

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

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

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**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PART A**

**PROPOSED PROVISION OF FINANCIAL ASSISTANCE OF UP TO RM250.0 MILLION IN THE FORM OF LOAN TO CHIN HIN GROUP BERHAD, THE HOLDING COMPANY OF AJIYA BERHAD ("AJIYA" OR "COMPANY") ("PROPOSED PROVISION OF FINANCIAL ASSISTANCE")**

**PART B**

**INDEPENDENT ADVICE LETTER TO NON-INTERESTED SHAREHOLDERS OF AJIYA IN RELATION TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser for Part A**



**M & A SECURITIES SDN BHD**  
(Registration No. 197301001503 (15017-H))  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**Independent Adviser for Part B**



**FHMH CORPORATE ADVISORY SDN BHD**  
(Registration No. 200701016946 (774955-D))

The Extraordinary General Meeting ("EGM") of Aijya Berhad will be held fully virtual and online remote voting using the Remote Participation and Electronic Voting facilities ("RPEV") via online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702). The notice of EGM together with the Form of Proxy, are enclosed. The completed and signed Form of Proxy should be lodged at our registered office at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor or emailed to [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com) on or before the date and time indicated below in order for it to be valid. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 14 July 2024 at 10.00 a.m.  
Date and time for the EGM : Monday, 15 July 2024 at 10.00 a.m.

**This Circular is dated 28 June 2024**

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## DEFINITIONS

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In this Circular including the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

"AAC"	: Autoclaved aerated concrete
"Act"	: Companies Act 2016
"AGM"	: Annual General Meeting
"AGiBS"	: Ajiya Green Integrated Building Solutions
"Ajiya" or the "Company"	: Ajiya Berhad (199601005281 (377627-W))
"Ajiya Group" or "Group"	: Ajiya and its subsidiaries, collectively
"Board"	: Board of Directors of Ajiya
"Bursa Securities"	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CHCE"	: Chin Hin Construction Engineering Sdn Bhd (202001031076 (1387396-A))
"Chin Hin"	: Chin Hin Group Berhad (201401021421 (1097507-W))
"Chin Hin Group"	: Chin Hin and its subsidiaries, collectively
"CHGP"	: Chin Hin Group Property Berhad (200101017677 (553434-U))
"Circular"	: This circular to shareholders of Ajiya dated 28 June 2024 in relation to the Proposed Provision of Financial Assistance
"Director(s)"	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007
"Divine Inventions"	: Divine Inventions Sdn Bhd (Registration No. 201401043770 (1119952-P))
"EGM"	: Extraordinary General Meeting
"EPS"	: Earnings per share
"FHCA" or "Independent Adviser"	: FHMH Corporate Advisory Sdn Bhd (Registration No. 200701016946 (774955-D)), being the Independent Adviser for the Proposed Provision of Financial Assistance
"FPE"	: Financial period ended/ending, as the case may be
"FYE"	: Financial year ended/ending 30 November, as the case may be
"Government"	: Government of Malaysia
"IAL"	: Independent advice letter from FHCA in relation to the Proposed Provision of Financial Assistance
"Interested Directors"	: Collectively, Datuk Seri Chiau Beng Teik, JP, Chiau Haw Choon and Datuk Hj Mohd Yusri bin Md Yusof

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**DEFINITIONS (Cont'd)**

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"Kayangan"	:	Kayangan Kemas Sdn Bhd (199901001146 (476046-U)), a 95.0% subsidiary of CHGP
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"Loan Agreement"	:	Loan agreement dated 10 May 2024 (varied via a supplemental loan agreement dated 21 June 2024) entered into between Ajiya and Chin Hin pursuant to the Loan
"Loan"	:	Loan of up to RM250.0 million to be provided to Chin Hin within a period of 24 months from the date when all the conditions precedent of the Loan Agreement are fulfilled, at an interest rate of 7.5% per annum
"LPD"	:	3 June 2024, being the latest practicable date prior to the issuance of this Circular
"M&A Securities" "Principal Adviser"	or :	M & A Securities Sdn Bhd (197301001503 (15017-H))
"NA"	:	Net assets
"PAT"	:	Profit after tax
"PP Chin Hin Realty"	:	PP Chin Hin Realty Sdn Bhd (Registration No. 201101034966 (963099-V))
"Proposed Acquisition of CHCE"	:	Proposed acquisition of 2 ordinary shares in CHCE representing the entire equity interest in CHCE, from CHGP for a cash consideration of RM16.5 million
"Proposed Acquisition of Kayangan"	:	Proposed acquisition of 9,500,000 ordinary shares in Kayangan, representing 95% equity interest in Kayangan, from CHGP for a cash consideration of RM93.5 million
"Proposed Provision of Financial Assistance"	:	Proposed provision of financial assistance of up to a total of RM250.0 million in the form of loan to Chin Hin, the holding company of Ajiya
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

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 to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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**TABLE OF CONTENTS**

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	<b>Page</b>
<b>EXECUTIVE SUMMARY</b>	
<b>PART A</b>	
<b>LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE	2
3. RATIONALE	8
4. INDUSTRY OVERVIEW AND PROSPECTS	13
5. RISK FACTORS	17
6. EFFECTS OF THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE	18
7. APPROVALS REQUIRED	19
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	19
9. HIGHEST PERCENTAGE RATIO FOR THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE	20
10. TRANSACTIONS WITH RELATED PARTY FOR THE PAST 12 MONTHS	20
11. INDEPENDENT ADVISER	20
12. DIRECTORS' STATEMENT AND RECOMMENDATION	21
13. AUDIT COMMITTEE'S STATEMENT	21
14. ESTIMATED TIMEFRAME FOR COMPLETION	22
15. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION	22
16. EGM	22
17. FURTHER INFORMATION	22
<b>PART B</b>	
INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF AJIYA IN RELATION TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE	23
<b>APPENDICES</b>	
I SALIENT TERMS OF THE LOAN AGREEMENT	21
II FURTHER INFORMATION	28
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>PROXY FORM</b>	<b>ENCLOSED</b>

**PART A**

**LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED PROVISION OF  
FINANCIAL ASSISTANCE**

## EXECUTIVE SUMMARY

**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION REGARDING THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR, INCLUDING THE APPENDICES, BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO BE TABLED AT THE FORTHCOMING EGM.**

Key information	Description	Reference to Circular												
Details of the Proposed Provision of Financial Assistance	<p>On 10 May 2024, Ajiya had entered into a loan agreement with Chin Hin to provide a loan of up to RM250.0 million to Chin Hin within a period of 24 months from the date when all the conditions precedent of the Loan Agreement are fulfilled, at an interest rate of 7.5% per annum, for the estimated funding requirements of Chin Hin Group as follows:</p> <table><tr><th>Details</th><th>RM'000</th></tr><tr><td>Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan</td><td>110,000</td></tr><tr><td>Expansion of Chin Hin's building material division</td><td>50,000</td></tr><tr><td>Expansion of Chin Hin's construction division</td><td>40,000</td></tr><tr><td>Other investment purposes</td><td>50,000</td></tr><tr><td></td><td><b>250,000</b></td></tr></table>	Details	RM'000	Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan	110,000	Expansion of Chin Hin's building material division	50,000	Expansion of Chin Hin's construction division	40,000	Other investment purposes	50,000		<b>250,000</b>	Section 2 of Part A
Details	RM'000													
Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan	110,000													
Expansion of Chin Hin's building material division	50,000													
Expansion of Chin Hin's construction division	40,000													
Other investment purposes	50,000													
	<b>250,000</b>													
Rationale	<p>The Proposed Provision of Financial Assistance will provide a strategic avenue for Ajiya to re-deploy its financial resources to provide the necessary funding requirements of Chin Hin Group, in the event Ajiya Group monetises its investments in properties, bonds, money market funds, quoted equity instruments and/or unquoted shares in the future. The Board (save for the Interested Directors) are of the view that the Proposed Provision of Financial Assistance is not detrimental to Ajiya Group and the non-interested shareholders of Ajiya premised on, among others, the following:</p> <ul style="list-style-type: none"><li>(a) interest income of 7.5% per annum on the principal drawn down under the Loan will allow Ajiya Group to generate additional interest income;</li><li>(b) utilisation of the Loan is expected to bolster Chin Hin Group's capability to undertake additional construction and property development projects, which in turn will provide Ajiya Group the opportunity to participate in more projects and increase its revenue base; and</li><li>(c) Datuk Seri Chiau Beng Teik, JP's personal guarantee in favour of Ajiya for the purpose of guaranteeing the repayment of the Loan.</li></ul>	Section 3 of Part A												

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**EXECUTIVE SUMMARY (Cont'd)**

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<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Approvals required</b>	<p>: The Proposed Provision of Financial Assistance is subject to approvals being obtained from the following:</p> <ul style="list-style-type: none"><li>(i) the non-interested shareholders of Ajiya at an EGM of the Company to be convened; and</li><li>(ii) any other relevant persons or authorities, if required.</li></ul> <p>The Proposed Provision of Financial Assistance is not conditional upon any other corporate proposals undertaken or to be undertaken by Ajiya.</p>	<b>Section 7 of Part A</b>
<b>Directors' Statement and Recommendation</b>	<p>: Save for the Interested Directors (who have abstained from deliberation on the Proposed Provision of Financial Assistance), the Board, having considered all aspects of the Proposed Provision of Financial Assistance including but not limited to the estimated funding requirements of Chin Hin Group, financial position of Ajiya Group, rationale and effects of the Proposed Provision of Financial Assistance as well as the preliminary views of the Independent Adviser in relation to the Proposed Provision of Financial Assistance, is of the opinion that the Proposed Provision of Financial Assistance is:</p> <ul style="list-style-type: none"><li>(i) in the best interest of the Company;</li><li>(ii) fair, reasonable and on normal commercial terms; and</li><li>(iii) not detrimental to the interest of the non-interested shareholders of the Company.</li></ul> <p>Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution pertaining to the Proposed Provision of Financial Assistance to be tabled at the forthcoming EGM.</p>	<b>Section 12 of Part A</b>

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**Registered Office:**

Suite 9D, Level 9,  
Menara Ansar,  
65, Jalan Trus,  
80000 Johor Bahru,  
Johor

28 June 2024

**Board of Directors:**

Datuk Seri Chiau Beng Teik, JP (*Executive Chairman*)  
Chiau Haw Choon (*Managing Director*)  
Datuk Hj Mohd Yusri Bin Md Yusof (*Independent Non-Executive Director*)  
Dato' Boey Chin Gan (*Independent Non-Executive Director*)  
Er Kian Hong (*Independent Non-Executive Director*)  
Teh Boon Beng (*Independent Non-Executive Director*)  
Yeo Ann Seck (*Non-Independent Non-Executive Director*)

**To: Shareholders of Ajiya Berhad**

Dear Sir/ Madam,

**PROPOSED PROVISION OF FINANCIAL ASSISTANCE**

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**1. INTRODUCTION**

On 10 May 2024, M&A Securities on behalf of the Board, announced that the Company proposed to undertake the Proposed Provision of Financial Assistance.

Further, on 21 June 2024, Ajiya and Chin Hin had entered into a supplemental loan agreement to vary certain terms of the Loan Agreement, to provide clarity and better facilitation of the Loan specifically on the timing for Ajiya to confirm its availability of funds for disbursements of the Loan as well as the timing for the actual disbursement of the Loan.

Further to the above, in view of the interests of certain directors and major shareholders of Ajiya in the Proposed Provision of Financial Assistance, the Proposed Provision of Financial Assistance is deemed as a related party transaction pursuant to Paragraphs 8.23(2)(b) and 10.08(2) of the Listing Requirements. Please refer to Section 8 of Part A of this Circular for further details.

Accordingly, FHCA has been appointed by the Board (save for the Interested Directors) to act as an Independent Adviser to advise the non-interested directors and non-interested shareholders of Ajiya in respect of the Proposed Provision of Financial Assistance.

Further details of the Proposed Provision of Financial Assistance are set out in the ensuing sections in Part A of this Circular.



**THE PURPOSE OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES IS TO PROVIDE YOU WITH RELEVANT INFORMATION PERTAINING TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE TOGETHER WITH THE RECOMMENDATION OF THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE ENTIRE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE**

On 10 May 2024, Ajiya had entered into a loan agreement with Chin Hin to provide a loan of up to RM250.0 million to Chin Hin at an interest rate of 7.5% per annum, for the estimated funding requirements of Chin Hin Group as set out in Section 2.2 of Part A of this Circular.

The Loan is expected to be drawn down by Chin Hin in several tranches within a period of 24 months from the date when all the conditions precedent of the Loan Agreement are fulfilled. The exact Loan amount to be drawn down by Chin Hin in each tranche shall be determined later based on the actual funding requirements of Chin Hin Group at the material time.

### **2.1 INFORMATION ON CHIN HIN**

Chin Hin is the holding company of Ajiya. As at LPD, Chin Hin holds approximately 55.85% equity interest in Ajiya.

Chin Hin was incorporated in Malaysia on 12 June 2014 under the Companies Act 1965 as a public limited company under its present name and is deemed registered under the Act. It was listed on the Main Market of Bursa Securities on 8 March 2016. Chin Hin is an investment holding company, whilst its subsidiaries are principally involved in the following business activities:

<b>Divisions</b>	<b>Business segments</b>
General	<ul style="list-style-type: none"> <li>investment holding and management services</li> </ul>
Building material	<ul style="list-style-type: none"> <li>distribution of building materials and provision of logistic services</li> <li>manufacturing and trading of autoclaved aerated concrete, precast concrete products, wire mesh and modular building solutions</li> </ul>
Vehicle	<ul style="list-style-type: none"> <li>rental and fleet management services</li> </ul>
Property development	<ul style="list-style-type: none"> <li>property development</li> </ul>
Construction	<ul style="list-style-type: none"> <li>construction</li> </ul>
Others	<ul style="list-style-type: none"> <li>home &amp; living solutions</li> </ul>

As at LPD, the total issued share capital of Chin Hin is RM381,850,595 comprising 3,540,327,984 ordinary shares of which 1,500,600 shares are held as treasury shares.

The directors of Chin Hin and their respective shareholdings in Chin Hin as at LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of shares	(1) %	No. of shares	(1) %
Datuk Seri Chiau Beng Teik, JP	Executive Chairman	717,266,000	20.3	(2) 1,313,690,300	37.1
Chiau Haw Choon	Group Managing Director	203,567,200	5.8	(2) 1,313,690,300	37.1
Shelly Chiau Yee Wern	Executive Director	7,300,000	0.2	-	-
Datuk Cheng Lai Hock	Independent Non-Executive Director	600,000	<0.1	-	-
Yeoh Chin Hoe	Senior Independent Non-Executive Director	100,000	<0.1	-	-
Datuk Hj Mohd Yusri Bin Md Yusof	Independent Non-Executive Director	-	-	-	-

**Notes:**

- (1) Excluding 1,500,600 treasury shares as at LPD.
- (2) Deemed interested by virtue of its shareholdings in PP Chin Hin Realty pursuant to Section 8 of the Act, which is the holding company of Divine Inventions, which in turn hold shares in Chin Hin.

The substantial shareholders of Chin Hin and their respective shareholdings in Chin Hin as at LPD are as follows:

Name	Direct		Indirect	
	No. of shares	(1)%	No. of shares	(1)%
Divine Inventions	1,313,690,300	37.1	-	-
PP Chin Hin Realty	-	-	(2) 1,313,690,300	37.1
Datuk Seri Chiau Beng Teik, JP	716,266,000	20.3	(3) 1,313,690,300	37.1
Chiau Haw Choon	203,567,200	5.8	(3) 1,313,690,300	37.1

**Notes:**

- (1) Excluding 1,500,600 treasury shares as at LPD.
- (2) Deemed interested by virtue of its shareholdings in Divine Inventions, which in turn hold shares in Chin Hin pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his shareholdings in PP Chin Hin Realty, which is the holding company of Divine Inventions, which in turn hold shares in Chin Hin pursuant to Section 8 of the Act.

## 2.2 BASIS OF ARRIVING AT THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE

The Proposed Provision of Financial Assistance of up to RM250.0 million was arrived after taking into consideration the estimated funding requirements of Chin Hin Group (the actual funding requirements of Chin Hin Group may differ subject to Chin Hin Group's operational requirements at the material time) as follows:

Details	Notes	RM'000
Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan	(a)	110,000
Expansion of Chin Hin's building material division	(b)	50,000
Expansion of Chin Hin's construction division	(c)	40,000
Other investment purposes	(d)	50,000
		<b>250,000</b>

### Notes:

- (a) On 29 February 2024, Chin Hin had entered into 2 separate share sale agreements with CHGP for the Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan. As such, Chin Hin intends to utilise up to RM110.0 million from the Loan to settle the purchase consideration of the Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan.

On 18 June 2024, Chin Hin further announced that the Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan shall be funded from its internally generated funds, bank borrowings and/ or the Loan. The breakdown of such funding cannot be determined at this juncture as it will depend on, among others, the availability and suitability funding alternatives at the relevant time.

- (b) In view that the demand for building materials in the Malaysia construction sector is expected to remain robust as supported by the on-going infrastructure projects locally. Chin Hin intends to expand and achieve cost efficiencies in its building material division in order to increase its capability to supply more building materials to the local construction sector and to improve on its competitive advantage.

As such, Chin Hin intends to utilise up to RM50.0 million from the Loan for the expansion of Chin Hin's building material division as follows:

Details	RM'000
Purchase of machinery and equipment <sup>(i)</sup>	27,500
Installation of roof-top solar photovoltaic systems <sup>(ii)</sup>	6,000
Upgrade of factory facility <sup>(iii)</sup>	4,500
Purchase of wire rod <sup>(iv)</sup>	12,000
<b>Total</b>	<b>50,000</b>

### Notes:

- (i) Chin Hin intends to utilise up to RM27.5 million from the Loan for the purchase of machinery and equipment as follows:

Machinery and equipment	Usage	Estimated	
		Unit(s)	Total purchase cost RM'000
AAC block machines	Production line that manufacture AAC blocks	1	17,500

Machinery and equipment	Usage	Estimated	
		Unit(s)	Total purchase cost RM'000
Grantry crane	Lifting and handling of building materials	5	1,800
Lorry crane	Lifting and handling of building materials	6	1,700
Reinforced concrete (RC) plant with moulds	Production of precast concrete products	1	2,000
Casting machine	Shaping various materials into the desired form	1	2,000
Dry mortar machines	Production line that blends various dry ingredients to create dry mortar mix	1	2,000
Forklift	Transportation of materials	5	500
<b>Total</b>			<b>27,500</b>

- (ii) Chin Hin intends to utilise up to RM6.0 million from the Loan for the installation of roof-top solar PV systems on its existing AAC block manufacturing factory located at Kota Tinggi, Johor ("**Kota Tinggi Factory**"). The installation of roof-top solar PV systems is aimed at achieving cost-saving measures by reducing overall electricity expenses while maintaining the same amount of electricity consumption in the said factory. The installation of the solar PV systems will allow Chin Hin Group to hedge against future increases in electricity tariff.
- (iii) Chin Hin intends to utilise up to RM4.5 million from the Loan to upgrade the facilities of Kota Tinggi Factory in which up to RM3.0 million from the Loan shall be utilised to construct and build a Tenaga Nasional Bhd (TNB) sub-station for the Kota Tinggi Factory and up to RM1.5 million from the Loan shall be utilised to renovate and upgrade the storage area of the Kota Tinggi Factory.
- (iv) Chin Hin intends to utilise up to RM12.0 million from the Loan to purchase approximately 4,687.5 metric ton of steel wire rod from overseas, based on the prevailing market price of steel wire rod at RM2,560 per metric ton. Chin Hin manufactures steel wire rod into wire mesh and supply the wire mesh to the construction sector as building material.
- (c) Chin Hin's construction division is anticipated to be further strengthened in conjunction with the Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan. As such, Chin Hin expects its construction division to secure more construction projects in the future premised on the positive outlook of the on-going infrastructure projects by the Government and private construction projects in Malaysia.

Following, as part of Chin Hin's plan to expand its construction division to strengthen its capability to undertake more construction projects in the future, Chin Hin intends to utilise up to RM40.0 million from the Loan in the following manner:

Details	RM'000
Purchase of machinery and equipment <sup>(i)</sup>	38,000
Upgrade of ICT systems and software <sup>(ii)</sup>	2,000
<b>Total</b>	<b>40,000</b>

**Notes:**

- (i) Chin Hin intends to utilise up to RM38.0 million from the Loan for the purchase of machinery and equipment as follows:

Machinery and equipment	Usage	Estimated	
		Unit(s)	Total purchase cost RM'000
Aluminium formwork system	Temporary mould into which concrete is poured	1	11,000
Self-climbing platform	Platform that protects working environment from weather conditions and safeguards against falls in work areas	4	12,000
Concrete pump	Machine designed to move fresh, liquid concrete around a construction site	22	6,000
Shoring system	Temporary structure designed to provide support and prevent collapse during construction phase of a building	2	5,000
Luffing cranes and passenger hoist	Lifting and handling of construction materials and site workers	3	1,900
Mobile cranes	Lifting and handling of construction materials	2	1,100
Skid-steer loader (also known as bobcat)	Carry, relocate and unload the building materials such as bricks and soils	10	1,000
<b>Total</b>			<b>38,000</b>

- (ii) Upon the completion of the Proposed Acquisition of CHCE and Proposed Acquisition of Kayangan, Chin Hin intends to utilise up to RM2.0 million from the Loan to upgrade the ICT systems and software for the operations of CHCE and Kayangan as part of its effort to integrate the ICT systems with Chin Hin, such as upgrading of ICT network systems, ICT hardware, software programs, software licenses and other related expenses.

This integration will enable Chin Hin to streamline its processes, eliminate redundant processes through centralising the data and improve planning and reporting works.

- (d) Apart from expanding Chin Hin's building material and construction divisions, Chin Hin intends to utilise up to RM50.0 million from the Loan to expand inorganically, via joint ventures, collaborative arrangements, business agreements, and/or mergers and acquisitions of business or investments in businesses similar to its existing activities, which includes increasing its equity stake in Signature International Berhad and CHGP, all being the subsidiaries of Chin Hin as at LPD. The quantum of the such additional equity stake in the respective subsidiaries to be acquired cannot be determined at this juncture.

In addition, in agreeing to the Proposed Provision of Financial Assistance, Ajiya had also considered its financial capability to extend the Loan to Chin Hin from the prospective monetisation of its investments in properties, bonds, money market funds, quoted equity instruments and/or unquoted shares, as stated in Section 3 of Part A of this Circular.

Further to the above, Ajiya had also considered the following in agreeing to the Loan interest rate:

- (a) The Loan interest rate of 7.5% per annum is the same rate as the initial coupon rate of 7.5% per annum offered under the perpetual medium term notes programme established by Chin Hin on 6 December 2023;
- (b) the Loan interest rate of 7.5% per annum is higher than the average return of 2.13% per annum derived from the Group's other investment and average return of 5.47% per annum derived from the Group's investment properties, as set out in Section 3 of Part A of this Circular; and
- (c) the Loan is personally guaranteed by Datuk Seri Chiau Beng Teik, JP's (director and major shareholder of Chin Hin).

### **2.3 Source of funding**

The Proposed Provision of Financial Assistance is envisaged to be funded via the Group's internally generated funds after taking into consideration the Group's key financial position as set out in Section 3 of Part A of this Circular. Other than the Group's internal resources, there is no other source of funding for the Proposed Provision of Financial Assistance.

### **2.4 Salient terms of the Loan Agreement**

Ajiya Group shall provide the Loan to Chin Hin within a period of 24 months from the date when all the conditions precedent of the Loan Agreement are fulfilled. The salient terms of the Loan Agreement are set out in Appendix I.

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### 3. RATIONALE

Ajiya Group is principally involved in the manufacturing and trading of roofing materials, manufacturing and trading of all kinds of glasses as well as trading of building materials. As such, Ajiya Group's business activities are closely related to the construction and property development industry. Moving forward, the strategic alliance and synergy with Chin Hin Group will further strengthen Ajiya Group's core business in metal, safety glass and AGiBS product offerings and the Board (save for the Interested Directors) is of the view that the Proposed Provision Financial Assistance is in line with the prospect of Ajiya Group as set out in Section 4.4 of Part A of this Circular.

The Proposed Provision of Financial Assistance represents a strategic shift which will allow Ajiya Group to re-mobilise its financial resources to provide the necessary funding requirements to Chin Hin Group in order to undertake the Proposed Acquisition of CHCE, Proposed Acquisition of Kayangan, expansion of Chin Hin's building material division and construction division as well as other investment purposes, as set out in Section 2.2 of Part A of this Circular. The Board (save for the Interested Directors) believes that the Proposed Provision of Financial Assistance will bolster Chin Hin Group's capability to undertake additional construction and property development projects, which in turn will provide Ajiya Group the opportunity to participate in more projects and increase its revenue base.

The revenue contribution to Ajiya Group arising from the sales to Chin Hin Group are as below:

	<b>Audited</b>		<b>Unaudited</b>	
	<b>FYE 2023</b>		<b>3-month FPE 29 February 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Sales to Chin Hin Group <sup>(1)</sup>	6,101	2.0	1,984	2.5
<b>Total Revenue</b>	<b>304,812</b>		<b>78,928</b>	

**Note:**

<sup>(1)</sup> Comprises supply of metal roll forming, safety glass, zinc and aluminium products.

From 1 March 2024 up to LPD, sales from Ajiya Group to Chin Hin Group amounted to approximately RM1.73 million.

In addition, Ajiya has obtained its shareholders' approval during its 28<sup>th</sup> AGM on 29 April 2024 to undertake recurrent related party transactions with Chin Hin Group, among others, as follows:

<b>Nature of transaction</b>	<b>Estimated value from the 28<sup>th</sup> AGM of Ajiya to the next Ajiya AGM (RM'000)</b>
Supply of metal roll forming, safety glass, zinc and aluminium products for roof building, ceiling, window and door frame and other building materials by Ajiya Group to Chin Hin Group based on prevailing market price	70,000

Ajiya is of the view that the prospects of Proposed Provision of Financial Assistance is positive as Ajiya will be able to tap on the expected growth of Chin Hin Group based on the intended utilisation of the Loan, among others, which is to expand on Chin Hin Group's capability to undertake additional property development or construction projects in anticipation of the targeted recovery within the construction and property industry in Malaysia going forward.

In evaluating the Proposed Provision of Financial Assistance, the Board (save for the Interested Directors) had also considered Ajiya Group's key financial position for FYE 2021 up to FYE 2023 and 3-months FPE 29 February 2024 as follows:

	<b>Audited</b>			<b>Unaudited</b>
	<b>As at 30 November 2021</b>	<b>As at 30 November 2022</b>	<b>As at 30 November 2023</b>	<b>As at 29 February 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	38,250	49,447	39,497	32,038
Other investments <sup>(a)</sup>	114,151	126,392	184,010	146,607
Investment properties <sup>(b)</sup>	21,003	20,682	25,799	<sup>(c)</sup> 71,155
	<b>173,404</b>	<b>196,521</b>	<b>249,306</b>	<b>249,800</b>
Borrowings	834	12,133	4,392	2,000
Lease liabilities	7	144	605	550
	<b>841</b>	<b>12,277</b>	<b>4,997</b>	<b>2,550</b>
<b>Total Equity</b>	<b>418,395</b>	<b>425,635</b>	<b>495,785</b>	<b>594,202</b>
Net cash flows generated from/ (used in) operating activities	15,952	22,865	8,920	(12,185)
Current ratio (times)	5.24	5.92	6.14	7.34
Gearing ratio (times)	Less than 0.01	0.03	0.01	Less than 0.01

**Notes:**

- (a) Consist of investments in bonds, money market funds, quoted equity instruments and unquoted shares as at 29 February 2024.
- (b) Consist of 19 investment properties (i.e., 10 units of shop lot, 1 freehold industrial land with a 1 ½ storey terrace factory, 1 freehold industrial land with single storey factory, 1 leasehold industrial land with a double storey office block cum factory and a single storey warehouse, 3 freehold industrial vacant lands, 1 single storey factory cum integral double storey office building, 1 unit of condominium and 1 freehold agriculture land) located in Selangor, Kuala Lumpur, Negeri Sembilan and Sarawak as at 29 February 2024.
- (c) The increase in investment properties to RM71.2 million as at 29 February 2024 from RM25.8 million as at 30 November 2023 was mainly due to the reclassification 2 freehold industrial vacant lands amounted to approximately RM31.0 million from property, plant and equipment (under capital work-in-progress) to investment properties upon the payment of the final instalment in February 2024. In addition, Ajiya Group has adopted the fair value model under its accounting policy for investment properties effective 1 December 2023, which resulted in its investment properties being revalued upward by approximately RM14.3 million.

As at 29 February 2024, the current assets of Ajiya Group stood at approximately RM342.86 million (30 November 2023: RM384.72 million) while its current liabilities were at approximately RM46.69 million (30 November 2023: RM62.62 million). The Group's current ratio of 7.34 times as at 29 February 2024 reflects its ability to meet its short-term obligations. Accordingly, Ajiya Group is in a healthy financial position with its low gearing ratio and has no accumulated losses based on its latest audited consolidated statement of financial position as at 30 November 2023.



In FPE 29 February 2024, Ajiya Group recorded net cash flows used in operating activities of RM12.2 million as compared to net cash flows generated from operating activities of RM8.9 million in FYE 2023, mainly due to repayment of trade and other payables as well as purchase of inventories. Notwithstanding the above, in assessing the availability of funds by Ajiya for the purpose of disbursing the Loan, the Board (save for the Interested Directors) shall take into consideration the following prior to disbursing the Loan (each tranche):

(a) Financial analysis of Ajiya Group's financial position and performance as follows:

Balance sheet analysis	:	Assessing the value of assets, liabilities and equity of Ajiya Group to ensure Ajiya Group's total assets are higher than total liabilities
Income statement analysis	:	Assessing Ajiya Group's revenue and purchase orders to ensure the Group is generating or able to generate sufficient revenue to cover the cost of sales and other expenses
Cash flow statement analysis	:	Assessing Ajiya Group's cash inflows and outflows to ensure Ajiya Group has sufficient cash flow to meet its financial obligations within the next 12 months.
		Further, Ajiya Group adopts efficient working capital management to optimise inventory levels and manage the timing of the Group's payments and receipts to ensure its cash flow is sufficient to meet its financial obligations.
Financial ratios analysis	:	Assessing Ajiya Group's key financial ratios relating to the solvency of the Group. In addition, Ajiya Group intends to maintain its current ratio above 1 time.

Upon assessing the above, the Board (save for the Interested Directors) shall prioritise and ensure that Ajiya Group remain solvent and will have sufficient cash flows for its operating activities and financial obligations for at least 12 months prior to disbursing the Loan (each tranche).

(b) Evaluation of Ajiya Group's investment properties and other investments

Ajiya Group monitors the investment properties and other investments closely to maximise the return from all these assets, including disposing of any non-performing investment properties and other investments. As such, Ajiya Group undertakes the following steps to evaluate their investment properties and other investments:

Investment properties

- (i) Conduct a comparative market analysis (CMA) on the respective investment properties.
- (ii) Engage professional valuers to provide a valuation report on the respective investment properties.
- (iii) Evaluate the yield per annum to be derived by the respective investment properties based on their current market value and the initial cost of investment.
- (iv) Evaluate the potential capital gain of the investment properties if Ajiya Group intends to dispose of the relevant investment properties.

#### Other investments

- (i) Conduct market research and analysis on the investments (i.e. bonds, money market funds, quoted equity instruments and unquoted shares) such as analysis of the market data available and historical performance of the investments.
- (ii) Conduct comparable analysis to assess to performance of Ajiya Group's other investments against the market/industry benchmark.
- (iii) Evaluate the yield per annum provided by the respective other investments on its current market value and the initial cost of investments.
- (iv) Evaluate the potential capital gain of the other investments if Ajiya Group intends to dispose of the relevant other investments.

For avoidance of doubt, notwithstanding the Proposed Provision of Financial Assistance, Ajiya Group shall continuously perform financial analysis on its financial position and performance as well as evaluation of its investment properties and other investments, in which the Board (save for the Interested Directors) shall prioritise the interests of Ajiya Group in regard to any plans to dispose of or monetise the relevant investment properties and other investments at the opportune time. Ajiya Group's finance department is responsible to assess the availability of funds by Ajiya for the purpose of disbursing the Loan and the assessment is to be presented to and approved by the Board (save for the Interested Directors).

In the event Ajiya is of the view that it is not feasible to dispose of or monetise the relevant investment properties and other investments, resulting in Ajiya unable to confirm its availability of funds for the disbursement of the Loan, Ajiya shall not proceed to make available the Loan (whether in whole or in part) to Chin Hin. The source of funding for the Proposed Provision of Financial Assistance is stated in Section 2.3 of Part A of this Circular.

Following the above, in the event Chin Hin issues the Disbursement Request Notice (as defined in Appendix I), Ajiya shall within 60 days from the receipt of the Disbursement Request Notice, provide confirmation to Chin Hin on the availability of the funds to disburse the Loan and Ajiya has the absolute discretion to make available the Loan contemplated under the Disbursement Request Notice (whether in whole or in part) to Chin Hin. Upon Ajiya's confirmation to Chin Hin on the availability of funds, Ajiya shall within 14 days from the said date of confirmation make the necessary disbursements to Chin Hin.

Therefore, the Proposed Provision of Financial Assistance will provide a strategic avenue for Ajiya to re-deploy its financial resources in the event Ajiya Group monetises its investments in properties, bonds, money market funds, quoted equity instruments and/or unquoted shares in the future vis-à-vis its current yield from such investment assets. In this regard, it is noted that:

- (i) In FYE 2023, Ajiya Group generated interest and dividend income of RM3.31 million in aggregate, representing an average return of 2.13% per annum on its average other investments balance of RM155.20 million, calculated based on its other investment balances of RM184.01 million and RM126.39 million as at 30 November 2023 and 30 November 2022 respectively; and
- (ii) In FYE 2023, Ajiya Group generated rental income of RM1.27 million, representing an average return of 5.47% per annum on its average investment properties net carrying amount of RM25.80 million and RM20.68 million as at 30 November 2023 and 30 November 2022 respectively.

The Board (save for the Interested Directors) are of the view that the Proposed Provision of Financial Assistance is not detrimental to Ajiya Group and the non-interested shareholders of Ajiya, premised on the following:

- (a) the Loan provides an interest income of 7.5% per annum on the principal amount drawn down under the Loan, which is higher than the average return of 2.13% per annum on Ajiya Group's average other investment balances and average return of 5.47 % per annum on Ajiya Group's average investment properties as set out above. As such, the Proposed Provision of Financial Assistance will allow Ajiya Group to generate additional interest income from the Loan.
- (b) Notwithstanding that Ajiya Group may forego the potential capital appreciation for its investment properties and other investments as well as the rental income from the investment properties in the event Ajiya Group disposes of or monetises the relevant investment properties and other investments, Ajiya Group is unable to determine the quantum of the said potential capital appreciation and additional rental income at this juncture as the potential increase in value of such investment properties and other investments as well as the potential increase in rental income are subject to the changes in general market conditions from time to time which are beyond the Group's control. Whereas the Proposed Provision of Financial Assistance provides certainty on the interest income of 7.5% per annum to Ajiya Group on the principal amount drawn down under the Loan.
- (c) the utilisation of the Loan is expected to bolster Chin Hin Group's capability to undertake additional construction and property development projects, which in turn will provide Ajiya Group the opportunity to participate in more projects and increase its revenue base.
- (d) Datuk Seri Chiau Beng Teik, JP who is the director and major shareholder of Chin Hin has provided a personal guarantee in favour of Ajiya for the purpose of guaranteeing the repayment of the Loan by Chin Hin, which is one of the condition precedents in the Loan Agreement.

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## **4. INDUSTRY OVERVIEW AND PROSPECTS**

### **4.1 Outlook and overview of the Malaysian economy**

Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. On the domestic front, despite the lapse of large policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023.

*(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, Bank Negara Malaysia)*

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 ("Q1 2024") (fourth quarter 2023 ("Q4 2023"): 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the electrical and electronic (E&E) and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded in Q1 2024 by 1.4% (Q4 2023: -1%).

*(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2024, Bank Negara Malaysia)*

For 2024, the economy is projected to grow within the range of 4% to 5%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

*(Source: Economic Outlook 2024, Ministry of Finance Malaysia)*

### **4.2 Overview and outlook of the manufacturing and trading industries in Malaysia**

The manufacturing sector expanded by 1.9% (Q4 2023: -0.3%) in Q1 of 2024, due to rebound in electrical and electronic and primary related cluster, as well as stronger construction related manufacturing activities. During the quarter, private consumption registered a growth of 4.7% (Q4 2023: 4.2%). This was due to higher private consumption supported by discretionary and necessities spending. Public consumption expanded by 7.3% (Q4 2023: 5.8%) due to higher supplies and services spending by the Government.

*(Source: BNM Quarterly Bulletin, 1Q 2024, Vol. 39 No. 1, Bank Negara Malaysia)*

The Building Material Cost Index (without steel bars & with steel bars) for all building categories in all region Peninsular Malaysia recorded an increase between 0.1 and 1.2 per cent in May 2024 as compared to the previous month. Whereas the Building Material Cost Index (without steel bars and with steel bars) for all building categories in Sabah recorded a decrease between 0.1 and 0.8 per cent in May 2024 as compared to the previous month. Further, the Building Material Cost Index (without steel bars and with steel bars) for all building categories in Sarawak recorded an increase between 0.1 and 0.5 per cent in May 2024 as compared to the previous month.

*(Source: Special Release 2 (For Building and Structural Works) May 2024, Department of Statistics Malaysia)*

The manufacturing sector grew by 1.7% during the first half of 2023 underpinned by resilient domestic-oriented industries amid sluggish external demand. The domestic oriented industries' steady growth of 4.4% was backed by increasing demand for consumer goods and construction related segments. Meanwhile, export-oriented industries expanded marginally by 0.5% weighed down by the lower production of E&E due to cyclical downturn in global semiconductor industry.

The sector is forecast to grow by 1.2% in the second half of the year with domestic oriented industries remain as the mainstay of growth. All segments are projected to expand particularly food and beverages, as well as transport equipment. These segments will benefit from the strengthening of tourism activities and increasing demand for passenger cars and related motor parts and accessories. In addition, anticipated acceleration and realisation of projects in the construction sector will increase the demand for metal related segments. Meanwhile, within the export-oriented industries, the E&E segment is expected to pivot away from the downcycle trend, in line with gradual improvements in global demand especially for computing devices, electronics and semiconductors as well as growing domestic demand for industrial electronics, electric vehicles (EV) and medical technology devices. Furthermore, the demand for chemicals segment is expected to increase in line with the bottom out of E&E downcycle. Hence, the manufacturing sector is anticipated to register a modest growth of 1.4% in 2023.

The manufacturing sector is forecast to expand by 4.2% in 2024 driven by better performance in both export- and domestic-oriented industries. The export-oriented industries are expected to benefit from the recovery of external demand with E&E segment projected to surge, primarily driven by memory products. This is in line with the rebound in demand for technologically advanced products. Similarly, domestic-oriented industries are anticipated to grow steadily backed by higher output in transport- and construction-related segments, in tandem with better consumer spending and business activities. In addition, the implementation of initiatives under the Chemical Industry Roadmap 2030, NETR and NIMP 2030 will further strengthen the sector's growth.

*(Source: Economic Outlook 2024, Macroeconomic Outlook, Ministry of Finance Malaysia)*

#### **4.3 Overview and outlook of the property and construction sectors in Malaysia**

The real estate and business services subsector is poised to grow by 5.4% in 2024 attributed to sustained demand for professional services, particularly in the field of engineering following vigorous construction activities. In addition, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link (ECRL) and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities. Efforts are underway to accelerate the construction of public infrastructure projects in Sabah and Sarawak including the Sabah Pan-Borneo Highway and Sarawak-Sabah Link Road.

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth.

The implementation of NIMP 2030 is expected to further strengthen the performance of non-residential buildings subsector as it will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the MTR of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

*(Source: Economic Outlook 2024, Macroeconomic Outlook, Ministry of Finance Malaysia)*

Despite a challenging global financial and economic environment, the property market stayed resilient in 2023 supported by positive performance in all sub-sectors except agriculture compared to the previous year. In 2023, total transaction volume and value increased by 2.5% and 9.9% respectively to 399,008 transactions worth RM196.83 billion (2022: 389,107 transactions; RM179.07 billion; 2021: 300,497 transactions; RM144.87 billion). The residential sub-sector continued to contribute the largest share of transactions, recording a marginal increase in both volume and value. The growth in 2023 property market was highly supported by the implementation of various government initiatives and assistance and improving labour market conditions. Several initiatives outlined under Budget 2023 by the Government to a certain extent helped improve property market activities

The property market has gradually increased in 2023, higher after the downturn in 2020 due to Covid-19 pandemic. A total of 399,008 transactions worth RM196.83 billion were recorded, each showing an increase of 2.5% and 9.9% respectively compared to 2022, which recorded 389,107 transactions worth RM179.07 billion. Of the total transactions, 77.7% (309,861 transactions) and 18.6% (74,405 transactions) were transfers dated in 2023 and 2022 respectively while the remaining percentage share was for prior years' transfers.

Sectoral market activity performance showed upward movements. Residential, commercial, industrial and development land sub-sectors recorded year-on-year growths of 3.0%, 23.3%, 0.9% and 5.0% respectively, whereas agricultural sub-sector recorded otherwise, declined by 7.8% in volume. Value of transactions recorded higher increase for all subsectors i.e. residential, commercial, industrial, agriculture and development land and others, each at 7.1%, 17.5%, 13.1%, 4.6% and 13.8% respectively.

In the construction segment, housing completion were promising, up by 4.0% to 74,893 units in 2023 as compared to 2022. Selangor contributed the highest number with 21,448 units and followed by Johor with 10,456 units. By type, supply continued to focus on condominiums/apartments, formed around 34.1% (25,513 units) of the national total, while two to three storey terraced houses formed another 30.5% (22,805 units). Contrarily, starts and new planned supply declined by 9.9% to 88,114 units and 9.1% to 80,964 units respectively, both led by Selangor with 19,865 units for the former and 7,593 units for the latter.

As the national economy is projected to remain in the range of 4.0% to 5.0% in 2024 which supported by resilient domestic growth prospects, the property market performance is expected to remain cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well-executed measures outlined in Budget 2024, and the proper implementation of strategies and initiatives under Rancangan Malaysia Ke-12 ("**RMK-12**") are expected to continue supporting growth in the property sector.

*(Source: Annual Property Market 2023, Valuation and Property Services Department, Ministry of Finance Malaysia)*

#### 4.4 Prospects of Ajiya Group

The prospects of the Group is closely related to the construction and property development industry. The Board (save for the Interested Directors) is of the opinion that Ajiya Group is poised to benefit from the various impetus for the construction industry in Malaysia which includes the Government announced budget for spending within the construction sector as well as the anticipated recovery of the construction industry moving forward, notwithstanding that Malaysia's property market is expected to remain cautiously optimistic given the unpredictable external environment, as stated in Section 4.3 of Part A of this Circular.

In terms of building construction materials, the Government has undertaken efforts to promote the adoption of the industrialised building system (IBS) in Malaysia, enhance construction technologies, introduce green initiatives and improve building materials quality. Considering the aforementioned, Ajiya Group is poised to capitalise on the increased interest and enhanced Government efforts considering it possesses its own AGiBS<sup>(1)</sup>. Ajiya Group's long-term vision is to provide affordable and sustainable integrated building solutions for the community. This is in line with the 12th Malaysia Plan that aims to provide quality and affordable housing for B40 and M40 households and the rising demand for warehouse and industrial buildings and AGiBS<sup>(1)</sup> is apt for developing affordable and quality homes. Going forward, with its strong track record in research and development, the Group will continue to offer diverse range of affordable priced products with quality services to deliver customer satisfaction and through these efforts, Ajiya Group aims to solidify its position as one of the leading building materials players in Malaysia.

As part of the Group's continuous effort to review of the business operation, the management of Ajiya has identified various measures to reduce its operating costs as well as to improve its operation efficiency in order to remain competitive. The measures intended to be undertaken by Ajiya Group includes, inter-alia, cost reductions by adopting new technologies, renegotiating contracts and streamlining its supply chain. In addition, Ajiya Group's efforts to increase revenue include tapping into new market segment, diversifying product offering and improve customer engagement. Whilst the aforesaid measures remain Ajiya Group's proposed plan at this juncture, the Group's final course of action will be subject to further evaluation by the management after considering the interests of various stakeholders prior to implementation. For the avoidance of doubt, the measures currently being evaluated by Ajiya is not expected to result in any major changes to its current business directions.

Going forward the strategic alliance and synergy with Chin Hin Group will further improve the demand for Ajiya Group's metal, safety glass and AGiBS<sup>(1)</sup> offering. In the longer term, Ajiya will continue to push forward its innovation through extensive research and development initiatives. This will ensure Ajiya's products remain the leading benchmark compared to the other products available in the market.

#### **Note:**

- <sup>(1)</sup> AGiBS is a lightweight wall steel framing system that is used to design, detail and manufacture steel frames for both residential and light commercial property market. AGiBS is specifically designed with pre-punched holes and recesses dimples in the framing system to act as locators for easy assembly and flush finish, as well as multiple services holes for services to run without the needs to drill holes. AGiBS is patented under Ajiya Group and complies with the industrialised building system (IBS) endorsed by Construction Industry Development Board (CIDB) Malaysia.

*(Source: Management of Ajiya)*

## 5. RISK FACTORS

The Group is familiar with the risks inherent in the construction and property development industry as the Group primarily serves the industry via its principal business of manufacturing and trading of roofing materials, manufacturing and trading of all kinds of glass and trading of building materials. Notwithstanding the above, the risk factors relating to the Proposed Provision of Financial Assistance include, but not limited to, the following:

### 5.1 Financing risk

As stated in Section 2 of Part A of this Circular, the Company proposed to undertake the provision of financial assistance of up to RM250.0 million to Chin Hin in the form of the Loan to meet estimated funding requirements of Chin Hin Group. However, there is no assurance that Chin Hin will be able to repay the principal amount drawn down and service the interest charged under the Loan provided to Chin Hin.

The repayment of the principal amount drawn down from the Loan and the interest charged under the Loan will depend on inter-alia, the earnings and cash flows generated from the Chin Hin Group's manufacturing and trading of building materials as well as construction and property development projects. There can be no guarantee that the earnings and cash flows generated by Chin Hin in the future are sufficient to repay the principal amount drawn down and service the interest charged under the Loan and such non-repayment may have a material impact on the financial position of the Group.

Notwithstanding that Chin Hin's gearing ratio<sup>(1)</sup> stood at 0.98 and 0.97 times as at 31 December 2023 and 31 March 2024 respectively, it is expected that Chin Hin Group has the ability to repay the Loan, premised on, among others, the prospects of Chin Hin Group as follows:

- (a) Chin Hin's mandatory general offer of Signature International Berhad ("**SIB**") was completed on 10 May 2024, resulting SIB becoming a subsidiary of Chin Hin Group. This bodes well for Chin Hin's financial position moving forward. SIB's cash and bank balances position was RM166.1 million as at 31 March 2024 and it recorded net operating cash inflow of RM18.07 million for the 3-months financial period ended 31 March 2024. In addition, SIB recorded retained profits of RM231.6 million as at 31 March 2024;
- (b) As of 31 March 2024, Chin Hin Group's property development division has total unbilled sales of RM604.2 million mainly from its on-going property development projects namely Quaver Residence, Ayanna Resort Residences, Avantro Residences and Solarvest Suites, which are expected to be recognised as revenue by the end of financial year ending 31 December 2027, based on the expected sales and progress of each project; and
- (c) As of 31 March 2024, Chin Hin Group's construction division's outstanding order book stood at RM1.3 billion which are expected to be recognised as revenue by the end of financial year ending 31 December 2025, based on the expected progress of each project.

In addition, the financing risk in relation to the Proposed Provision of Financial Assistance is further mitigated by Datuk Seri Chiau Beng Teik, JP (being the director and major shareholder of Chin Hin)'s personal guarantee in favour of Ajiya for the purpose of guaranteeing the repayment of the Loan by Chin Hin.

Note:

- (1) Computed based on total borrowings (consist of bank borrowings, lease liabilities and advances from a director) / total equity.



## 6. EFFECTS OF THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE

### 6.1 Issued share capital and substantial shareholders' shareholding

The Proposed Provision of Financial Assistance is not expected to have any effect on the issued share capital and substantial shareholders' shareholding as they do not entail any issuance of new Ajiya Shares and convertible securities in the Company.

### 6.2 NA and gearing

The Proposed Provision of Financial Assistance is not expected to have any effect on the NA and gearing of Ajiya Group.

### 6.3 Earnings and EPS

The Proposed Provision of Financial Assistance is expected to contribute positively to the future earnings and EPS of the Group arising from the interest income to be derived from the Loan.

For illustrative purposes, the pro forma effects of the Proposed Provision of Financial Assistance on the earnings and EPS of the Group, based on the audited consolidated financial statements of Ajiya as at 30 November 2023, and on the assumption that the Proposed Provision of Financial Assistance had been effected on 1 December 2022, being the beginning of the financial year of Ajiya Group, are set out below:

	<b>Audited as at 30 November 2023 RM'000</b>	<b><sup>(2)</sup>After Proposed Provision of Financial Assistance RM'000</b>
PAT attributable to owners of the Company	55,425	55,425
<b>Add:</b> estimated interest income on Proposed Provision of Financial Assistance <sup>(1)</sup>	-	18,750
<b>Less:</b>		
(i) Interest and dividend income in FYE 2023	-	(3,307)
(ii) rental income in FYE 2023	-	(1,271)
(iii) estimated expenses of the Proposed Provision of Financial Assistance	-	(410)
(iv) estimated income tax expense (based on the statutory corporate income tax rate of 24.0%)	-	<sup>(3)</sup> (4,500)
<b>Pro forma PAT attributable to owners of the Company</b>	<b>55,425</b>	<b>64,687</b>
Weighted average number of shares in issue ('000)	291,238	291,238
EPS (sen)	19.03	22.21

**Notes:**

- (1) Assuming Ajiya Group yields an interest income RM18.75 million based on the maximum quantum of the Proposed Provision of Financial Assistance of RM250.0 million to Chin Hin, at the interest rate of 7.5% per annum. The actual interest income to be derived from the Proposed Provision of Financial Assistance is subject to the amount of the Loan drawdown and the timing of repayment by Chin Hin.
- (2) Assuming that the monetisation of the relevant investment properties and other investments is at no gain and no loss.
- (3) The estimated interest income of RM18.75 million to be derived from the Loan is subject to income tax, as such, the estimated income tax expense is computed based on the statutory corporate income tax rate.

For avoidance of doubt, notwithstanding Datuk Seri Chiau Beng Teik, JP's personal guarantee in favour of Ajiya for the purpose of guaranteeing the repayment of the Loan by Chin Hin, in the event Chin Hin fails to repay the principal amount drawn down and service the interest charged under the Loan on the due date or upon demand from Ajiya, Ajiya shall be required to make the necessary provisions or write-offs for bad debts pursuant to the Proposed Provision of Financial Assistance in accordance with the applicable approved accounting standards. Such provisioning or write-offs however does not affect Ajiya's ability to pursue legal action to recover the repayment of the principal amount drawn down under the Loan and outstanding interest from Chin Hin and/or Datuk Seri Chiau Beng Teik, JP.

**7. APPROVALS REQUIRED**

The Proposed Provision of Financial Assistance is subject to approvals being obtained from the following:

- (i) the non-interested shareholders of Ajiya at an EGM of the Company to be convened; and
- (ii) any other relevant persons or authorities, if required.

The Proposed Provision of Financial Assistance is not conditional upon any other corporate proposals undertaken or to be undertaken by Ajiya.

**8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of the Directors, major shareholders, chief executive of Ajiya and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Provision of Financial Assistance:

- (i) Chin Hin is a major shareholder of Ajiya;
- (ii) Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are both Directors and major shareholders of Ajiya;
- (iii) Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are both Directors and major shareholders of Chin Hin; and
- (iv) Datuk Hj Mohd Yusri bin Md Yusof is the Director of Ajiya and Chin Hin.

All the above persons are collectively known as "**Interested Parties**".

The Interested Directors have abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Provision of Financial Assistance at the relevant Board meetings. The Interested Parties and person connected with them will also abstain from voting in respect of his/her direct and/or indirect shareholdings in Ajiya on the resolutions pertaining to the Proposed Provision of Financial Assistance to be tabled at the EGM to be convened.

## **9. HIGHEST PERCENTAGE RATIO FOR THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE**

The highest percentage ratio applicable to the Proposed Provision of Financial Assistance pursuant to Paragraph 10.02(g) of the Listing Requirements is 53.38% calculated based on the maximum quantum of the Proposed Provision of Financial Assistance of up to RM250.0 million over the latest audited consolidated NA attributable to the owners of Ajiya for FYE 2023.

## **10. TRANSACTIONS WITH RELATED PARTY FOR THE PAST 12 MONTHS**

Save as disclosed below and the Proposed Provision of Financial Assistance, there were no other related party transactions (including recurrent related party transactions) entered between Ajiya Group and the Interested Parties and/or persons connected to them in the preceeding 12 months up to LPD:

<b>Nature of transactions</b>	<b>RM'000</b>
Supply of metal roll forming, safety glass, zinc and aluminium products for roof building, ceiling, window and door frame and other building materials by Ajiya Group to Chin Hin Group based on prevailing market price	6,905
Purchase of concrete and polymer products by Ajiya Group from Chin Hin Group	154

## **11. INDEPENDENT ADVISER**

The Proposed Provision of Financial Assistance is deemed as a related party transaction pursuant to the Paragraphs 8.23(2)(b) and 10.08(2) of the Listing Requirements. Accordingly, FHCA has been appointed to act as the Independent Adviser to undertake the following:

- (i) Comment as to whether the Proposed Provision of Financial Assistance are:
  - (a) fair and reasonable so far as the shareholders of the Company are concerned;
  - (b) to the detriment of Ajiya's non-interested shareholders,
 and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise Ajiya's non-interested shareholders on whether they should vote in favour of the Proposed Financial Assistance; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

On 26 April 2024, Strategic Capital Advisory Sdn Bhd ("**SCA**") was appointed to act as the independent adviser for the Proposed Provision of Financial Assistance. However, SCA had resigned as the independent adviser for the Proposed Provision of Financial Assistance effective 29 May 2024 as M&A Securities and SCA are of the view that the resignation is in the best interest for Ajiya having considered SCA's recent role as the independent adviser for Chin Hin in relation to the earlier corporate exercises undertaken by Chin Hin involving Ajiya, being the acquisition of 6,218,200 ordinary shares in Ajiya Berhad ("**Acquisition**") and the resultant mandatory general offer to acquire all the remaining Ajiya Shares not already owned by Chin Hin after the Acquisition ("**Offer**"). The Acquisition and Offer were completed on 22 November 2023 and 3 January 2024 respectively, which is less than 6 months from the date of SCA was appointed as the independent adviser for the Proposed Provision of Financial Assistance.

Subsequently, the Board (save for the Interested Directors) had on 28 May 2024 approved the appointment of FHCA as the Independent Adviser for the Proposed Provision of Financial Assistance effective 29 May 2024.

## **12. DIRECTORS' STATEMENT AND RECOMMENDATION**

Save for the Interested Directors (who have abstained from deliberation on the Proposed Provision of Financial Assistance), the Board, having considered all aspects of the Proposed Provision of Financial Assistance including but not limited to the estimated funding requirements of Chin Hin Group, financial position of Ajiya Group, rationale and effects of the Proposed Provision of Financial Assistance as well as the preliminary views of the Independent Adviser in relation to the Proposed Provision of Financial Assistance, is of the opinion that the Proposed Provision of Financial Assistance is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution pertaining to the Proposed Provision of Financial Assistance to be tabled at the forthcoming EGM.

## **13. AUDIT COMMITTEE'S STATEMENT**

The Audit Committee of the Company (save for Datuk Hj Mohd Yusri bin Md Yusof), after having considered all relevant aspects of the Proposed Provision of Financial Assistance including but not limited to the estimated funding requirements of Chin Hin Group, financial position of Ajiya Group, rationale and effects of the Proposed Provision of Financial Assistance as well as the preliminary views of the Independent Adviser in relation to the Proposed Provision of Financial Assistance, is of the opinion that the Proposed Provision of Financial Assistance is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

**14. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to approval being obtained from the non-interested shareholders of the Company at the forthcoming EGM of the Company, the Proposed Provision of Financial Assistance will be effected over a period of 24 months from the date when all the conditions precedent of the Loan Agreement are fulfilled, subject to the confirmation by Ajiya on the availability of funds.

**15. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION**

Save for the Proposed Provision of Financial Assistance, there is no other corporate exercise/scheme being undertaken by the Company which has been announced but not yet completed as at the date of this Circular.

**16. EGM**

An EGM, the notice of which is enclosed together with this Circular, will be held fully virtual and online remote voting using the Remote Participation and Electronic Voting facilities ("**RPEV**") via online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702) on Monday, 15 July 2024 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the resolution so as to give effect to the Proposed Provision of Financial Assistance.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, as soon as possible and in any event so as to arrive at the registered office or emailed to [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com), not less than 24 hours before the time appointed for holding the EGM or any adjourned thereof. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

**17. FURTHER INFORMATION**

Please refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of  
**AJIYA BERHAD**

**ER KIAN HONG**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**PART B**

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF AJIYA  
IN RELATION TO THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE**

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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT**

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- Parties Involved** : (i) Lender - **Ajiya and/ or its subsidiaries**
- (ii) Borrower - **Chin Hin**
- (collectively the "**Parties**" and individually the "**Party**")
- Loan** : (i) Ajiya has agreed to provide Chin Hin a principal loan of up to RM250,000,000 with the interest of 7.5% per annum ("**Interest**").
- (ii) Subject to the availability of the funds by Ajiya and the Conditions Precedent (as defined below) being obtained, procured and/or fulfilled, Ajiya shall make the Loan available to Chin Hin within 24 months from the Unconditional Date or within such extended period as the Parties may mutually agree in writing ("**Availability Period**").
- (iii) Chin Hin shall serve the Disbursement Request Notice (as defined below) to Ajiya.
- (iv) The first Disbursement Request Notice shall be served not later than 3 months from the Unconditional Date.
- (v) Any undrawn portion of the Loan upon the expiry of the Availability Period shall be deemed as cancelled.
- (vi) Ajiya shall, within 60 days from the receipt of the Disbursement Request Notice, confirm to Chin Hin on the availability of the funds prior to the disbursements of the Loan. Ajiya shall have the absolute discretion to make available the Loan contemplated under the Disbursement Request Notice (whether in whole or in part) to Chin Hin.
- (vii) Upon confirmation on the availability of funds by Ajiya, Ajiya shall within 14 days from the date of such confirmation disburse the Loan (whether in whole or in part) to Chin Hin as stated in the Disbursement Request Notice by Chin Hin to Ajiya, subject to the terms and conditions of the Loan Agreement.
- (viii) In the event the Loan (whether in whole or in part) is not made available to Chin Hin, it shall not be deemed as an event of default on the part of Ajiya and Chin Hin shall have no right to claim any damages against Ajiya.
- (ix) The disbursements of the Loan shall be released in multiple tranches during the Availability Period and each tranche of the Loan drawdown shall be a minimum sum of RM10,000,000.00.
- (x) Chin Hin shall repay the Loan, including each tranche, in a single bullet payment (in whole) to Ajiya within the Repayment Period (as defined below) together with the Interest on each tranche from the date of each disbursement/drawdown for the specific tranche of the Loan or such other period to be mutually agreed by the Parties ("**Repayment**").

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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT (Cont'd)**

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- Loan (cont'd)** : (xi) The Interest shall be payable by Chin Hin to Ajiya on a quarterly basis on the following dates: 31 March, 30 June, 30 September, and 31 December of each calendar year, of which shall be computed on a pro-rata basis from the date of each disbursement or drawdown of the respective tranche of the Loan, failing which the Late Payment Interest (as defined below) shall apply. In the event Chin Hin repays any outstanding principal amount on a date other than the scheduled quarterly interest payment dates, Chin Hin shall pay the accrued Interest on the repaid principal amount of the respective tranche of the Loan up to the date of such repayment. Ajiya may provide Chin Hin a notice indicating the outstanding accrued Interest at least 5 Business Days prior to the due date of such.
- (xii) Chin Hin may settle the outstanding principal amount of the Loan (or any portion remaining outstanding) in full or in part (or not less than RM5,000,000.00) at any time prior to the expiry of the Repayment Period subject to the following conditions:-
- (a) Chin Hin shall serve a 1-month advance notice on Ajiya and such notice of prepayment shall be irrevocable and shall oblige Chin Hin to effect such prepayment on the date specified in the notice, without incurring any early repayment fees or penalties, and without any lock-in period, provided that all the Interest due up to the date of repayment is paid in full; and
- (b) any amount pre-paid shall not be available for redrawing and shall be deemed to be made in the inverse order of maturity.
- (xiii) If there is any occurrence of an Event of Default (as defined below), Chin Hin shall repay all outstanding amount of the Loan to Ajiya immediately on the occurrence of such event.
- (xiv) Ajiya shall be entitled to charge interest at the rate of 8% per annum as late payment interest on the default and/or late Repayment of the Loan, any accrued Interest and/or any other moneys covenanted to be paid by Chin Hin under the Loan from the day it becomes due until the day the same has been paid ("**Late Payment Interest**").

**Notes: -**

**"Conditional Period"** means ninety (90) days from the date of the Loan Agreement or such further period as the Parties may mutually agree.

**"Unconditional Date"** means the date when all the conditions precedent are fulfilled, which shall in any event be within the Conditional Period.

**"Business Day"** means any day from Monday to Friday which is a day in which commercial banks are open for counter business, and not a public holiday in Kuala Lumpur and Selangor Darul Ehsan for the transaction of business required by the Loan Agreement.



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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT (Cont'd)**

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**Loan (cont'd)** : *"Disbursement Request Notice" means the notice (in the form and manner as provided for in the Loan Agreement) issued by Chin Hin, to request for the disbursement to be made by Ajiya in relation to the Loan, including each tranche (which shall not later than three (3) Business Days prior to the intended drawdown).*

*"Repayment Period" means the Loan repayment tenure of up to sixty (60) months from the date of each disbursement/drawdown for the respective tranche of the Loan or such other period to be mutually agreed in writing by the Parties.*

- Conditions Precedent** : (i) The Parties intended the Loan Agreement to be conditional upon the following being obtained, procured and/or fulfilled within the Conditional Period by Chin Hin and/or Ajiya:-
- (a) the approval of the shareholders of Ajiya and/or Chin Hin (if applicable) at a general meeting for the implementation of the Loan Agreement and the execution of the Loan Agreement upon the terms and conditions contained therein;
  - (b) Chin Hin shall deliver to Ajiya a personal guarantee duly executed by Datuk Seri Chiau Beng Teik, JP in favour of Ajiya for the purpose of guaranteeing the Repayment; and
  - (c) such other waivers, consents or approvals as may be required from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the transactions contemplated under the Loan Agreement to the effect that if such waivers, consents, approvals are not obtained, the Loan Agreement will be rendered null and void by law.
- (collectively "**Conditions Precedent**")
- (ii) If at any time during the Conditional Period any Party becomes aware that any or all of the Conditions Precedent is not satisfied or is incapable of being satisfied, it shall within 14 days of receipt of the confirmation of the same notify the other Party in writing, who may, subject to the Loan Agreement, rescind the Loan Agreement forthwith by written notice to the other Party whereupon the Loan Agreement shall cease to have effect and each party shall have no claim under it against the other, save in respect of any antecedent breach.
- (iii) If the Conditions Precedent cannot be fulfilled within the Conditional Period, Chin Hin shall within 14 days from the expiry of the Conditional Period or date of the notice of rescission refund all monies paid under the Loan Agreement to Ajiya together with an interest of 8% per annum calculated on daily rest from date of payment of the monies to Ajiya until date of refund of the said money in full, then the Loan Agreement shall thereafter cease to have any effect and all obligations and liabilities of the Parties hereunder shall cease to have effect and none of the Parties shall have any claim against the other save for antecedent breaches.

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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT (Cont'd)**

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**Conditions Precedent (Cont'd)** : (iv) The Loan Agreement shall be deemed unconditional upon fulfillment of all the Conditions Precedent.

**Note:-**

**"Disbursement Date"** means a date where the disbursement of all or part of the Loan take place (which shall be within the Availability Period) after Ajiya is in receipt of the Disbursement Request Notice, subject to the terms and conditions of the Loan Agreement.

**Enforcement** : (i) On the occurrence of any of the following events, Ajiya may (but is not obliged to) give notice in writing to Chin Hin specifying the default or breach of Chin Hin and requiring Chin Hin to remedy the said default or breach within 30 days or such extended period as may be allowed by Ajiya (provided that the aforesaid breach is capable of being remedied), of the receipt of such notice:-

- (a) Chin Hin fails to pay any amount due including the Interest accrued to the Loan under the Loan Agreement on the due date or upon demand from Ajiya;
- (b) if Chin Hin fails to comply with any term condition covenant or other provision of the Loan Agreement or to perform any of their obligations or liabilities or if any representation or warranty made by Chin Hin are or become incorrect or misleading in a material respect;
- (c) any representation, warranty, declaration or statement which is made (or acknowledged to have been made) by Chin Hin or any of its shareholders in the Loan Agreement to which it is a party or which is contained in any certificate, statement, legal opinion or notice provided under or in connection herewith or therewith, proves to be incorrect in any material respect, or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be accurate in all material respects;
- (d) any provisions of the Loan Agreement, is or becomes, for any reason, illegal, invalid or unenforceable in any way and/or if Ajiya is of the opinion (which opinion shall be final and conclusive) that its interest pursuant to the Loan Agreement is in jeopardy;
- (e) Chin Hin transfers or disposes of, or threatens to transfer or dispose of, a substantial part of its business or assets and the result of any of the foregoing may, in the opinion of Ajiya (which opinion shall be final and conclusive), adversely affect Chin Hin's financial condition or its ability to observe or perform its obligations under the Loan Agreement;

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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT (Cont'd)**

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- Enforcement (Cont'd)** :
- (f) Chin Hin changes or threatens to change the nature or scope of its business, ceases or threatens to cease to carry on its business, or any governmental authority expropriates or threatens to expropriate all or part of its assets, and the result of any of foregoing may, in the opinion of Ajiya (which opinion shall be final and conclusive), adversely affect Chin Hin's financial condition or its ability to observe or perform their obligations under the Loan Agreement;
  - (g) any indebtedness of Chin Hin and/or indebtedness of Chin Hin's subsidiaries, related and/or associated companies (collectively, "**the Obligors**") to Ajiya or any third party from time to time or at any time becomes due or if any of the Obligors may be or become liable to Ajiya or any third party anywhere on any banking, loan, any other credit facilities or any other account current or otherwise or in any other manner whatsoever including but not limited to liability of any of the Obligors as sureties or guarantors or if default is made in relation to any provisions of the account(s);
  - (h) an encumbrancer takes possession of, or any nominee trustee, supervisor, judicial manager, manager, administrator, receiver, receiver and manager, liquidator, or other similar officer is appointed in respect of, all or any part of the business or assets of Chin Hin or distress or any form of execution is levied or enforced upon or sued out against any such business or assets and is not discharged within 7 Business Days after being levied, enforced or sued out, which may for the time being affect any of such business or assets becomes enforceable;
  - (i) Chin Hin is deemed unable to pay its debts within the meaning of Section 466 of the Act, or becomes unable to pay its debts as they fall due;
  - (j) Chin Hin suspends or threatens to suspend making payments (whether of principal or Interest) with respect to all or any class of their debts and the result of any of the foregoing may, in the opinion of Ajiya (which opinion shall be final and conclusive), adversely affect their financial condition or their ability to observe or perform their respective obligations under the Loan Agreement;
  - (k) Chin Hin convenes a meeting of its creditors, or proposes or makes any voluntary arrangement, judicial management, scheme of compromise, arrangement, reorganisation, reconstruction, amalgamation, assignment or composition, for the benefit of its creditors, and/or if a meeting is convened for the purpose of considering a resolution, or a petition is presented or any other steps are taken, for making an administration order against or for insolvency, winding up or liquidation of Chin Hin and/or any of its corporate shareholders, and/or if there is any petition presented or any order made, bankruptcy of any of Chin Hin's directors;

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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT *(Cont'd)***

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- Enforcement** : (l) anything analogous to any of the events specified in paragraphs (h), (i), (j) and (k) hereof occurs under the laws of any applicable jurisdiction;
- (Cont'd)*** (m) any legal proceedings, suit or action shall be instituted against Chin Hin, and Ajiya is of the opinion (which opinion shall be final and conclusive) that this will materially affect Chin Hin's ability to observe or perform its obligations under the Loan Agreement;
- (n) Chin Hin shall fail to satisfy any judgement passed against Chin Hin by any court of competent jurisdiction and no appeal against such judgement has been made to any appropriate appellate Court within the time prescribed by law or such appeal has been dismissed and in the case of any judgement obtained in default of appearance no application has been made to set such judgement aside within 1 month of Chin Hin becoming aware of the judgement;
- (o) any law is brought into effect which purports to render ineffective or invalid any provision of the Loan Agreement or which would prevent Chin Hin from performing any of its obligations hereunder or thereunder;
- (p) if in the opinion of Ajiya (which opinion shall be final and conclusive), the business and/or affairs of Chin Hin are not carried out or conducted satisfactorily in accordance with sound financial and/or business standards and/or practices, and/or if any of Chin Hin's accounts with Ajiya are not operated satisfactorily;
- (q) any of Chin Hin's license, authorisation, approval, consent, order, exemption, registration, filing or notarisation in relation to its business is revoked or withheld or modified is or is otherwise not granted or fails to remain in full force and effect;
- (r) all or a material part of the property or assets of Chin Hin shall be condemned, seized or otherwise appropriated or nationalised, or custody or control of such property or assets shall be assumed and retained by any person acting or purporting to act under the authority of the Government of Malaysia, or Chin Hin shall have been prevented from exercising normal managerial control over all or any substantial part of its or their property or assets;
- (s) Chin Hin enters into or proposes to enter into or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspension of payments generally;

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**APPENDIX I – SALIENT TERMS OF THE LOAN AGREEMENT (Cont'd)**

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- Enforcement (Cont'd)** :
- (t) any event or events has or have occurred or a situation exists which could or might, in the opinion of Ajiya (which opinion shall be final and conclusive), prejudice the ability of Chin Hin to perform any of its obligations under the Loan Agreement and/or under any other undertaking or arrangement entered into in connection herewith or therewith in accordance with the terms and/or conditions thereof;
  - (u) in the event of a breach or contravention of any relevant law and regulations by Chin Hin;
  - (v) Chin Hin repudiates the Loan Agreement or does or causes to be done or omits to do any act or thing evidencing an intention to repudiate the Loan Agreement; and
  - (w) the Loan or any part thereof are not utilised for its intended purposes if any other event or series whether related or not has or have occurred which in the opinion of Ajiya (which opinion shall be final and binding upon Chin Hin) could or might affect or prejudice the ability or willingness of Chin Hin to repay the Loan or any part thereof.

(collectively "**Events of Default**")

- (ii) If Chin Hin fails to remedy the relevant default or breach within the said 30 days or such extended period as may be allowed by Ajiya after being given notice by Ajiya (provided that the aforesaid breach is capable of being remedied), to rectify such breach, then:-
  - (a) Ajiya shall have the right to exercise the powers and remedies conferred by the Loan Agreement and/or by law, statute or otherwise and shall be entitled to exercise such powers and remedies concurrently, including pursuing civil suit to recover the amount due and owing to Ajiya;
  - (b) Ajiya has the right to withdraw or not make available the Loan or any part thereof to Chin Hin;
  - (c) Ajiya shall cease to be under any further commitment to Chin Hin;
  - (d) all outstanding amount of the Loan (including all interest in arrears) shall become due and immediately repayable by Chin Hin to Ajiya; and
  - (e) Ajiya shall be entitled to claim for any form of loss and damages attributable to the fault of Chin Hin; and
  - (f) Chin Hin shall be liable to bear all costs and expenses (including solicitor fees) incurred by Ajiya for the purpose of enforcing its right under the Loan Agreement.

**Governing Law** : Laws of Malaysia

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## **APPENDIX II – FURTHER INFORMATION**

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### **1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board who individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirms 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 contained in this Circular false and misleading.

### **2. CONSENTS AND DECLARATIONS**

#### **2.1 M&A Securities**

M&A Securities, being the Principal Adviser for the Proposed Provision of Financial Assistance, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references in the form and context in which it appears in this Circular.

M&A Securities has given its confirmation that no conflict of interest or of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Principal Adviser for the Proposed Provision of Financial Assistance.

#### **2.2 FHCA**

FHCA, being the Independent Adviser for the Proposed Provision of Financial Assistance, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references in the form and context in which it appears in this Circular.

FHCA has given its confirmation that no conflict of interest or of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Independent Adviser for the Proposed Provision of Financial Assistance.

### **3. MATERIAL LITIGATION**

As at LPD, save as disclosed below, the Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Group and the Board is not aware of any proceedings, pending or threatened, against the Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of the Group:

#### **(a) Shah Alam High Court Writ of Summons No. BA-22NCVC-96-03/2020**

On 9 March 2020, Ajiya Safety Glass Sdn Bhd ("**ASG**") filed a writ against Uni Wall Architectural Products & Services Sdn Bhd ("**UWAPS**") for a sum of RM1,711,310.60 for goods sold and delivered. UWAPS counterclaimed for a total sum of RM1,300,000.00 against ASG alleging that the goods delivered were defective and not up to the agreed-upon specifications together with general damages.

The matter is currently at the stage of pre-trial case management and the Shah Alam High Court has fixed the trial dates for this matter from 23 September 2024 to 27 September 2024.

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**APPENDIX II – FURTHER INFORMATION (Cont'd)**

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**4. MATERIAL COMMITMENTS**

As at LPD, the Board is not aware of any material commitments contracted or known to be contracted by Ajiya Group, that is likely to have an impact on Ajiya Group's profits or NA upon becoming enforceable.

**5. CONTINGENT LIABILITIES**

Save as disclosed below, as at LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Ajiya Group, which upon becoming enforceable, may have a material impact in the ability of the Group to meet the obligations as and when they fall due:

	<b>RM'000</b>
Corporate guarantees given to the licensed banks for credit facility granted to related companies	4,437
Bank guarantee issued to third parties	119
	<b><u>4,556</u></b>

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at Ajiya's registered office at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia, during normal business hours from Mondays to Fridays (except public holidays), from the date of this Circular up to and including the date of the EGM:

- (a) Constitution of the Company;
- (b) Audited consolidated financial statements of Ajiya for the past 2 FYE 2022 and 2023 and the unaudited consolidated financial statements for 3-months FPE 29 February 2024;
- (c) Loan Agreement and the supplemental loan agreement dated 21 June 2024; and
- (d) Letters of consents and declarations referred to in Section 2 above.



**AJIYA BERHAD**  
[199601005281 (377627-W)]  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of Ajiya Berhad ("**AJIYA**" or the "**Company**") will be held fully virtual and online remote voting using the Remote Participation and Electronic Voting facilities ("**RPEV**") via online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702) on Monday, 15 July 2024 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

### **ORDINARY RESOLUTION**

#### **PROPOSED PROVISION OF FINANCIAL ASSISTANCE OF UP TO RM250.0 MILLION IN THE FORM OF LOAN TO CHIN HIN GROUP BERHAD ("CHIN HIN"), THE HOLDING COMPANY OF AJIYA ("PROPOSED PROVISION OF FINANCIAL ASSISTANCE")**

**"THAT** subject to all approvals of the relevant authorities and/or persons (if required) being obtained, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to provide financial assistance to Chin Hin in the form of loan of up to RM250.0 million within 24 months from the date when all the conditions precedent of the loan agreement dated 10 May 2024 (varied via a supplemental loan agreement dated 21 June 2024) entered between Ajiya and Chin Hin are fulfilled;

**AND THAT** the Board be and is hereby empowered and authorised to do all such acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangement as may be necessary to give full effect and complete the Proposed Provision of Financial Assistance, with full powers to assent to any conditions, modifications, variations and/or amendments deemed necessary or expedient in the interest of the Company and/or as may be required by the relevant authorities and to take all steps and actions as deemed fit, necessary and/or expedient in order to implement, finalise, give full effect to and complete the Proposed Provision of Financial Assistance."

### **BY ORDER OF THE BOARD OF AJIYA BERHAD**

#### **CHONG WUI KOON**

MAICSA No. 7012363 (SSM PC No. 202008000920)

#### **TAI YIT CHAN**

MAICSA No. 7009143 (SSM PC No. 202008001023)

#### **SANTHI A/P SAMINATHAN**

MAICSA No. 7069709 (SSM PC No. 201908002933)

Company Secretaries  
Johor Bahru  
28 June 2024



**Notes:**

- (1) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (2) The proxy form must be duly completed and deposited at the Registered Office of the Company, Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia or emailed to [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com) not less than 24 hours before the time appointed for holding the meeting.
- (3) Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
- (5) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
- (6) Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (7) For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 62(b) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 9 July 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
- (8) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote by way of poll.



**AJIYA BERHAD**  
[199601005281 (377627-W)]  
(Incorporated in Malaysia)

**PROXY FORM**

CDS Account No.												
			-				-					

I/We .....  
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF  
INCORPORATION IN CAPITAL LETTERS)

(NRIC No. ....) of

.....  
(ADDRESS)

(EMAIL ADDRESS:.....) (MOBILE NO.:.....)

being a member/member(s) of the abovenamed Company, hereby appoints

.....  
(FULL NAME of proxy as per NRIC/Passport in capital letters)

(NRIC No. ....) of

.....  
(FULL ADDRESS)

(EMAIL ADDRESS:.....) (MOBILE NO.:.....)

or failing

him, .....

(FULL NAME of proxy as per NRIC/Passport in capital letters)

(NRIC No. ....) of

.....  
(FULL ADDRESS)

(EMAIL ADDRESS:.....) (MOBILE NO.:.....)

or failing him, THE CHAIRMAN OF THE MEETING, as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company to be held fully virtual and online remote voting using the Remote Participation and Electronic Voting facilities ("RPEV") via online meeting platform at <https://web.vote2u.my> (Domain Registration No. with MYNIC: D6A471702) on Monday, 15 July 2024 at 10.00 a.m. and to vote as indicated below:

RESOLUTION		FOR	AGAINST
Ordinary Resolution	Proposed Provision of Financial Assistance		

Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be casted. If no specific instruction is given, the proxy may vote as he thinks fit.

No of shares held

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	%
Proxy 1		
Proxy 2		
		100

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
**Signature of member(s) / Common Seal**

\* Strike out whoever is not desired

**Notes:**

- (1) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
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- (8) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote by way of poll.

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AFFIX STAMP  
HERE

**The Share Registrar of  
AJIYA BERHAD**

[Registration No. 199601005281 (377627-W)]  
c/o Boardroom Corporate Services Sdn. Bhd.  
Suite 9D, Level 9, Menara Ansar,  
65, Jalan Trus,  
80000 Johor Bahru  
Johor, Malaysia.

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