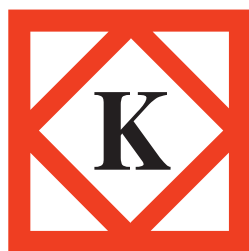


**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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.

In line with the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), Bursa Securities has not perused the contents of this Circular prior to its issuance as they fall under the category of Exempt Circular as outlined in the aforesaid practice note.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**KIM HIN INDUSTRY BERHAD**

Registration No.: 197301003569 (18203-V)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**In relation to:**

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

The above proposal will be tabled at the Forty-Seventh Annual General Meeting (“47<sup>th</sup> AGM”) of Kim Hin Industry Berhad (“Kim Hin” or “the Company”) to be held at Kim Hin Industry Berhad’s Conference Room, at 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak. The Notice of the 47<sup>th</sup> AGM together with the Form of Proxy are set out in the 2019 Annual Report of the Company.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, vote and speak on his behalf. The Form of Proxy must be deposited at the registered office of the Company at 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak not less than forty-eight (48) hours before the time for holding the AGM or any adjournment thereof in order for it to be valid. The lodging of the Form of Proxy will not preclude a shareholder from attending and voting in person at the AGM should the shareholder subsequently wishes to do so.

Last date and time for lodgement of Form of Proxy	:	Monday, 24 August 2020 at 2:00 p.m.
Date and time of Annual General Meeting	:	Wednesday, 26 August 2020 at 2:00 p.m.
Venue of Annual General Meeting	:	Kim Hin Industry Berhad’s Conference Room, 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak.

## CONTENTS

	Page
<b>1. INTRODUCTION</b>	1
<b>2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS</b>	2
<b>3. FEATURES OF THE PROPOSED SHAREHOLDERS' MANDATE</b>	2 - 7
<b>4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE</b>	7
<b>5. RATIONALE AND BENEFIT OF THE PROPOSED SHAREHOLDERS' MANDATE</b>	7
<b>6. CONDITIONS OF THE PROPOSED SHAREHOLDERS' MANDATE</b>	8
<b>7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS</b>	8
<b>8. DIRECTORS' RECOMMENDATION</b>	9
<b>9. ACTION TO BE TAKEN BY SHAREHOLDERS</b>	9
<b>10. ANNUAL GENERAL MEETING</b>	9
<b>11. FURTHER INFORMATION</b>	9
<b>APPENDIX 1 – RECURRENT RELATED PARTY TRANSACTIONS</b>	10 - 14
<b>APPENDIX 2 – ADDITIONAL INFORMATION</b>	15

## DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“AGM”	Annual General Meeting
“Board”	The Board of Directors of Kim Hin Industry Berhad
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Circular”	The Circular is dated 30 June 2020
“Companies Act”	The Malaysian Companies Act 2016, as amended from time to time and any enactment thereof
“Directors”	<p>The directors for the time being of Kim Hin Industry Berhad, and shall have the same meaning given in Section 2 of the Companies Act 2016</p> <p>Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a director or chief executive officer of Kim Hin, its subsidiary or holding company</p>
“EPS”	Earnings per share
“Kim Hin” or “the Company”	Kim Hin Industry Berhad
“Group” or “Kim Hin Group”	Kim Hin Industry Berhad and its subsidiaries
“Listing Requirements”	The Main Market Listing Requirements of Bursa Securities, as amended from time to time and any enactment thereof
“Major Shareholder(s)”	<p>A person who has an interest or interests in one (1) or more voting shares in Kim Hin and the number or aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of voting shares in Kim Hin; or</p> <p>(b) 5% or more of the total number of voting shares in Kim Hin where such person is the largest shareholder of Kim Hin</p> <p>Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Kim Hin or any other corporation which is its subsidiary or holding company</p> <p>For the purpose of this definition “interest in shares” shall have the same meaning given in Section 8 of the Companies Act</p>
“Net Assets”	The net assets attributable to ordinary equity holders of Kim Hin
“Person(s) Connected”	This shall have the same meaning as in Paragraph 1.01 of the Listing Requirements
“Proposed Shareholders’ Mandate”	Proposed Shareholders’ Mandate for the existing RRPT.

“Related Party(ies)”	A director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, “director”, “major shareholder” and person connected with them shall have the same meanings as defined herein
“Related Party Transaction”	A transaction entered into by Kim Hin or its subsidiaries, which involves the interest, direct or indirect, of a Related Party
“RRPT”	A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of Kim Hin Group and which has been made or will be made by Kim Hin Group at least once in three (3) years in the ordinary course of business of Kim Hin Group
“Related Companies”	Companies which have related party transactions with directors, major shareholders and persons connected with directors and major shareholders of Kim Hin Group
“RM”	Ringgit Malaysia
“Shares”	Ordinary shares in the capital of Kim Hin
“Shareholders’ Mandate”	Shareholders’ mandate pursuant to Paragraph 10.09 of the Listing Requirements

*Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.*

*Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Circular shall have the meaning assigned to it under the Companies Act.*

*Any reference to a time of day shall be a reference to Malaysian time.*

# **KIM HIN INDUSTRY BERHAD**

Registration No.: 197301003569 (18203-V)

(Incorporated in Malaysia)

## **Registered Office:**

4½ Mile, Kung Phin Road  
Off Penrissen Road  
93250 Kuching  
Sarawak

30 June 2020

## **Board of Directors:**

Mr. Chua Seng Huat	<i>(Executive Chairman)</i>
Dato' John Chua Seng Chai	<i>(Group Managing Director)</i>
Mr. Chua Seng Guan	<i>(Group Executive Director)</i>
Madam Pauline Getrude Chua Hui Lin	<i>(Executive Director)</i>
Madam Chua Yew Lin	<i>(Executive Director)</i>
Mr. Fong Tshu Kwong	<i>(Senior Independent Non-Executive Director)</i>
Mr. Ong Ah Ba	<i>(Independent Non-Executive Director)</i>
Mr. Yong Lin Lin	<i>(Independent Non-Executive Director)</i>

## **TO: THE SHAREHOLDERS OF KIM HIN INDUSTRY BERHAD**

Dear Sir/Madam

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

---

### **1. INTRODUCTION**

At the Company's AGM held on 27 May 2019, the Company obtained from its shareholders the mandate for the recurrent related party transactions of a revenue and trading nature which are necessary for the Company and its subsidiaries' day-to-day operations pursuant to Paragraph 10.09 of the Listing Requirements.

The existing Shareholders' Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, which has been scheduled to be held on 26 August 2020, unless by a resolution passed at the forthcoming AGM, the mandate is renewed.

Subsequently, on 22 June 2020, the Company announced through Bursa Securities that the Board proposes to seek a renewal of Shareholders' Mandate from the shareholders at its forthcoming AGM.

The purpose of this Circular is to provide shareholders with details, effects, rationale pertaining to this proposal, and to seek shareholders' approval for the resolution, which is to be tabled as an ordinary resolution at the forthcoming AGM scheduled to be held on 26 August 2020.

Shareholders of Kim Hin are advised to read and consider carefully the contents of this Circular before voting on the resolution pertaining to this proposal at the forthcoming AGM scheduled to be held on 26 August 2020.

## 2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS

Paragraph 10.09(2) of the Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations, the Company may seek a mandate from its shareholders, 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 to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) the Company's Circular to shareholders for the Shareholders' Mandate includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain Shareholders' Mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the Company must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the Circular by ten percent (10%) or more and the Company must include the information as may be prescribed by Bursa Securities in its announcement.

## 3. FEATURES OF THE PROPOSED SHAREHOLDERS' MANDATE

### 3.1 Principal activities of Kim Hin Group

The principal activities of Kim Hin are that of investment holding and the provision of management services.

The principal activities of its subsidiaries are as follows:

NAME OF SUBSIDIARY	PERCENTAGE OF EQUITY HELD (%)	PRINCIPAL ACTIVITIES
<i>Direct shareholdings</i>		
(i) Ceramica Indah Sdn. Bhd.	100	Manufacture and sale of ceramic floor, homogenous and monoporosa tiles
(ii) Kimgres Marketing Sdn. Bhd.	100	Trading in building materials
(iii) Kim Hin Ceramic (Seremban) Sdn. Bhd.	100	Manufacture and sale of ceramic tiles
(iv) Kim Hin Properties Sdn. Bhd.	100	Property and investment holding
(v) Kim Hin Ceramics (Shanghai) Co. Ltd.	79.5	Manufacture and sale of ceramic tiles
(vi) Kim Hin Investments Pty. Ltd.	100	Property letting
(vii) Tileworld Sdn. Bhd.	100	Investment holding

NAME OF SUBSIDIARY	PERCENTAGE OF EQUITY HELD (%)	PRINCIPAL ACTIVITIES
(viii) Johnson Tiles Malaysia Sdn. Bhd.	100	Trading in building materials
(ix) Refined Koalin Industries Sdn. Bhd.	100	Inactive
(x) Unicorn Ceramics Sdn. Bhd.	100	Inactive
(xi) World Ceramics International Sdn. Bhd.	100	Property letting
<b><i>Owned by Ceramica Indah Sdn. Bhd.</i></b>		
(i) Kingres Australia Pty. Ltd.	100	Wholesaler and retailer of ceramic tiles
(ii) Amber Franchising Pty. Ltd.	100	Inactive
(iii) Australian Tiles Pty. Ltd.	100	Investment holding
<b><i>Owned by Australian Tiles Pty. Ltd.</i></b>		
Outset Holdings Pty. Ltd.	100	Investment holding
<b><i>Owned by Outset Holdings Pty. Ltd.</i></b>		
Amber Group Australia Pty. Ltd.	100	Wholesaler and retailer of pavers, tiles, natural stone and retaining walls
<b><i>Owned by Amber Group Australia Pty. Ltd.</i></b>		
Norcorp Pty. Ltd.	100	Retailer of pavers, tiles, natural stone and retaining walls
<b><i>Owned by Tileworld Sdn. Bhd.</i></b>		
Kim Hin Australia Pty. Ltd.	100	Investment holding
<b><i>Owned by Kim Hin Australia Pty. Ltd.</i></b>		
Johnson Tiles Pty. Ltd.	100	Importing and distributing of ceramic wall and floor tiles
<b><i>Owned by Johnson Tiles Pty. Ltd.</i></b>		
Coramic Australia Pty. Ltd.	100	Inactive
<b><i>Owned by Kingres Marketing Sdn. Bhd.</i></b>		
Kingres Vietnam Trading Co. Ltd.	70	Trading in building materials
<b><i>Owned by Kim Hin Ceramics (Shanghai) Co. Ltd.</i></b>		
Shanghai Kuching Realty Co. Ltd.	100	Property holding

### 3.2 RRPT of Revenue or Trading Nature

In accordance to the Listing Requirements, Kim Hin needs to seek Shareholders' Mandate on RRPT.

These RRPT are all incurred in Kim Hin Group's normal course of business and the names of these companies (hereinafter referred to as "Mandated Related Parties"), details of the transactions and their values which are anticipated to be incurred based on budgeted results for the 12 months ending 25 August 2021, are outlined in **Appendix 1**.

### 3.3 Related Parties

These RRPT are considered related as the following Directors and Major Shareholders, and Persons Connected with Directors and Major Shareholders of Kim Hin Group (hereinafter known as "Related Parties") are also Directors and Major Shareholders of the Related Companies mentioned below:

Related Companies	Related Parties	Manner of relationship @ 29 May 2020	
		Director	Major Shareholder
Pan Chyi Construction & Development Sdn. Bhd.	Pauline Getrude Chua Hui Lin <sup>1</sup> Charles Pan Chyi <sup>3</sup>	√ √	X 96%
Kim Hin (Malaysia) Sdn. Bhd.	Dato' John Chua Seng Chai <sup>1</sup> Pauline Getrude Chua Hui Lin <sup>1</sup> Chua Yew Lin <sup>1</sup> Chua Seng Guan <sup>1</sup> Chua Seng Huat <sup>1</sup> Chua Seng Khoon <sup>2</sup>	√ √ √ √ √ X	19.27% 11.46% 11.46% 19.27% 19.27% 19.27%
Kam Kam Sanitaryware Sdn. Bhd.	Chua Seng Guan <sup>1</sup> Chua Seng Huat <sup>1</sup> Other Chua Directors <sup>1</sup> Chua Seng Khoon <sup>2</sup> Kim Hin (Malaysia) Sdn. Bhd.	√ √ X X X	82.7% <sup>4</sup> 82.7% <sup>4</sup> 82.7% <sup>4</sup> 82.7% <sup>4</sup> 82.7%
SG Chua Advocates	Chua Seng Guan <sup>1</sup>	N/A	100%
Shanghai Kim Hin United Building Materials Co. Ltd.	Chua Seng Huat <sup>1</sup> Dato' John Chua Seng Chai <sup>1</sup> Chua Seng Guan <sup>1</sup>	X X X	10% 10% 13.33%
Alex, Jason & Company	Sim Kim Chuan <sup>5</sup>	N/A	37.5%

Note:-

1. Chua Seng Guan, Dato' John Chua Seng Chai, Chua Seng Huat, Pauline Getrude Chua Hui Lin and Chua Yew Lin are collectively known as the 'Chua Directors', and they are Directors and Major Shareholders of Kim Hin.
2. Chua Seng Khoon is a brother to the Chua Directors.
3. Charles Pan Chyi is the husband of Pauline Getrude Chua Hui Lin.
4. Deemed interested through Kim Hin (Malaysia) Sdn. Bhd.
5. Sim Kim Chuan is the son-in-law of Pauline Getrude Chua Hui Lin.



### **3.4 Validity period of the Proposed Shareholder Mandate and Disclosure of the RRPT**

The Proposed Shareholders' Mandate will take effect immediately upon passing of the ordinary resolution in relation thereto at the forthcoming AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of Kim Hin following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of Companies Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting.

whichever is the earlier.

A disclosure of a breakdown of the aggregate value of RRPT conducted pursuant to the Shareholders' Mandate shall be made in the annual report, where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements, and amongst others, based on the following information:

- the type of the RRPT made; and
- the names of the Related Parties involved in each type of the RRPT made and their relationship with Kim Hin.

### **3.5 Procedures and Guidelines for Determination of Prices for RRPT**

The Board has in place an internal control system, which includes review procedures and guidelines to ensure that transactions with Mandated Related Parties are made on normal commercial terms and are not prejudicial to the interests of the minority shareholders.

These procedures are in place to ensure that each major Mandated Related Party transactions is approved and reviewed by the Directors or authorised personnel, based on terms not more favourable to the Mandated Related Parties than those generally available to the public, on arm's length basis and are not to the detriment of the minority shareholders, giving due consideration to all circumstances of each transaction.

These procedures include the following:

- (i) Surveys will be undertaken to gather information to compare the prices, fees or charges quoted by third parties and Mandated Related Parties for the purpose of determining the competitive market price, fee or charges of materials, goods and services. It is a policy of Kim Hin Group to purchase materials, goods or services from Mandated Related Parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties. Other factors such as availability of raw material or resources, reliability of supplies, delivery, services and quality of material or goods will also be taken into consideration for evaluation purposes.
- (ii) Market prices will be used to determine the transaction price for sales to Mandated Related Parties.
- (iii) Market value will be used to determine the rental sum in respect of renting of premises.
- (iv) On a quarterly basis, the procedures and guidelines pertaining to Mandated Related Party transactions will be reviewed by the management of Kim Hin and the Audit Committee to ensure that the terms of the transactions are not more favourable to the Mandated Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders.

- (v) The annual internal audit plan shall incorporate a review of all Related Party Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Should any discrepancies arise relating to the procedures and guidelines, proper steps would be taken to rectify them accordingly.
- (vi) The Audit Committee shall, amongst others, review these internal audit plan and reports on RRPT and any conflict of interest situation that may arise within Kim Hin and the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- (vii) The thresholds for the approval of RRPT within the Group are as follows:

<b>Nature of RRPT</b>	<b>Authority Limit</b>	<b>Approving Authority</b>
Rental for properties with Kim Hin (Malaysia) Sdn. Bhd.	Up to the limit approved pursuant to the shareholders' mandate.	These transactions shall be tabled to the Audit Committee for approval
Insurance commission earned by Kim Hin (Malaysia) Sdn. Bhd. as the insurance agent for Kim Hin Group.  Sale of ceramic tiles and trading goods to Kim Hin (Malaysia) Sdn. Bhd.  Provision of renovation/repair and maintenance work by Pan Chyi Construction & Development Sdn. Bhd.  Sale of ceramic tiles and trading goods to Pan Chyi Construction & Development Sdn. Bhd.  Provision of legal services by SG Chua Advocate  Purchases of sanitaryware, accessories, miscellaneous raw materials, spare parts and diesel from Kam Kam Sanitaryware Sdn. Bhd.  Sale of miscellaneous raw materials, spare parts and diesel and provision of miscellaneous services to Kam Kam Sanitaryware Sdn. Bhd.  Purchases of ceramic tiles from Kim Hin Shanghai United Building Materials Co. Ltd.  Provision of legal services by Alex, Jason & Company	Up to the limit approved pursuant to the shareholders' mandate.	These RRPT shall be reviewed and endorsed by the Audit Committee

- (viii) The RRPT will be carried out at arm's length basis, and the transaction prices and terms are not more favourable to the Related Parties than those generally available to the public. At least 2 other contemporaneous transactions with unrelated 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 related parties are fair and reasonable and comparable to those offered to/by other unrelated parties for the same or substantially similar type of products/services and/or quantities.
- (ix) In the event that the quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and terms which are generally in line with industry norms.

### 3.6 Statement by Audit Committee

The Audit Committee comprises the following Directors:

Name of Members	Designation
(i) Fong Tshu Kwong	Chairman (Senior Independent Non-Executive Director)
(ii) Ong Ah Ba	Member (Independent Non-Executive Director)
(iii) Yong Lin Lin	Member (Independent Non-Executive Director)

The Audit Committee of Kim Hin has seen and reviewed the procedures stated in Point 3.5 above and is of the view that the existing procedures and guidelines are sufficient to ensure that such RRPT of a revenue or trading nature are:

- Conducted at arms' length and on normal commercial terms which are not prejudicial to the interests of shareholders;
- On terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders; and
- Adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner.

#### 4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the issued and paid-up share capital, the shareholdings of the substantial shareholders, consolidated net assets per share and consolidated earnings per share of the Kim Hin Group.

#### 5. RATIONALE AND BENEFIT OF THE PROPOSED SHAREHOLDERS' MANDATE

The rationale for Kim Hin and its subsidiaries to enter into RRPT is to take advantage of efficiencies in business dealings, in particular competitive prices, shorter delivery time and reliability in source of materials, goods and services. These Related Companies have long-standing business relationships with Kim Hin Group and the quality of the products have proven to meet the stringent requirements imposed by the Group. The benefits derived from RRPT pertaining to rental of premises would be the attractive location and reasonable rates of rental charged by the Related Parties, which are not more unfavourable than the market rates.

These would ultimately benefit the Group and the shareholders by enhancing profitability and returns on shareholders' funds.

## 6. CONDITIONS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is conditional upon approval being obtained from the shareholders of Kim Hin at the forthcoming AGM.

The Proposed Shareholders' Mandate is subject to annual review and the breakdown of the aggregate values of the RRPT conducted pursuant to the Shareholders' Mandate during the financial year, shall be disclosed in Kim Hin's annual report.

## 7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The Directors and Major Shareholders, and the Persons Connected, as named below, are interested in the Proposed Shareholders' Mandate.

These interested Directors namely Mr. Chua Seng Guan, Dato' John Chua Seng Chai, Mr. Chua Seng Huat, Mdm. Chua Yew Lin and Mdm. Pauline Getrude Chua Hui Lin have, and shall continue to abstain from all Board deliberations and voting pertaining to the Proposed Shareholders' Mandate. They, together with the interested Major Shareholders as named below and all Persons Connected with them will not vote, in respect of their direct and indirect interests, on the resolution approving this Proposed Shareholders' Mandate at the forthcoming AGM. The interested Directors and Major Shareholders have undertaken to ensure that all the Persons Connected with them shall also abstain from voting on the resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM.

The direct and indirect interests in the Company of the Interested Directors, Interested Major Shareholders and Persons Connected with them as at 29 May 2020 are outlined as follows :-

Name	Direct		Indirect	
	No. of Shares	% ♦	No. of Shares	% ♦
<b><i>Interested Directors and interested Major Shareholders:-</i></b>				
Chua Seng Guan	566,000	0.40%	86,189,825*	61.46%
Dato' John Chua Seng Chai	524,650	0.37%	86,189,825*	61.46%
Chua Seng Huat	1,113,225	0.79%	86,189,825*	61.46%
Chua Yew Lin	242,400	0.17%	86,189,825*	61.46%
Pauline Getrude Chua Hui Lin	328,900	0.23%	86,204,175* <sup>Δ</sup>	61.47%
<b><i>Interested Major Shareholders:-</i></b>				
Kim Hin (Malaysia) Sdn. Bhd.	86,189,825 <sup>~</sup>	61.46%	-	-
Chua Seng Khoon	-	-	86,189,825*	61.46%
<b><i>Persons Connected:-</i></b>				
Charles Pan Chyi <sup>#</sup>	14,350	0.01%	-	-

♦ Calculated based on 140,239,113 ordinary shares as at 29 May 2020 which excludes 15,376,900 treasury shares

# Please refer to table shown in point 3.3 on page 4 of this Circular for his relationship.

\* Deemed interested by virtue of their substantial interest in Kim Hin (Malaysia) Sdn. Bhd.

~ Shares held through CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB for Kim Hin (Malaysia) Sdn. Bhd. (PB)] – 62,254,025

Δ Deemed interested by virtue of 14,350 shares held by her spouse, Mr. Charles Pan Chyi pursuant to Section 59(11)(c) of the Companies Act 2016.

Save as disclosed above, none of the other Directors, Major Shareholders and/or Person Connected with them have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

## **8. DIRECTORS' RECOMMENDATION**

The Board, saved for Mr. Chua Seng Guan, Dato' John Chua Seng Chai, Mr. Chua Seng Huat, Mdm. Chua Yew Lin and Mdm. Pauline Getrude Chua Hui Lin being the interested Directors in the Proposed Shareholders' Mandate, having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that they are in the best interest of the Company.

Your Directors, namely Mr. Fong Tshu Kwong, Mr. Ong Ah Ba and Mr. Yong Lin Lin (being other than the named Directors who are interested in the Proposed Shareholders' Mandate) recommend that shareholders vote in favour of the ordinary resolution pertaining to this Proposed Shareholders' Mandate at the forthcoming AGM.

## **9. ACTION TO BE TAKEN BY SHAREHOLDERS**

If a shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of Kim Hin at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak not later than 2.00 pm on Monday, 24 August 2020. The completion and return of the proxy form by a shareholder will not prevent him from attending and voting at the AGM in person, if he so wishes.

## **10. ANNUAL GENERAL MEETING**

The AGM will be held at Kim Hin's Conference Room, 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak on Wednesday, 26 August 2020 at 2:00 p.m. and any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions as set out in the notice of AGM, a copy of which is enclosed in the Annual Report 2019.

## **11. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix 2 for further information.

Yours faithfully

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**FONG TSHU KWONG**

Senior Independent Non-Executive Director

**Existing Recurrent Related Party Transactions:**

		Transactions with the Group				
Name of Mandated Related Parties	Nature of transactions	Transacting parties within Kim Hin Group	Estimated value in preceding year Circular RM'000	The actual value transacted of each RRPT, from the date on which the existing mandate was obtained up to the latest practicable date before the printing of the Circular RM'000	Estimated value of the RRPT for the period from 26/08/2020 (up-coming AGM) to next AGM* RM'000	
Kim Hin (Malaysia) Sdn. Bhd.	<ul style="list-style-type: none"> <li>Rental charges for land, office and warehouse space in Kuching and Petaling Jaya 1 by Kim Hin (Malaysia) Sdn. Bhd. to KMSB and CISB.</li> <li>Insurance commission charges as insurance agent by Kim Hin (Malaysia) Sdn. Bhd. to Kim Hin Group.</li> <li>Sale of ceramic tiles and trading goods from KMSB to Kim Hin (Malaysia) Sdn. Bhd.</li> </ul>	<p>Kimgres Marketing Sdn. Bhd. ("KMSB") Ceramica Indah Sdn. Bhd. ("CISB")</p> <p>Kim Hin Industry Berhad ("KHIB") CISB KMSB Kim Hin Ceramic (Seremban) Sdn. Bhd. KMSB</p>	2,000	1,996	2,000	
			200	67	200	
			100	-	100	

**Existing Recurrent Related Party Transactions (Cont'd):**

		Transactions with the Group			
Name of Mandated Related Parties	Nature of transactions	Transacting parties within Kim Hin Group	Estimated value in preceding year Circular RM'000	The actual value transacted of each RRPT, from the date on which the existing mandate was obtained up to the latest practicable date before the printing of the Circular RM'000	Estimated value of the RRPT for the period from 26/08/2020 (up-coming AGM) to next AGM* RM'000
Pan Chyi Construction & Development Sdn. Bhd.	<ul style="list-style-type: none"> <li>Provision of renovation/repair and maintenance work for factory by Pan Chyi Construction &amp; Development Sdn. Bhd. to Kim Hin Group.</li> <li>Sale of ceramic tiles and trading goods by KMSB to Pan Chyi Construction &amp; Development Sdn. Bhd.</li> </ul>	CISB KHIB KMSB	3,000	187	3,000
		KMSB	100	1	100
SG Chua Advocates	<ul style="list-style-type: none"> <li>Legal services charge by SG Chua Advocate to Kim Hin Group.</li> </ul>	CISB KHIB Kim Hin Properties Sdn. Bhd. KMSB	50	-	50

**Existing Recurrent Related Party Transactions (Cont'd):**

Name of Mandated Related Parties	Transactions with the Group				Estimated value of the RRPT for the period from 26/08/2020 (up-coming AGM) to next AGM* RM'000
	Nature of transactions	Transacting parties within Kim Hin Group	Estimated value in preceding year Circular RM'000	The actual value transacted of each RRPT, from the date on which the existing mandate was obtained up to the latest practicable date before the printing of the Circular RM'000	
Kam Kam Sanitaryware Sdn. Bhd. ("Kam Kam")	<ul style="list-style-type: none"> <li>Purchases of sanitaryware and accessories from Kam Kam for resale to customers by KMSB.</li> </ul>	KMSB	1,500	730	1,500
	<ul style="list-style-type: none"> <li>Purchase of miscellaneous raw materials, spare parts and diesel from Kam Kam for urgent stock replenishments by CISB.</li> </ul>	CISB	100	-	100
	<ul style="list-style-type: none"> <li>Sale of miscellaneous raw materials, spare parts and diesel by CISB to Kam Kam.</li> </ul>	CISB	50	2	50
	<ul style="list-style-type: none"> <li>Provision of miscellaneous services such as utilisation of crusher machine to Kam Kam by CISB.</li> </ul>	CISB	50	-	50



**Existing Recurrent Related Party Transactions (Cont'd):**

Transactions with the Group					
Name of Mandated Related Parties	Nature of transactions	Transacting parties within Kim Hin Group	Estimated value in preceding year Circular RM'000	The actual value transacted of each RRPT, from the date on which the existing mandate was obtained up to the latest practicable date before the printing of the Circular RM'000	Estimated value of the RRPT for the period from 26/08/2020 (up-coming AGM) to next AGM* RM'000
Shanghai Kim Hin United Building Materials Co. Ltd (“Shanghai United”)	<ul style="list-style-type: none"> <li>Purchases of ceramic tiles from Shanghai United by Kim Hin Ceramics (Shanghai) Co. Ltd.</li> </ul>	Kim Hin Ceramics (Shanghai) Co. Ltd.	8,000	** 144	1,000
Shanghai United	<ul style="list-style-type: none"> <li>Purchases of ceramic tiles from Shanghai United by Johnson Tiles Pty. Ltd.</li> </ul>	Johnson Tiles Pty. Ltd.	3,000	-	500
Shanghai United	<ul style="list-style-type: none"> <li>Purchases of ceramic tiles from Shanghai United by Amber Group Australia Pty. Ltd.</li> </ul>	Amber Group Australia Pty. Ltd.	3,000	-	500
Shanghai United	<ul style="list-style-type: none"> <li>Purchases of ceramic tiles from Shanghai United by Kingres Australia Pty. Ltd.</li> </ul>	Kingres Australia Pty. Ltd.	600	-	100
Alex, Jason & Company	<ul style="list-style-type: none"> <li>Legal services charge by Alex, Jason &amp; Co. to Kim Hin Group.</li> </ul>	KHIB CISB KMSB	50	-	50
<b>TOTAL</b>			<b>21,800</b>	<b>3,127</b>	<b>9,300</b>

**Existing Recurrent Related Party Transactions (Cont'd):****Notes :-**

I. *The following is the details of rental paid to Kim Hin (Malaysia) Sdn. Bhd.:*

<u>Type of property</u>	<u>Location</u>	<u>Area.</u>	<u>Rental per month (RM)</u>
Office building	Lot 332, 333 & 334, Section 55 KTLD	4,795 sq. ft.	6,300
Land	Lot 294, 295 & 296, Block 225, KNLD	30,878 sq. metre	5,000
Warehouse	Lot 5, Jalan Kilang/Jalan 217, 46050 Petaling Jaya, Selangor.	117,786 sq. ft.	155,000

*The renewal of rental for the above properties is on an annual basis.*

\* *These estimated values of transactions are for the period commencing 26 August 2020, this being the date of the forthcoming AGM, until next AGM. The basis of estimation of the value of transactions is based on budgeted expenditure as mentioned above and this estimated value may differ from the actual value of the transactions.*

\*\* *This transaction is in China Renminbi and the actual value has been converted based on average month-end exchange rate of 0.59686.*

*There are no amounts due and owing by the related parties to Kim Hin Group pursuant to the Recurrent Related Party Transactions which exceeded the credit term as at the end of financial year ended 31 December 2019.*

**ADDITIONAL INFORMATION****1. Responsibility Statement**

This Circular has been seen and approved by the Directors of Kim Hin and they collectively and individually accept full responsibility for the accuracy of the information given 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**

Kim Hin and its subsidiary companies have not entered into any material contracts (**not being contracts entered into in the ordinary course of business**) within the two (2) years preceding the date of this Circular.

**3. Material Litigation**

Neither Kim Hin nor its subsidiaries are engaged in any litigation, claims or arbitration, either as plaintiff or defendant which has a material effect on the financial position of the Company or its subsidiaries, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company or its subsidiaries.

**4. Documents for Inspection**

Copies of the following documents are available for inspection at the registered office of the Company at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the AGM:

- (i) the Constitution of Kim Hin; and
- (ii) the audited consolidated financial statements of Kim Hin for the two (2) financial years ended 31 December 2018 and 31 December 2019.