

**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 advisers immediately.

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**CHIN HIN GROUP PROPERTY BERHAD**  
[Company No. 200101017677 (553434-U)]  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE”)**

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

The above proposals will be tabled as Special Business at the Eighteenth (18<sup>th</sup>) Annual General Meeting of Chin Hin Group Property Berhad (“CHGP” or “the Company”) to be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 28 September 2020 at 2.30 p.m., together with a Form of Proxy, are enclosed together with the Annual Report of the Company for the financial year ended 31 March 2020.

The Form of Proxy should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang on or before the date and time indicated below in order for it to be valid and return of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy	:	Saturday, 26 September 2020 at 2.30 p.m.
Date and time of Eighteenth (18 <sup>th</sup> ) Annual General Meeting	:	Monday, 28 September 2020 at 2.30 p.m.

*This Circular/Statement is dated 28 August 2020*

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## DEFINITIONS

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For the purposes of this Circular/Statement, except where the context otherwise requires, the following definitions shall apply:

“Act”	: The Companies Act 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
“Aera Property”	: Aera Property Group Sdn Bhd
“Aera Property Group”	: Aera Property and its subsidiaries, collectively
“AGM”	: Annual General Meeting
“18 <sup>th</sup> AGM”	: Eighteenth Annual General Meeting of the Company
“Audit Committee”	: The Audit Committee of CHGP
“Board”	: The Board of Directors of CHGP
“Bursa Securities”	: Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
“CDS”	: Central Depository System
“CHGP” or “Company”	: Chin Hin Group Property Berhad
“CHGP Group” or “Group”	: CHGP and its subsidiaries, collectively
“Chin Hin”	: Chin Hin Group Berhad
“Chin Hin Group”	: Chin Hin and its subsidiaries, collectively
“CHGP Share(s)” or “Share(s)”	: Ordinary Shares in CHGP
“Circular”	: Circular to Shareholders in relation to the Proposals
“Constitution”	: Constitution of CHGP
“Director”	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of CHGP or any other company which is a subsidiary of CHGP or a holding of CHGP
“EPS”	: Earnings Per Share
“LPD”	: 3 August 2020, being the latest practicable date prior to the printing of this Circular
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“Market Day”	: A day which Bursa Securities is open for the trading of securities
“Major Shareholder(s)”	: Means a person who has an interest or interests in one or more voting shares in a company and the number or the aggregate number of those shares, is:

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**DEFINITIONS (CONT'D)**

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“Major Shareholder(s)” (Cont’d)	: (a) 10% or more of the total number of voting shares in the Company; or  (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company,  and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company  For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
“NA”	: Net assets attributable to ordinary equity holders of CHGP
“Proposed Renewal of Share Buy-Back Authority”	: Proposed renewal of the authority for the purchase by CHGP of up to ten percent (10%) of the total number of issued shares of the Company
“Proposed Renewal of Shareholders’ Mandate”	: Proposed renewal of the existing shareholders’ mandate for CHGP Group to enter into RRPTs of a revenue or trading nature
“Proposals”	: Proposed Renewal of Shareholders’ Mandate and Proposed Renewal of Share Buy-Back Authority
“Purchased CHGP Shares”	: Shares purchased by CHGP pursuant to Section 127 of the Act
“Related Party(ies)”	: Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of CHGP
“RRPT(s)”	: A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Shareholders”	: Shareholders of CHGP
“Substantial Shareholder(s)”	: A person who has interest or interests in one or more voting Shares in the Company and the number of that Share, or aggregate number of those Shares, is not less than 5% of the total number of all the voting Shares in the Company
“2020 Annual Report”	: Annual Report of CHGP issued for the financial year ended 31 March 2020

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**DEFINITIONS (CONT'D)**

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

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

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**PART A**

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



## CHIN HIN GROUP PROPERTY BERHAD

[Company No. 200101017677 (553434-U)]

(Incorporated in Malaysia)

### Registered Office

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

28 August 2020

### Board of Directors

Datuk Seri Chiau Beng Teik	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Goh Boon Koon	<i>(Non-Independent Non-Executive Director)</i>
Chiau Haw Choon	<i>(Executive Director)</i>
Datuk Yeo Chun Sing	<i>(Executive Director)</i>
Khoo Chee Siang	<i>(Independent Non-Executive Director)</i>
Ho Kok Loon	<i>(Independent Non-Executive Director)</i>
Shelly Chiau Yee Wern	<i>(Alternate Director to Datuk Seri Chiau Beng Teik)</i>

### To : The Shareholders of CHGP

Dear Sir/Madam,

### PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

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#### 1. INTRODUCTION

At the AGM of the Company held on 26 August 2019, the Company sought and obtained from its shareholders the general mandate for CHGP Group to enter into RRPTs of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for CHGP Group's day to day operations. The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 18<sup>th</sup> AGM of the Company unless authority for its renewal is obtained from the Shareholders.

On 18 August 2020, the Board of Directors of CHGP had announced that the Company has proposed to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with the relevant information of the Proposed Renewal of Shareholders' Mandate and to seek your approval on the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 18<sup>th</sup> AGM, which will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 28 September 2020 at 2.30p.m. The notice of the 18<sup>th</sup> AGM together with the Form



of Proxy is enclosed in the Annual Report of the Company for the financial year ended 31 March 2020.

**SHAREHOLDERS OF CHGP ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING 18TH AGM.**

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **2.1 The Listing Requirements**

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPTs subject to the following :

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above :
  - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
  - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular relating to shareholders' mandate for new RRPT must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the RRPT. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

### **2.2 Principal Activities of CHGP Group**

The principal activities of CHGP consist of investment holding and provision of management service, while its subsidiary companies are involved in the sale, rental of forklifts, manufacturing and assembling of new and rebuilt commercial vehicles and property development. The details of CHGP's subsidiaries as well as their principal activities as at the LPD are set out in the table below :

Name of company	Effective Equity Interest (%)	Principal activities
<b>(i) Direct Subsidiaries of CHGP</b>		
Boon Koon Vehicles Industries Sdn. Bhd.	100	Manufacturing and assembling of commercial vehicles and the provision of related services.  To carry on the business of importers, exporters, buyers, sellers, hirers of and dealers in new, used or second hand of all types of vehicles and other related goods and services.
Boon Koon Motors Sdn. Bhd.	100	Sale of commercial vehicles and provision of related services. However, it has ceased its operation and is presently inactive.
Boon Koon Vehicles Pte. Ltd.	100	Sale of commercial vehicles, motor vehicles accessories and the provision of related services.
BKCV Sdn. Bhd.	100	Manufacturing and assembling of new commercial vehicles.
BK Fleet Management Sdn. Bhd.	100	Sale and rental of commercial vehicles provision of fleet management and other related services.
Boon Koon Fleet Management Sdn. Bhd.	100	Rental, let on hire, repair and dealing in forklifts, heavy equipment, machineries, components parts, attachments and accessories thereof.
BKSP Autoworld Sdn. Bhd.	100	Maintenance and repair of motor vehicles.
Boon Koon Commercial Sdn. Bhd.	100	Undertaking of leasing, hire purchase and warehousing services as well as bill marketing, factory or the business of acquiring debts due to any person and related fields.
BKG Development Sdn. Bhd.	100	Investment holding and property development and property construction.
Boon Koon Capital Sdn. Bhd.	100	Investment holding and the provision of management services.
BK Alliance Sdn. Bhd.	100	Sale of commercial vehicles and the provision of related services.

<b>Name of company</b>	<b>Effective Equity Interest (%)</b>	<b>Principal activities</b>
<b>(ii) Indirect Subsidiary of CHGP</b>		
<i>*Subsidiary of Boon Koon Vehicles Industries Sdn. Bhd.</i>		
BKGM Industries Sdn. Bhd.	100	Provision of sub-contractor services to the commercial vehicle industry.
<b>ii) Indirect Subsidiary of CHGP</b>		
<i>*Subsidiary of Boon Koon Vehicles Industries Sdn. Bhd.</i>		
BK Sepadu Sdn. Bhd. (In Members' Voluntary Winding Up)	62.5	Selling of commercial vehicle and provision of related services.
<i>*Subsidiary of BKG Development Sdn. Bhd.</i>		
BKHS Capital Sdn. Bhd.	100	Property development.
Stellar Trinity Sdn. Bhd.	100	Dormant.
<b>(iii) Indirect Associate Company of CHGP</b>		
<i>*Associate company of BKCVC Sdn. Bhd.</i>		
CNMY Truck Sdn. Bhd.	30%	Ceased of business operation.

Due to the diversity of CHGP Group, it is anticipated that CHGP Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate for the CHGP Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.4 below, provided such transactions are entered into at arm's length 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. Such mandate will enable the Group to enter into the RRPTs without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.5 below.

### **2.3 Validity Period of the Proposed Renewal of Shareholders' Mandate**

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until :

- (a) the conclusion of the next AGM of CHGP following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date 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
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

Thereafter, approval from shareholders will be sought for the Proposed Renewal of Shareholders' Mandate.

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## 2.4 Classes of Related Parties and Nature of RRPTs

Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 July 2019* (RM'000)	Actual value transacted (from date of AGM on 28 August 2019 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
Chin Hin Group - Chin Hin is an investment holding company while its subsidiary companies are involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete and manufacturing of autoclaved aerated concrete and precast concrete products, wire mesh and metal roofing systems.	CHGP Group	<ul style="list-style-type: none"> <li>Rental paid to Chin Hin Group for motor vehicles rented</li> </ul>	1,000	NIL	1,000	<ul style="list-style-type: none"> <li>Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP. He is also the Deputy Group Executive Chairman and a Major Shareholder of Chin Hin. He is the spouse of Datin Seri Wong Mee Leng and father of Chiau Haw Choon and Shelly Chiau Yee Wern.</li> <li>Chiau Haw Choon is an Executive Director and a Major Shareholder of CHGP. He is also the Group Managing Director and a Major Shareholder of Chin Hin. He is the son of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and brother of Shelly Chiau Yee Wern.</li> </ul>
		<ul style="list-style-type: none"> <li>Sale of motor vehicles to Chin Hin Group based on prevailing market price</li> </ul>	5,000	NIL	5,000	
		<ul style="list-style-type: none"> <li>Supply by CHGP Group and/or purchase from Chin Hin Group of materials based on prevailing market price.<sup>@</sup></li> </ul>	12,750	7	12,750	
		<ul style="list-style-type: none"> <li>Provision of insurance and other administrative services by Chin Hin Group based on prevailing market price.</li> </ul>	2,000	153	2,000	
		<ul style="list-style-type: none"> <li>Provision of construction services to and/or by Chin Hin Group based on prevailing market price.<sup>^</sup></li> </ul>	100,000	NIL	100,000	

Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value as disclosed in the previous Circulars to Shareholders dated 31 July 2019* (RM'000)	Actual value transacted (from date of AGM on 28 August 2019 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
		<ul style="list-style-type: none"> <li>Leasing / renting / letting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis.<sup>#</sup></li> </ul>	300	115	300	<ul style="list-style-type: none"> <li>Shelly Chiau Yee Wern is the alternate director to Datuk Seri Chiau Beng Teik in CHGP and Chin Hin. She is the daughter of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and sister of Chiau Haw Choon.</li> <li>Divine Inventions Sdn. Bhd. is a Major Shareholder of CHGP and Chin Hin. Divine Inventions Sdn. Bhd. is a wholly-owned subsidiary of PP Chin Hin Realty Sdn. Bhd.</li> <li>Datin Seri Wong Mee Leng is a Major Shareholder of CHGP and Chin Hin. She is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon and Shelly Chiau Yee Wern.</li> <li>PP Chin Hin Realty Sdn. Bhd. is a Major Shareholder of CHGP and Chin Hin. PP Chin Hin Realty Sdn. Bhd. is a person connected to Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Datin Seri Wong Mee Leng.</li> </ul>

Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 July 2019* (RM'000)	Actual value transacted (from date of AGM on 28 August 2019 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
<p>CHL Logistic Sdn. Bhd.</p> <p>- Carry on business of Logistic and Transport</p>	<p>CHGP Group</p>	<ul style="list-style-type: none"> <li>Sales of motor vehicles to CHL Logistic Sdn. Bhd. based on prevailing market price.</li> <li>Supply by CHGP Group and/or purchase from CHL Logistic Sdn. Bhd. of materials based on prevailing market price.®</li> </ul>	<p>5,000</p> <p>5,000</p>	<p>NIL</p> <p>159</p>	<p>5,000</p> <p>5,000</p>	<ul style="list-style-type: none"> <li>Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP.</li> <li>Chiau Haw Choon is an Executive Director and a Major Shareholder of CHGP.</li> <li>Datin Seri Wong Mee Leng is a Major Shareholder of CHGP.</li> <li>Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and brother of Chiau Haw Choon and Shelly Chiau Yee Wern, is the director and substantial shareholder of CHL Logistic Sdn. Bhd.</li> <li>Shelly Chiau Yee Wern is the alternate director to Datuk Seri Chiau Beng Teik in CHGP.</li> <li>Divine Inventions Sdn. Bhd. is a Major Shareholder of CHGP.</li> <li>Divine Inventions Sdn. Bhd. is a wholly-owned subsidiary of PP Chin Hin Realty Sdn. Bhd.</li> <li>PP Chin Hin Realty Sdn. Bhd. is a Major Shareholder of CHGP. PP Chin Hin Realty Sdn. Bhd. is a person connected to Datuk Seri Chiau Beng Teik, Datin Seri Wong Mee Leng and Chiau Haw Choon.</li> </ul>

Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 July 2019* (RM'000)	Actual value transacted (from date of AGM on 28 August 2019 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
<p>Aera Property Group - Aera Property is an investment holding company while its subsidiary companies are involved in the Housing and Property Development</p>	<p>CHGP Group</p>	<ul style="list-style-type: none"> <li>Provision of construction services to and/or by Aera Property Group based on prevailing market price. ^</li> </ul>	<p>500,000</p>	<p>62,730</p>	<p>200,000</p>	<ul style="list-style-type: none"> <li>Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP. He is the spouse of Datin Seri Wong Mee Leng and father of Chiau Haw Choon and Shelly Chiau Yee Wern.</li> <li>Chiau Haw Choon is an Executive Director and a Major Shareholder of CHGP. He is the son of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and brother of Shelly Chiau Yee Wern.</li> <li>Datin Seri Wong Mee Leng is a Major Shareholder of CHGP. She is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon and Shelly Chiau Yee Wern.</li> <li>Shelly Chiau Yee Wern is the alternate director to Datuk Seri Chiau Beng Teik in CHGP. She is the daughter of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and sister of Chiau Haw Choon.</li> <li>Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors and substantial shareholders of Aera Property</li> </ul>



Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value as disclosed in the previous Circular to Shareholders dated 31 July 2019* (RM'000)	Actual value transacted (from date of AGM on 28 August 2019 to the LPD) (RM'000)	Estimated aggregate value of transaction for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
						<ul style="list-style-type: none"> <li>Divine Inventions Sdn. Bhd. is a Major Shareholder of CHGP. Divine Inventions Sdn. Bhd. is a wholly-owned subsidiary of PP Chin Hin Realty Sdn. Bhd.</li> <li>PP Chin Hin Realty Sdn. Bhd. is a Major Shareholder of CHGP. PP Chin Hin Realty Sdn. Bhd. is the holding company of Aera Property and is a person connected to Datuk Seri Chiau Beng Teik, Datin Seri Wong Mee Leng and Chiau Haw Choon. Datuk Seri Chiau Beng Teik and Chiau Haw Choon are also the directors of PP Chin Hin Realty Sdn. Bhd.</li> </ul>

Notes :

\* The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may be varied from the estimated value disclosed above and subject to changes.

# In the course of CHGP Group's business, CHGP may lease / rent / let to and/or from Chin Hin Group. All the rental of properties, if any, will be payable on an equal pro-rated monthly basis based on prevailing market value.

@ In the course of CHGP Group's businesses, CHGP Group may purchase from and/or supply to Related Parties of all kinds of the construction and building materials, manufacturing and construction equipment and machinery, and such other materials which are necessary for its day to day operation.

^ In the course of CHGP Group's businesses, CHGP Group may provide to and/or receipt from Related Parties of all kinds of construction contracts, project management, management and construction services, and/or project development, including property management services, marketing services and other related management services.

## 2.5 Review Methods or Procedures for the Recurrent Related Party Transactions

CHGP Group has established various methods and procedures to ensure the RRPTs are undertaken on arms' length and on normal commercial terms, which are consistent with CHGP Group's usual business practices and policies, on terms which are not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows :

- (i) The Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders mandate and will also be advised of the review and disclosure procedures;
- (ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) The management of the CHGP Group is cognisant that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPTs are not detrimental to the Group;
- (v) Where RRPT is one with a value equal to or in excess of RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is lower), it will be reviewed by the Audit Committee and recommended to be approved by the Board of Directors who has no interest in the transaction. Where the RRPT is one with a value below RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is lower), it will be reviewed and approved by any one (1) of the Executive Director or the Board who has no interest in the transaction;
- (vi) If a member of the Board or of the Audit Committee has an interest, as the case may be, he/she shall declare their interest in transaction and abstain from any decision making by the Board or Audit Committee in respect of the said transactions;
- (vii) The Audit Committee shall amongst others, review any RRPT and conflict of interest situation that may arise within the Group including any transaction procedures or course of conduct that raises questions of management integrity;
- (viii) Records will be maintained by the respective companies to capture all RRPTs which are entered pursuant to the shareholders' mandate;

- (ix) The Audit Committee shall review on a quarterly basis any related party transaction that may arise within the Company or the Group to ensure that such transactions will be carried out at arm's length, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders;
- (x) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPTs have been complied with; and
- (xi) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

## 2.6 Amount Due and Owing Under Recurrent Related Party Transactions

As at the financial year ended 31 March 2020, the amount due and owing to CHGP Group by the following parties which has exceeded the credit term given arising from the RRPT(s) as per Section 2.4 are as follows :

Company Name	Credit Terms	Amount (RM)
Chin Hin	A period of one (1) year or less	1,050
Platinum Eminent Sdn Bhd <sup>(1)</sup>	A period of one (1) year or less	36,751,595

Notes :

(1) *Platinum Eminent Sdn Bhd is a subsidiary company of Aera Property .*

There were no interest and late payment charges imposed by CHGP Group on the overdue trade receivable as it was trade in nature.

As at LPD, the outstanding amount owing by Chin Hin has been settled.

The Board of Directors is of the opinion that there will be no recoverability issue for the outstanding amount owing by Platinum Eminent Sdn Bhd ("PESB") as PESB is gradually make the payments for the settlement of the outstanding sum. As of LPD, the total outstanding amount owing by PESB has reduced to approximately RM36,158,171.

The management has made continuously effort to send out reminder on outstanding amount and will continuously follow up closely with PESB to recover the outstanding amount.

## 2.7 Statement by Audit Committee

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPTs have been complied with. If it is determined that the procedures stated in Section 2.5 are inadequate to ensure that (i) the RRPTs will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.5 above and is of the view that CHGP has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner. The Audit Committee is of the opinion that review procedures are satisfactory and the RRPTs will be carried out at arms' length and in accordance with CHGP Group's normal commercial terms. Hence, will not be prejudicial to the shareholders or disadvantageous to CHGP and not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of CHGP. The review of these procedures and processes is carried out at least once a year or when deemed necessary by the Audit Committee.

## **2.8 Disclosure of Recurrent Related Party Transactions**

Disclosure will be made in the annual report of the Company in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information :

- (a) the type of the RRPTs made; and
- (b) the names of the Related Parties involved in each type of the RRPTs made and their relationships with CHGP Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Renewal of Shareholders' Mandate had been obtained.

## **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of Shareholders' Mandate will enable the CHGP Group to carry out RRPTs necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channeled towards attaining other corporate objectives.

The RRPTs carried out within the CHGP Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, CHGP Group has a long-standing business relationship with the Related Parties. The Board of CHGP is of the view that the close co-operation and strong working relationship that exist between CHGP Group and the Related Parties have over the years enabled CHGP Group to benefit from better services and attention that would otherwise be derived from third parties. These close relationships have allowed for better control of supplies, quality and timeliness of completion of work done / services rendered.

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

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, EPS and the shareholdings of the substantial shareholders of CHGP.

#### 5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

As at LPD, the direct and indirect interests of the Directors and/or Major Shareholders of CHGP who are interested and/or do not consider themselves independent in the RRPTs are as follows :

<b>Interested Directors</b>	<b>Direct</b>	<b>%<sup>#</sup></b>	<b>Indirect</b>	<b>%</b>
Datuk Seri Chiau Beng Teik	57,156,100	19.214	110,108,435	37.014
Chiau Haw Choon	7,859,000	2.642	110,108,435	37.014
Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	-	-	-	-

<b>Major Shareholders</b>	<b>Direct</b>	<b>%<sup>#</sup></b>	<b>Indirect</b>	<b>%</b>
Datuk Seri Chiau Beng Teik	57,156,100	19.214	110,108,435	37.014
Chiau Haw Choon	7,859,000	2.642	110,108,435	37.014
Divine Inventions Sdn. Bhd.	110,108,435	37.014	-	-
PP Chin Hin Realty Sdn. Bhd.	-	-	110,108,435	37.014
Datin Seri Wong Mee Leng	-	-	110,108,435	37.014

*Note:*

*# Excluding a total of 700,000 CHGP shares bought-back by the Company and retained as treasury shares as at LPD*

Accordingly, Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern (collectively referred to as "Interested Directors") have and will continue to abstain from all deliberations and voting on matters relating to the Proposed Renewal of Shareholders' Mandate at the Board meetings and will abstain from voting in respect of their direct and/or indirect shareholdings in CHGP at the forthcoming AGM on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

The Interested Major Shareholders, namely Datuk Seri Chiau Beng Teik, Chiau Haw Choon, Divine Inventions Sdn. Bhd., PP Chin Hin Realty Sdn. Bhd. and Datin Seri Wong Mee Leng and will abstain from voting in respect of their direct and/or indirect shareholdings in CHGP at the forthcoming AGM on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

The above Interested Directors and Interested Major Shareholders have undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders or persons connected with the Directors or Major Shareholders have any interest, directly or indirectly in the Proposed Renewal of Shareholders' Mandate.

## **6. APPROVALS REQUIRED**

The Proposed Renewal of Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

## **7. DIRECTORS' RECOMMENDATION**

The Directors of CHGP (save for Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern) having considered all aspects of the Proposed Renewal of Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Company and accordingly, the Board (save for Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern) recommended that the shareholders of CHGP vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

## **8. ANNUAL GENERAL MEETING**

The ordinary resolution to vote on the Proposed Renewal of Shareholders' Mandate is set out in the Notice of 18<sup>th</sup> AGM contained in the Annual Report of the Company for the financial year ended 31 March 2020, which is dispatched together with this Circular. The 18<sup>th</sup> AGM will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 28 September 2020 at 2.30 p.m.

If you are unable to attend and vote in person at the 18<sup>th</sup> AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report of the Company for the financial year ended 31 March 2020 in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time appointed for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending the AGM and voting in person should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of  
**CHIN HIN GROUP PROPERTY BERHAD**

**Khoo Chee Siang**  
*Independent Non-Executive Director*

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**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**



## CHIN HIN GROUP PROPERTY BERHAD

[Company No. 200101017677 (553434-U)]

(Incorporated in Malaysia)

### Registered Office

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

28 August 2020

### Board of Directors

Datuk Seri Chiau Beng Teik	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Goh Boon Koon	<i>(Non-Independent Non-Executive Director)</i>
Chiau Haw Choon	<i>(Executive Director)</i>
Datuk Yeo Chun Sing	<i>(Executive Director)</i>
Khoo Chee Siang	<i>(Independent Non-Executive Director)</i>
Ho Kok Loon	<i>(Independent Non-Executive Director)</i>
Shelly Chiau Yee Wern	<i>(Alternate Director to Datuk Seri Chiau Beng Teik)</i>

**To : The Shareholders of CHGP**

Dear Sir/Madam,

### PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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#### 1. INTRODUCTION

At the Seventeenth (17<sup>th</sup>) AGM of the Company held on 28 August 2019, the Company had obtained the approval of its shareholder to purchase up to ten percent (10%) of the total number of issued shares of the Company at any point in time. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion of the forthcoming AGM unless such authority is renewed by an ordinary resolution passed at the general meeting.

On 18 August 2020, the Board had announced that CHGP proposed to seek the approval of its shareholders for the renewal of the authority for the Company to purchase up to 10% of the total number of issued shares of the Company. The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Circular is to provide you with the relevant information of the Proposed Renewal of Share Buy-Back Authority and to seek your approval on the ordinary resolution



pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM, which will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 28 September 2020 at 2.30 p.m. The notice of the AGM together with the Form of Proxy is enclosed in the Annual Report of the Company for the financial year ended 31 March 2020.

**SHAREHOLDERS OF CHGP ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING AGM.**

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

### **2.1 Proposed Renewal of Share Buy-Back Authority**

The Board is proposing to seek the shareholders' approval for the renewal of the authority for the Company to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the total number of issued shares at any point in time.

For illustrative purposes, as at LPD, the total number of issued shares of CHGP stood at 298,178,200 ordinary shares (including the 700,000 CHGP Shares held as treasury shares as at LPD). Assuming no further CHGP Shares are issued, the maximum number of shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 29,817,820 CHGP Shares which would include the 700,000 CHGP Shares already held as treasury shares.

The Proposed Renewal of Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

## **2.2 Maximum Amount of Funds to be Allocated and the Source of Funds**

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the amount stated in the retained profits of the Company. Based on the latest audited financial statements of the Company for the financial year ended 31 March 2020, the Company recorded an accumulated losses of RM4,732,900 at the Company level.

The Proposed Renewal of Share Buy-Back Authority will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of CHGP Shares to be purchased and other relevant factors. The actual number of CHGP Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Renewal of Share Buy-Back Authority is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group.

## **2.3 Treatment of the Purchased CHGP Shares**

The Purchased CHGP Shares will be dealt by the Board in accordance with Section 127 of the Act, in the following manner:

- (i) cancel the CHGP Shares so purchased; or
- (ii) retain the CHGP Shares so purchased as treasury shares and held by the Company; or
- (iii) retain part of the CHGP Shares so purchased as treasury shares and cancel the remainder; or,
- (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
- (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force.

The decision whether to retain the Purchased CHGP Shares as treasury shares, or to cancel the Purchased CHGP Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of CHGP Shares as well as any resale or cancellation of the Purchased CHGP Shares.

If such Purchased CHGP Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the Purchased CHGP Shares shall not be

taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

#### **2.4 Purchase/Resale/Transfer Price**

Pursuant to the Listing Requirements, the Company may only purchase CHGP Shares at a price which is not more than fifteen percent (15%) above the weighted average market price for the shares for the five (5) Market Days immediately preceding the date of the purchase(s). The Company may only resell or transfer the Purchased CHGP Shares held as treasury shares at a price which is:

- (a) not less than the weighted average share price of CHGP Shares for the five (5) Market Days immediately prior to the resale or transfer; or
- (b) at a discount of not more than 5% to the weighted average share price of CHGP Shares for the five (5) Market Days immediately prior to the resale or transfer provided that:
  - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of the purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

The Proposed Renewal of Share Buy-Back Authority and/or resale of the Purchased CHGP Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. The Company shall ensure that all dealing(s) in its own Shares/Purchased CHGP Shares are made through stock broker(s) appointed by the Company.

#### **2.5 Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back Authority**

The potential advantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.
- (b) The Proposed Renewal of Share Buy-Back Authority will also provide the Company with opportunities for potential gains if the Purchased CHGP Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Renewal of Share Buy-Back Authority may also stabilise the supply and demand of CHGP Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of CHGP Shares price is

important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of CHGP Group.
- (b) The Proposed Renewal of Share Buy-Back Authority may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- (c) The Proposed Renewal of Share Buy-Back Authority may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

## **2.6 Public Shareholding Spread**

The Proposed Renewal of Share Buy-Back Authority is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("Prevailing Law") at the time of the purchase. As at 3 August 2020, the public shareholding spread of the Company was approximately 23.24%.

The Company had earlier applied to Bursa Securities for an extension of time to comply with the public shareholding spread requirement vide its letter dated 31 March 2020 and Bursa Securities had vide its letter dated 16 April 2020, granted CHGP an extension of time of four (4) months until 3 July 2020 to comply with the public shareholding spread requirement.

The Company had applied to Bursa Securities for a further extension of time to comply with the public shareholding spread requirement on 10 June 2020 and Bursa Securities had vide its letter dated 24 June 2020, granted CHGP a further extension of time of six (6) months until 3 January 2021 to comply with the public shareholding spread requirement.

The Board will endeavor to ensure that the Proposed Renewal of Share Buy-Back Authority will be in accordance with the Prevailing Law at the time of the purchase including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements.

## **2.7 Implication Relating to the Code**

As at 3 August 2020, Divine Inventions Sdn Bhd and its persons acting in concert, namely Datuk Seri Chiau Beng Teik, Mr Chiau Haw Choon and Datin Seri Wong

Mee Leng, (“PAC”) holds 58.869% of the total number of issued shares of the Company. Based on the total number of issued shares of CHGP of 298,178,200 CHGP Shares as at 3 August 2020 and assuming the Proposed Share Buy-Back is carried out in full and that all the CHGP Shares purchased are cancelled, the collective shareholdings of Divine Inventions Sdn. Bhd. and the PAC in CHGP will increase to 65.257%.

As Divine Inventions Sdn Bhd as well as and Ultimate Offerors already hold more than fifty per cent (50%) of the voting shares of the Company, any further increase in their shareholding arising from the Proposed Share Buy-Back will not, under the Code, give rise to an obligation to undertake a mandatory general offer for the remaining shares of the Company not already owned by the said persons. Accordingly, there will not be any implication relating to the Code arising from the Proposed Share Buy-Back.

## **2.8 Purchase, Resale, Transfer and Cancellation of Shares Made in Previous Twelve (12) Months**

There were no purchase, resale, transfer and cancellation of shares made by CHGP in the previous twelve (12) months preceding the date of this Circular.

## **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The implementation of the Proposed Renewal of Share Buy-Back Authority is envisaged to benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the CHGP Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the EPS of CHGP Shares and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased CHGP Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased CHGP Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward; and
- (v) the financial resources of the Company will increase if the Purchased CHGP Shares held as treasury shares are resold at prices higher than the purchase price.

## **4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The effects of the Proposed Renewal of Share Buy-Back Authority on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

#### 4.1 Number of Issued Shares

The effect of the Proposed Renewal of Share Buy-Back Authority on the total number of issued shares of the Company will depend on whether the Purchased CHGP Shares are cancelled or retained as treasury shares. The Proposed Renewal of Share Buy-Back Authority will result in a reduction of the total number of issued shares of the Company if the Purchased CHGP Shares are cancelled.

Based on the Company's total number of issued shares as at LPD, the effect of the Proposed Renewal of Share Buy-Back Authority, assuming that all the Purchased CHGP Shares will be cancelled, are as follows:

	<b>No. of Shares #</b>
Number of CHGP Shares as at LPD	298,178,200
Less:- Maximum number of ordinary shares which may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority (assuming all Purchased CHGP Shares are fully cancelled)	(29,817,820)
<b>Resultant number of CHGP Shares</b>	<b>268,360,380</b>

Note

# Including a total of 700,000 CHGP Shares bought back by CHGP and retained as treasury shares as at LPD.

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the total number of issued shares of the Company if all the Purchased CHGP Shares are to be retained as treasury shares, resold or distributed to the shareholders.

#### 4.2 Net assets attributable to ordinary equity holders of CHGP

When the Company purchases its own shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of CHGP Group will decrease if the cost per Share purchased exceeds the NA per Share of CHGP Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of CHGP Group at the relevant point in time, the NA per Share of CHGP Group will increase.

In the case where the Purchased CHGP Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of CHGP Group upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of CHGP Group will decrease by the cost of the treasury shares at the point of purchase.

#### 4.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of CHGP Group, the quantum of which depends on, amongst others, the number of CHGP Shares purchased and the purchase price(s) of the CHGP Shares.

which depends on, amongst others, the number of CHGP Shares purchased and the purchase price(s) of the CHGP Shares.

For CHGP Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

#### **4.4 Earnings**

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of CHGP Group are dependent on the number CHGP Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to CHGP Group if internally generated funds are utilised. Further, the purchase of the CHGP Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

#### **4.5 Dividends**

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, it may reduce the amount of distributable reserves available for payment of dividend as the funds to be allocated for the purchase of the Shares are utilised from the Company's retained earnings account.

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#### 4.6 Directors' and Substantial Shareholders' Shareholdings

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the substantial shareholders of CHGP based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Renewal of Share Buy-Back Authority is undertaken in full by the Company, are as follows:

##### (a) Directors of CHGP

No.	Director	As at the LPD <sup>(a)</sup>				After the Proposed Renewal of Share Buy-Back Authority <sup>(b)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Datuk Seri Chiau Beng Teik	57,156,100	19.214	110,108,435	37.014 <sup>(c)</sup>	57,156,100	21.298	110,108,435	41.030 <sup>(c)</sup>
2.	Dato' Goh Boon Koon	2,650,000	0.891	49,324,690	16.581 <sup>(d)</sup>	2,650,000	0.987	49,324,690	18.380 <sup>(d)</sup>
3.	Chiau Haw Choon	7,859,000	2.642	110,108,435	37.014 <sup>(c)</sup>	7,859,000	2.929	110,108,435	41.030 <sup>(c)</sup>
4.	Khoo Chee Siang	-	-	-	-	-	-	-	-
5.	Datuk Yeo Chun Sing	-	-	-	-	-	-	-	-
6.	Ho Kok Loon	67,500	0.023	-	-	67,500	0.025	-	-
7.	Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	-	-	-	-	-	-	-	-

Notes:

- (a) Excluding a total of 700,000 CHGP Shares bought-back by the Company and retained as treasury shares as at LPD.
- (b) Assuming the maximum of 29,817,820 CHGP Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.
- (c) Deemed interest by virtue of his shareholdings in PP Chin Hin Realty Sdn Bhd, which is the holding company of Divine Inventions Sdn Bhd pursuant to Section 8 of the Act.
- (d) Deemed Interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Act and other interest held through his children pursuant to Section 59(1)(c) of the Act.



(b) Substantial Shareholders of CHGP

No.	Substantial Shareholders	As at the LPD <sup>(a)</sup>				After the Proposed Renewal of Share Buy-Back Authority <sup>(b)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Datuk Seri Chiau Beng Teik	57,156,100	19.214	110,108,435	37.014 <sup>(c)</sup>	57,156,100	21.298	110,108,435	41.030 <sup>(c)</sup>
2.	Chiau Haw Choon	7,859,000	2.642	110,108,435	37.014 <sup>(c)</sup>	7,859,000	2.929	110,108,435	41.030 <sup>(c)</sup>
3.	Divine Inventions Sdn. Bhd.	110,108,435	37.014	-	-	110,108,435	41.030	-	-
4.	PP Chin Hin Realty Sdn. Bhd.	-	-	110,108,435	37.014 <sup>(d)</sup>	-	-	110,108,435	41.030 <sup>(d)</sup>
5.	Datin Seri Wong Mee Leng	-	-	110,108,435	37.014 <sup>(c)</sup>	-	-	110,108,435	41.030 <sup>(c)</sup>
6.	Dato' Goh Boon Koon	2,650,000	0.891	48,735,997	16.383 <sup>(e)</sup>	2,650,000	0.987	48,735,997	18.161 <sup>(e)</sup>
7.	BKNT Resources Sdn. Bhd.	48,735,997	16.383	-	-	48,735,997	18.161	-	-
8.	Datin Lee Teoh Kee	-	-	48,735,997	16.383 <sup>(e)</sup>	-	-	48,735,997	18.161 <sup>(e)</sup>
9.	Goh Boon Leong	-	-	48,735,997	16.383 <sup>(e)</sup>	-	-	48,735,997	18.161 <sup>(e)</sup>

Notes:

- (a) Excluding a total of 700,000 CHGP Shares bought-back by the Company and retained as treasury shares as at LPD.
- (b) Assuming the maximum of 29,817,820 CHGP Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.
- (c) Deemed interest by virtue of his/her shareholdings in PP Chin Hin Realty Sdn Bhd, which is the holding company of Divine Inventions Sdn Bhd pursuant to Section 8 of the Act.
- (d) Deemed interest pursuant to Section 8 of the Act through its wholly-owned subsidiary, Divine Inventions Sdn Bhd.
- (e) Deemed Interest through BKNT Resources Sdn. Bhd. by virtue of his/her shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Act.

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## 5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and Major Shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the proposed purchase of shares or resale of treasury shares, if any, in the future.

## 6. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of CHGP Shares traded on Bursa Securities for the past twelve (12) months from August 2019 to July 2020 are as follows:

	<b>Highest RM</b>	<b>Lowest RM</b>
<b>2019</b>		
August	0.305	0.275
September	0.285	0.265
October	0.290	0.270
November	0.300	0.270
December	0.300	0.285
<b>2020</b>		
January	0.310	0.290
February	0.315	0.300
March	0.305	0.235
April	0.410	0.270
May	0.365	0.325
June	0.370	0.325
July	0.370	0.340

The last transacted price of CHGP Shares on 3 August 2020, being the LPD, was RM0.35.

## 8. DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Renewal of Share Buy-Back Authority is of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in the best interests of the Company and accordingly recommended that the shareholders of the Company to vote in favour of the ordinary resolution for the Proposed Renewal Share Buy-Back Authority to be tabled at the forthcoming AGM.

## 9. ANNUAL GENERAL MEETING

The ordinary resolution to vote on the Proposed Renewal of Share Buy-Back Authority is set out in the Notice of Eighteenth (18<sup>th</sup>) AGM contained in the Annual Report of the Company for the financial year ended 31 March 2020, which is dispatched together with this Circular. The Eighteenth (18<sup>th</sup>) AGM will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 28 September 2020 at 2.30 p.m.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report of the Company for the financial year ended 31 March 2020 in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time appointed for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending the AGM and voting in person should you subsequently wish to do so.

**10. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of  
**CHIN HIN GROUP PROPERTY BERHAD**

**Khoo Chee Siang**  
*Independent Non-Executive Director*

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## APPENDIX I – FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of CHGP who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

### 2. MATERIAL CONTRACTS

Save as disclosed below, CHGP and its subsidiaries have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:

- (a) a share sale agreement dated 10 December 2018 entered into between BKG Development Sdn. Bhd. (“BKGD”) with Dato’ Cheah Suan Lee and Mr Goh Chin Aun (hereinafter collectively referred to as “the Vendors”) for the acquisition of the remaining 50% equity interest in BKHS Capital Sdn Bhd from the Vendors for a total cash consideration of RM525,870.26 only. The said acquisition was completed on 3 May 2019;
- (b) a conditional subscription agreement dated 24 May 2019 entered into between BKGD and Stellar 8 Sdn Bhd (formerly known as Midas Prosperity Sdn Bhd) (“Stellar 8”) for the proposed subscription of RM35,000,000 new redeemable preference shares (“RPS”) in Stellar 8 (“Subscription Agreement”). The Subscription Agreement was completed on 1 November 2019; and
- (c) a conditional joint venture agreement dated 24 May 2019 (“Joint Venture Agreement”) entered into between BKGD and Stellar 8 for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar. BKGD shall be effectively entitled to share 47.0% of Stellar 8’s profit or loss before tax for any financial year during the development period, subject to a minimum entitlement of RM34,751,117 guaranteed by Stellar 8 under Joint Venture Agreement.

### 3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, our Group is not involved in any material litigation or arbitration which may have a material adverse effect on the business and financial position of our Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any proceeding which might adversely and materially affect the business and financial position of our Group as at LPD:

On 3 April 2017, Boon Koon Vehicles Industries Sdn Bhd (“BKVI”), our wholly-owned subsidiary, received a Writ of Summons and Statement of Claim dated 13 March 2017 from Dato’ Seri Kasmi bin Mat Arsat (“the Plaintiff”) claiming for amongst others, the sum of RM1,265,190.86 being outstanding commission payable to the Plaintiff for negotiation works and procurement of approved permits required under the laws of Malaysia before vehicle chassis/components can be imported into Malaysia for rebuilt or re-manufacturing activities (“AP”), together with interest at the rate of 4% per annum until full settlement and costs. On 27 April 2017, the Penang High Court allowed the Plaintiff to amend his Statement of Claim due to typographical error of which the original sum claimed was

supposed to be RM2,238,000. The basis of the Plaintiff's claim arises from an alleged AP lobbying program and proposal prepared by BKVI in early 2011 wherein the Plaintiff was promised commission between RM1,000 and RM2,000 for every AP procured by BKVI. On 27 October 2017, the Penang High Court ruled in favour of BKVI with an order of costs of RM30,000 and allocator fees of RM1,200. On 22 November 2017, the Plaintiff submitted a Notice of Appeal to the Court of Appeal of Malaysia at Putrajaya, and on 23 July 2018, the Court of Appeal ruled in favour of BKVI with an order of costs of RM10,000 and allocator fees of RM400.

The total costs therefore awarded is RM41,600. In July 2019, BKVI has arranged the payment to Messrs. Allen Chee Ram to assist them in forwarding the deposit payment to Court for the execution proceedings, ie writ of seizure and sale.

On 14 November 2019, Messrs. Allen Chee Ram received a letter from the High Court of Penang dated 12 November 2019 informing that the execution action has been transferred from the High Court of Penang to High Court of Kuala Lumpur. Meanwhile, the Court has assigned the execution number: PA-37WS-33-10/2019 to place deposit of RM2,000.00 (via a Banker's cheque payable to Akauntan Negara Malaysia) and to prepare the necessary cause papers to give effect as to the abovementioned execution (the "Said Deposit"). The said Deposit has been made payable to the Akauntan Negara Malaysia Bailiff department at the High Court of Penang on even date.

On 29 January 2020, Messrs. Allen Chee Ram received a letter from the High Court of Penang dated 29 January 2020 informing that the execution file and/or the necessary cause papers have been duly forwarded to the Bailiff Department at the High Court of Kuala Lumpur.

As at the LPD, BKVI is awaiting the letter from High Court of Kuala Lumpur to confirm the date of execution.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection by the shareholders of CHGP at the Registered Office of CHGP at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) Constitution;
- (ii) The material contracts referred to in Section 2 of this Appendix I;
- (iii) The relevant cause paper in respect of material litigation referred to in Section 3 of this Appendix I;
- (iv) The audited financial statements of CHGP for the past two (2) financial years ended 31 March 2019 and 31 March 2020; and
- (v) The unaudited consolidated financial results of CHGP for the quarter ended 30 June 2020.

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