THE FORTIETH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ON A FULL-VIRTUAL BASIS VIA REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES HELD AT THE MAIN VENUE AT WISMA PANG CHENG YEAN, LOT 5205C, JALAN PERINDUSTRIAN BALAKONG JAYA 1/3, KAWASAN PERINDUSTRIAN BALAKONG JAYA, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN, MALAYSIA ON FRIDAY, 18 JUNE 2021 AT 10.00 A.M.

PRESENT:

DIRECTORS

Ms Kor Yann Ning	Chairperson
*Mr Pang Kim Hin	Non-Independent Non-Executive Chairman
*Mr Pang Fu Wei	Managing Director
*Ms Goh Poh Teng	Executive Director
*Mr Chew Soo Lin	Senior Independent Non-Executive Director
*Mr Yen Se-Hua Stewart	Independent Non-Executive Director
*Mr Hew Moh Yung	Independent Non-Executive Director

IN ATTENDANCE

*Ms Chia Mei Thee	-	Representing the Company Secretary
*Ms Chang Kim Win	-	Chief Financial Officer
*Mr Goh Yao Yen	-	Sponsors, UOB Kay Hian Securities (M) Sdn Bhd
* Ms Tan Yu Min	-	Auditors, Deloitte PLT

Note:

**Participated vide online platform at <https://web.lumiagm.com>*

The list of shareholders, proxies and invitees who participated in the Fortieth Annual General Meeting (“**40th AGM**” or “**the Meeting**”) of the Company are set out in the Attendance Sheets and shall form an integral part of these Minutes.

INTRODUCTION BY THE CHAIRPERSON

Ms Kor Yann Ning (“**the Chairperson**”), being the Independent Non-Executive Director of the Company, who has been nominated by the Board to chair the 40th AGM, presided as the Chairperson of the Meeting and welcomed all shareholders, proxies and invitees to the 40th AGM of the Company which was conducted through live streaming and online remote participation by using Remote Participation and Electronic Voting (“RPV”) Facilities, in accordance with Section 327 of the Companies Act 2016 and Clause 66 of the Constitution of the Company. The Chairman also informed that the online AGM was in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia.

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- Minutes of the Fortieth Annual General Meeting held on 18 June 2021

QUORUM

Upon confirmation by the representative of the Company Secretary that the requisite quorum was present in accordance with Clause 65 of the Constitution of the Company, the Chairperson called the Meeting to order at 10.00 a.m.

The Chairperson then proceeded to introduce the Members of the Board and advisers to the shareholders.

NOTICE OF MEETING

With the consent of the members present, the Notice convening the Meeting having been circulated for the prescribed period was taken as read.

SUMMARY OF PROXIES RECEIVED

The Company had received in total 9 proxy forms from the shareholders for a total of 266,111,000 ordinary shares, representing 70.03% of the total issued and paid up share capital of the Company. Out of these, there were 6 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented stood at 29,503,000 which represented 7.76% of the total issued and paid up share capital of the Company.

POLLING AND ADMINISTRATIVE DETAILS

In accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of Meeting would be voted by poll. The Chairperson, in her capacity as Chairperson of the Meeting, demanded for a poll to be taken on all resolutions set out in the Notice of Meeting pursuant to the Constitution of the Company.

The Chairperson further informed the Meeting that the poll would be conducted via electronic and remote poll voting. The Company had appointed Boardroom Share Registrars Sdn Bhd, the Company's Share Registrar as Poll Administrator to conduct the electronic polling process and SKY Corporate Services Sdn Bhd as Independent Scrutineer to verify the polling procedure and process as well as the eventual poll results. The Meeting was briefed on the electronic and remote poll voting to be conducted and the housekeeping rules for the electronic and remote poll voting process.

PRESENTATION ON FINANCIAL YEAR 2020 SNAPSHOT

At the invitation by the Chairperson, Mr Pang Fu Wei, the Managing Director of the Company presented the financial year 2020 ("FY2020") Snapshot.

Mr Pang Fu Wei highlighted that 2020 would be long remembered for the Covid-19 pandemic. It has caused unprecedented economic disarray and continues to bring uncertainty, stress and disruption to our community. Faced with months of Movement Control Order ("MCO"), our Group's results for the FY2020 reflected the impact of the pandemic on our business.

Nevertheless, against this challenging backdrop, the Company successfully launched our new toy retail concept, The Entertainer, with the opening of two (2) outlets at Sunway Pyramid and East Coast Mall and grew the Mothercare presence to twenty (20) outlets. The performance of the new outlets has been very encouraging and helped us cushion the impact of the Covid-19 pandemic on our Group's revenue over the past year.

Another bright spot for our business during the pandemic was our online presence. Over the past year, we have strengthened our e-commerce capabilities and expanded further online. This has resulted in 120% growth in our online platform as compared to the previous financial year. As a result, the Group achieved a revenue of RM80.4 million, profit after tax of RM5.3 million with a dividend yield of 3.8%.

PRESENTATION ON FINANCIAL HIGHLIGHTS

Ms Chang Kim Win, the Chief Financial Officer of the Company presented the financial highlights of the Group for FY2020, the salient items as set out below:

- The Group's revenue has decreased from RM101.4 million to RM80.4 million, a decrease of RM20.9 million or 20.7% as compared to the financial year ended 31 December 2019 ("FY2019"), mainly due to lower sales recorded from the retail segment arising from the impact of the Covid-19 pandemic and the temporary closure of the retail outlet operations from March 2020 to May 2020 due to the implementation of the MCO as well as the Conditional MCO by the Government during the second half of year 2020.
- The Group's revenue was derived from two (2) business segments i.e. Retail and Distribution wherein the Retail segment contributed more than 80% of the Group's revenue.
- There were three (3) product categories wherein Clothing and Home and Travel contributed more than 90% of the Group's revenue, whilst Toys contributed 8% of the Group's revenue.
- As a result of the decreased in revenue, the Group recorded a Profit Before Tax of RM7.4 million for FY2020 which was lower as compared to the FY2019.
- The Balance Sheet of the Company remained strong with positive cash flow and zero borrowings recorded.
- Total dividend of RM3.8 million has been declared, which translates to a dividend pay-out of 71.1%, which was above the Company's adopted dividend policy of 40%.

PRESENTATION ON OPERATING HIGHLIGHTS

Mr Pang Fu Wei, the Managing Director of the Company presented the Operating Highlights of the Group for FY2020. He highlighted that the Group had implemented several measures and focus as follows:-

- Improved online presence and collaborated with online marketplaces such as Lazada and Shopee.
- Optimized cashflow through successful negotiations with landlords for rental rebates during the MCO period and secured lower rental rates for upcoming leases which would translate into savings in coming years.

KIM HIN JOO (MALAYSIA) BERHAD
Registration No. 197801000642 (37655-U)

- *Minutes of the Fortieth Annual General Meeting held on 18 June 2021*

- Strengthened the market position with the opportunity to continue in the expansion plans at strategic locations to increase the market foothold and has expanded additional outlets in the Klang Valley and Peninsular East Coast.
- As at December 2020, there were a total of twenty (20) Mothercare outlets, thirteen (13) ELC SIS, and two (2) The Entertainer outlets across Malaysia.
- Secured additional three (3) outlets for the year 2021.
- To revamp the website prior to overhauling the backend IT infrastructure and would be launching a new and improved version website wherein the transition would be from a Multichannel retailer to an Omnichannel retailer.
- Plans to reinvent the physical retail stores and launch Malaysia's "Mothercare" first experience store and was expected to commence operation by third quarter of FY2021.

Mr Pang Fu Wei ended his presentation by concluding that despite the ongoing Covid-19 crisis, the Group's expansion plans remain intact, cash flow to date remains healthy and dividend payout has been consistent.

The Chairperson thanked Mr Pang Fu Wei for his presentation and proceeded with business on the agenda as set out in the Notice of 40th AGM.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Chairman informed that the Audited Financial Statements of the Company for the financial year ended 31 December 2020 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 Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors' and Auditors' Report thereon be and are hereby received by the shareholders.

After the Chairperson went through each of the motions set out in the Notice of the Meeting, the Chairperson informed the Meeting that the Company has received several questions from the members prior and during the Meeting.

The questions raised by the members were succinctly addressed, details of which were as follows:-

- i) ***How much does the Company spend on the virtual AGM? Would the Board kindly consider giving e-wallet or e-voucher as a token of appreciation to shareholders attending the AGM via RPV, especially during this current difficult period of Full MCO.***

Ms Chang Kim Win replied that the cost for conducting the virtual AGM was higher than the cost for conducting a physical AGM. The Company would consider giving e-vouchers to the members present at the next AGM.

ii) ***What is the impact of Covid-19 Pandemic on the Company's growth in business?***

Mr Pang Fu Wei highlighted that it was impossible for the Company not to be affected by the MCO especially since the Company has a wide presence of physical stores and it would be difficult to determine how much would be the impact arising from the Covid-19 pandemic as it was uncertain of how long the MCO would last. He further informed that the Company would try its best to scale up the online presence to try to buffer against the dipped in the physical stores sales and would be revamping the website to further scale the online presence as highlighted during his earlier presentation.

iii) ***In IPO Prospectus, the Company laid out the plan to extend retail network by opening four (4) to five (5) new Mothercare outlets within three (3) years of its listing. Can Management provide update on the plan?***

Mr Pang Fu Wei informed that as highlighted earlier in his presentation, there were two (2) Mothercare stores opened in FY2020 and have secured further one (1) Mothercare store and two (2) The Entertainer stores in year 2021.

iv) ***a) What is the duration of the Franchise Agreement for both ELC and Mothercare?***

Prior to addressing the question, Mr Pang Kim Hin ("Mr Pang"), the Non-Independent Non-Executive Chairman of the Company welcomed all members present at the 40th AGM of the Company and expressed that it was a privilege for him to be at this Meeting but unfortunately, he could not attend physically and had to attend remotely in Singapore.

Mr Pang informed the Meeting that both the ELC and Mothercare agreements were for a period of ten years wherein the Mothercare Agreement would expire in September 2021 and the ELC Agreement has expired. He further informed that the lawyers have been looking into the ELC Agreement but there were delays in finalising the agreement due to the lockdown in the United Kingdom.

Mr Pang highlighted that the good news for the Mothercare Agreement was that an agreement has been reached for a period of 20 years wherein the lawyers were in the process of finalising the details which have been agreed by both the relevant parties.

b) What would be the estimated capital expenditure for the coming year?

Ms Chang Kim Win informed that the estimated capital expenditure for year 2021 was budgeted at RM3.2 million for expansion plan.

v) ***a) How many more new stores for Mothercare and The Entertainer plan to open and the duration?***

b) Any new other brand to be developed or joint venture by the Company?

Mr Pang Fu Wei informed the Meeting that due to the ongoing Covid-19 situation, all the new store negotiations were put on hold and the Company was hesitant to sign the lease whilst awaiting for the economy to turn around and things to improve in the right direction prior to returning to the expansion mode again.

- vi) a) *85% of the stores are located in the Klang Valley, are there still room to grow in Klang Valley as sub-urban area has lower purchasing power and lower willingness to purchase premium Mothercare products?*
- b) *Where does the growth opportunity lie? Can you kindly explain both in location and products type?*
- c) *The Company plan to utilise RM3.0 million from the IPO proceeds to upgrade IT, but why are we holding back the IT spending?*

Mr Pang Fu Wei informed the Meeting that Mothercare business has reached the maximum capacity in the region of Klang Valley and the Company has been looking into opportunities for exploring second-tier cities such as Ipoh, Malacca and Miri.

The IT rollout was meant to follow Singapore's structure but unfortunately, there were significant delays in Singapore project rollout which forced the Company to relook into the entire rollout schedule and infrastructure for the Malaysian business and whether it would be the right way to use the same system and the same system integrators as in Singapore. Even though similar system would be used but a different system integrator would be required which was part of the reason for the delay in the upgrading.

- vii) *Given the implementation of the Full MCO, do you foresee the results of KHJ will be worse than 2020 results or otherwise?*

Mr Pang Fu Wei highlighted to the Meeting that he was unable to give guidance on this matter and he expressed his personal view that it would be more challenging for this year as compared to the previous year.

After having addressed all the questions raised, the Chairperson proceeded to announce the results of the poll as follows:-

POLL RESULTS

1. ORDINARY RESOLUTION 1

- **DIRECTORS' FEES PAYABLE TO DIRECTORS FROM THIS FORTHCOMING 40TH AGM UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING**

The Chairperson announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 1	No. of Shareholders:	27	No. of Shareholders:	5	Accepted
	No. of Shares:	43,116,900	No. of Shares:	30,400	
	% of Voted Shares:	99.9295	% of Voted Shares:	0.0705	

It was RESOLVED:-

“THAT the 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 amount of RM320,000.00 from this forthcoming 40th AGM until the conclusion of the next Annual General Meeting of the Company be and is hereby approved”.

2. **ORDINARY RESOLUTION 2**
- **RE-ELECTION OF MR CHEW SOO LIN**

The Chairperson announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 2	No. of Shareholders:	32	No. of Shareholders:	3	Accepted
	No. of Shares:	291,817,600	No. of Shares:	400	
	% of Voted Shares:	99.9999	% of Voted Shares:	0.0001	

It was RESOLVED:-

“THAT Mr Chew Soo Lin who retired pursuant to Clause 95 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

3. **ORDINARY RESOLUTION 3**
- **RE-ELECTION OF MR YEN SE-HUA STEWART**

The Chairperson announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 3	No. of Shareholders:	33	No. of Shareholders:	3	Accepted
	No. of Shares:	291,827,600	No. of Shares:	400	
	% of Voted Shares:	99.9999	% of Voted Shares:	0.0001	

It was RESOLVED:-

“THAT Mr Yen Se-Hua Stewart who retired pursuant to Clause 95 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

4. ORDINARY RESOLUTION 4
- RE-APPOINTMENT OF MESSRS DELOITTE PLT AS AUDITORS

The Chairperson announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 4	No. of Shareholders:	34	No. of Shareholders:	2	Accepted
	No. of Shares:	291,827,900	No. of Shares:	100	
	% of Voted Shares:	100.0000	% of Voted Shares:	0.0000	

It was RESOLVED:-

“THAT Messrs Deloitte PLT be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and that the Directors be authorised to fix their remuneration.”

5. ORDINARY RESOLUTION 5
- PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT, 2016

The Chairperson announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 5	No. of Shareholders:	28	No. of Shareholders:	8	Accepted
	No. of Shares:	280,672,800	No. of Shares:	11,155,200	
	% of Voted Shares:	96.1775	% of Voted Shares:	3.8225	

It was RESOLVED:-

“THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the Constitution of the Company and approval of all the relevant governmental and/or regulatory authorities, where such approval is necessary.”

6. **ORDINARY RESOLUTION 6**

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

The Chairperson announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 6	No. of Shareholders:	31	No. of Shareholders:	2	Accepted
	No. of Shares:	35,363,300	No. of Shares:	100	
	% of Voted Shares:	99.9997	% of Voted Shares:	0.0003	

It was RESOLVED:-

“THAT subject to the provisions of the Constitution of the Company and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the recurrent related party transactions (“**RRPT**”) of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 20 May 2021 provided that:-

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report on the breakdown of the aggregate value of the RRPT conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of RRPT made, the names of the related parties involved in each type of RRPT and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:-

- i) the conclusion of the next AGM of the Company following the forthcoming 40th AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

KIM HIN JOO (MALAYSIA) BERHAD
Registration No. 197801000642 (37655-U)

- Minutes of the Fortieth Annual General Meeting held on 18 June 2021

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

CONCLUSION

The Chairperson on behalf of her fellow board members extended her appreciation to the stakeholders, shareholders and business partners for their continued support. There being no other business to be transacted, the Meeting concluded at 10.55 a.m. with a vote of thanks to the Chair.