

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

MINUTES OF THE FORTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ON A VIRTUAL BASIS THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT 12TH FLOOR, MENARA SYMPHONY, NO. 5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR, MALAYSIA ON FRIDAY, 27 MAY 2022 AT 10.00 A.M.

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**PRESENT:**

**DIRECTORS**

Mr Pang Kim Hin	- Non-Independent Non-Executive Chairman (“the 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
Ms Kor Yann Ning	- Independent Non-Executive Director

**IN ATTENDANCE**

Ms Chia Mei Thee	- Representing the Company Secretary
Ms Chang Kim Win	- Chief Financial Officer
Mr Eric Teoh Cheap Chee	- Auditors, Deloitte PLT
Mr Tan Heng Hooi	- Representing UOB Kay Hian Securities (M) Sdn Bhd

The list of shareholders, proxies and invitees who participated in the Forty-First Annual General Meeting (“**41st 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 CHAIRMAN**

The Chairman welcomed all shareholders, proxies and invitees to the 41st AGM of the Company which was conducted through live streaming and online remote participation by using Remote Participation and Electronic Voting (“RPEV”) Facilities, in accordance with Section 327 of the Companies Act 2016 and Clause 66 of the Constitution of the Company.

**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 Chairman called the Meeting to order at 10.00 a.m.

The Chairman 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.

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**SUMMARY OF PROXIES RECEIVED**

The Company had received in total 19 proxy forms from the shareholders for a total of 250,770,700 ordinary shares, representing 65.99% of the total issued and paid up share capital of the Company. Out of these, there were 15 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented stood at 13,016,400 which represented 3.43% 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 Chairman 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 Chairman 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 2021 SNAPSHOT**

At the invitation by the Chairman, Mr Pang Fu Wei, the Managing Director of the Company presented the financial year 2021 ("FY2021") Snapshot, the key milestones in 2021 were as follows:-

- i) Scaled our marketplace channel and opened a Shopee flagship store for both Mothercare and The Entertainer
- ii) Launched theentertainer.com.my
- iii) Opened our third The Entertainer store at Suria Sabah Mall
- iv) Kick started Project Go Digital
- v) Won an award for best company for Investor Relations – micro-cap category in the Malaysian Investor Relations Association IR Award 2021.
- vi) Expanded our distribution points by 15%
- vii) Most recently, Project Retail 2.0 crossed a significant milestone with the opening of Mothercare's first Experience Store at Tropicana Gardens Mall together with our fourth The Entertainer outlet

As a result, the Group achieved a revenue of RM82.9 million, 56% growth in online sales, profit after tax of RM4.6 million and a dividend yield of 4.6%.

**PRESENTATION ON FINANCIAL HIGHLIGHTS**

Ms Chang Kim Win, the Chief Financial Officer of the Company presented the financial highlights of the Group for financial year ended 31 December 2021 ("FY2021"), the salient items as set out below:

- For FY2021, the Group's revenue has increased from RM80.4 million to RM82.9 million, an increase of RM2.5 million or 3.07% as compared to the financial year ended 31 December 2020 ("FY2020"), mainly due to the additional sales generated from the increase in number of stores in FY2021 comprising of one new Mothercare outlet and two new The Entertainer outlets.
- 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.

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- There were three (3) product categories i.e. Clothing, Home and Travel and Toys. For FY2021, the Toys sales has increased 28% as compared to FY2020 which contributed 10.2% of the Group's revenue, whilst Clothing and Home and Travel contributed 89.8% of the Group's revenue.
- The Profit Before Tax for FY2021 was lower than FY2020 due to increase in cost of sales as a result of higher material and shipping costs. This has led to a decrease in the Groups' Profit Before Tax.
- The Balance Sheet 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 82.7%, 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 FY2021.

Despite the ongoing pandemic situation, the Group cautiously expanded its physical presence. At the end of 2021, our final store count stands at 21 outlets for Mothercare, 14 SIS for ELC and 4 outlets for The Entertainer. As a result, our toys sales increased by 28% year-on-year.

In November 2021, we also launched our first Mothercare Experience Store at Tropicana Gardens Mall ("TGM"). With this new store we are setting a new benchmark for baby retail. This is as much a store launch as it is a launch and rolling out of our best practices. The revamped store now comes with new experience zones - stroller test track, babywearing zone, dream nursery and new services such as Sparkle Clean, a baby gear cleaning service designed for regulars, and a multipurpose room to hold workshops. Looking forward with the successful launch of Tropicana Gardens Mall, we will be looking to roll out this concept to KLCC, Gurney Plaza and all subsequent large format store opening.

The second pillar of Retail 2.0 is Project Go Digital. This project is in its final stages of UAT and the first few modules would go live on 8 June 2022. The roll out of the whole system would take place in the coming months and the most critical phase of our digitilisation efforts would finally be complete. We would have finally transformed our business from a Multichannel retailer to an Omnichannel retailer.

As we come out of the pandemic, we are now watching the impact of inflation and rising interest rates closely. The Group would remain prudent and cautious for now and continue to seize some good opportunities to expand. Our strategies are focused on improving customer experience and when market conditions improve, we are certain that we will be able to take advantage of the recovery.

To summarise, the Group will continue to capture opportunities and expand mindfully. Our strategies focus on long term sustainability for the business and our dividend payout would remain constant.

The Chairman thanked Mr Pang Fu Wei for his presentation and proceeded with business on the agenda as set out in the Notice of 41st AGM.

**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The Chairman informed that the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' and 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.

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It was recorded that the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' and Auditors' Report thereon be and are hereby received by the shareholders.

After the Chairman went through each of the motions set out in the Notice of Meeting, the Chairman informed the Meeting that the Company had 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) ***Will the Company expand its business?***

In November 2021, the first Mothercare experience store at TGM was launched and a new benchmark was set for baby retail. This is as much a store launch as it is a launch and rolling out of best practices. The revamped store now comes with new experiences zones – stroller test track, baby wearing zone, dream nursery, and new services such as sparkle clean, a baby gear cleaning service designed for our regulars, and a multipurpose room to hold workshops.

Looking forward, with the successful launch of TGM, the Company would be looking to roll out this concept at Suria KLCC, Gurney Plaza and all subsequent large format store openings.

ii) ***How much does the Company spend on the virtual AGM? Will the Board kindly consider giving e-voucher to the participants as a token of appreciation for attending the RPV?***

The Chairman informed that the cost for conducting the virtual AGM was approximately RM22,000.00.

As there were several questions received from the shareholders requesting for e-voucher or e-wallet, the Chairman informed that Management had agreed to give e-voucher to all the participants who attended the AGM.

iii) ***When will the Company reward shareholders with bonus issue?***

The Chairman informed that at the moment, there is no plan for bonus issue but it could be considered on an annual basis.

iv) ***Can the Company consider changing to a better brand name to reflect its business products rather than family name?***

The Chairman highlighted that Mothercare is an international franchise in which the Company is only a franchisee. The Company would try to expand the nature of business and hopefully, contributions from the retail would continue to grow and other sectors would also continue to grow faster to be less dependent on one particular sector.

v) ***Can the Company do better in the coming quarters i.e. second to fourth quarters of year 2022? The first quarter result is so-so only?***

The Chairman informed that despite the Covid-19 pandemic, the Company had been prudent and had done much better as compared to other companies in the similar industry and ensuring that the Company continues to be in the black with positive cashflow even after the dividend payment.

He highlighted that the second quarter result would be very positive due to fantastic sales recorded in the month of April during the Hari Raya Aidilfitri festive season.

- vi) ***What is the competitive strength of Mothercare as compared to other brands?  
What is the unique selling point of the products?  
Can name some brands and direct peers in this industry?***

Mr Pang Fu Wei highlighted that Mothercare is a very strong brand and most competitive in terms of quality to cost. Its strength is in baby category and there is no like-for-like competitor which has the same breadth and range of products in this category. The biggest strength is the overall business model with the distribution business with over twenty international brands including Tommee Tippee, Snapkis, Mimosa and etc. The Company was able to capture and nurture the customers from a very early stage which also gave strength within the toy category and growing with them especially with The Entertainer business.

The competitors are Cotton On Kids, Marks & Spencer, Poney and Baby Shop for the clothing, Happikiddo and Chicco for the hard goods and Toys”R”Us for toys.

- vii) ***What is the Group’s plan in mitigating the impact of increase in operating cost?  
Is the Group able to pass the entire cost to the consumers?***

Mr Pang Fu Wei highlighted that all the competitors in the similar industry are facing the same market forces. The strategic move that the Company implemented to cushion the impact of inflation was increase the level of inventories and secured lower cost prices which could give the Company the competitive edge at least for the next twelve months as compared to the other competitors. The Company would continue to monitor the competitors and the situation and would adjust the prices accordingly.

- viii) ***How was the sales performance of Mothercare and The Entertainer outlets in April and May 2022 after the reopening of border? Was there a spike in sales so far?***

Mr Pang Fu Wei informed that as was highlighted by the Chairman, the sales had been very encouraging since the relaxation of restrictions and it would be quite positive for the rest of the year.

- ix) ***Is there any plan to open more outlets this year?  
What would be the initial costs to set up an outlet and the targeted breakeven period on average basis?***

Mr Pang Fu Wei informed that the Company was very cautious on expansion plans for this year but nevertheless would be expanding Gurney Plaza outlet which has proven good sales record, to revamp Suria KLCC outlet and in discussions with another mall in which negotiations are still ongoing.

He further informed that the initial cost of setting up an outlet would depend on the size of the outlet and would be approximately RM150 per square foot to RM200 per square foot and it requires to be profitable the moment it is set up.

- x) ***What is the Group’s initiative to expand revenue in order to achieve more profits as operating costs and gross margin are relatively fixed and what is the future outlook in the next two to three years?***

Mr Pang Fu Wei highlighted that there are three drivers for growth as follows:

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- a) To expand the physical retail footprint via Mothercare and The Entertainer
- b) To grow the online sales and marketplace
- c) To expand the distribution to new channels

He informed that the outlook for the next twelve months would be quite bright but needs to continue monitoring the inflation and rising interest rates and should there be no hard landing and barring unforeseen circumstances, the outlook would be very bright for the next two years.

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

**POLL RESULTS**

**1. ORDINARY RESOLUTION 1**

- **DIRECTORS' FEES PAYABLE TO DIRECTORS FROM THIS FORTHCOMING 41ST AGM UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING**

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

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 1	No. of Shareholders:	37	No. of Shareholders:	9	Accepted
	No. of Shares:	26,755,200	No. of Shares:	5,100	
	% of Voted Shares:	99.9809	% of Voted Shares:	0.0191	

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 41st 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 PANG KIM HIN**

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

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 2	No. of Shareholders:	45	No. of Shareholders:	5	Accepted
	No. of Shares:	266,309,400	No. of Shares:	900	
	% of Voted Shares:	99.9997	% of Voted Shares:	0.0003	

It was RESOLVED:-

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

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**3. ORDINARY RESOLUTION 3**  
**- RE-ELECTION OF MS KOR YANN NING**

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

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 3	No. of Shareholders:	43	No. of Shareholders:	7	Accepted
	No. of Shares:	276,790,000	No. of Shares:	1,000	
	% of Voted Shares:	99.9996	% of Voted Shares:	0.004	

It was RESOLVED:-

“THAT Ms Kor Yann Ning 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 Chairman announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 4	No. of Shareholders:	45	No. of Shareholders:	6	Accepted
	No. of Shares:	277,590,300	No. of Shares:	700	
	% of Voted Shares:	99.9997	% of Voted Shares:	0.0003	

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 Chairman announced the results of the poll as follows:-

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 5	No. of Shareholders:	38	No. of Shareholders:	13	Accepted
	No. of Shares:	266,157,300	No. of Shares:	11,433,700	
	% of Voted Shares:	95.8811	% of Voted Shares:	4.1189	

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 AND PROPOSED NEW SHAREHOLDERS’ MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

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

Resolution	Votes in favour		Votes against		Results
Ordinary Resolution 6	No. of Shareholders:	41	No. of Shareholders:	8	Accepted
	No. of Shares:	30,705,500	No. of Shares:	4,800	
	% of Voted Shares:	99.9844	% of Voted Shares:	0.0156	

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 28 April 2022 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 41st 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;



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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.

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 Chairman on behalf of his fellow board members extended his appreciation to the stakeholders, shareholders and business partners for their continued support. There being no other business to be transacted, the Meeting concluded at 11.05 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

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CHAIRMAN