

AJIYA BERHAD
Registration No. 199601005281 (377627-W)
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF AJIYA BERHAD CONDUCTED FULLY VIRTUAL AND ONLINE REMOTE VOTING USING THE REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WEB.VOTE2U.MY](https://web.vote2u.my) (DOMAIN REGISTRATION NO. WITH MYNIC: D6A471702) ON MONDAY, 15 JULY 2024 AT 10:00 A.M.

- PRESENT VIA VIDEO CONFERENCING**
(Directors)
- : Ms. Er Kian Hong - Chairperson of the Meeting
 - Datuk Seri Chiau Beng Teik
 - Mr. Chiau Haw Choon
 - Mr. Teh Boon Beng
 - Datuk Hj Mohd Yusri Bin Md Yusof
 - Dato' Boey Chin Gan
- ABSENT WITH APOLOGY**
- : Mr. Yeo Ann Seck
- IN ATTENDANCE**
- : Ms. Chong Wui Koon (Company Secretary)
 - Ms. Santhi A/P Saminathan (Company Secretary representing Boardroom Corporate Services Sdn Bhd)
- BY INVITATION**
- : Mr. Ng Wai Luen (Key Senior Management)
 - Ms. Lau Mei Ho (Key Senior Management)
 - Ms. Tan Siew Hoon (Financial Controller)
 - Representative of Agmo Studio Sdn Bhd (Poll Administrator)
 - Representative of Aegis Communication Sdn Bhd (Scrutineer)

CHAIRMAN

Ms Er Kian Hong (“Ms. Er”) the Independent Non-Executive Director of the Company being appointed as Chairperson of this Extraordinary General Meeting (“EGM”) in place of Board Chairman, Datuk Seri Chiau Beng Teik, JP, due to his interest in the resolution to be approved at this EGM. Ms. Er welcomed all members to the EGM.

Ms. Er informed the members that the EGM is conducted via live streaming and online remote meeting using the Remote Participation and Voting Facilities (RPV) which is in compliance with Section 327 of the Companies Act 2016. Thereafter, Ms. Er introduced all the Directors who participated in this EGM and conveyed apology from Mr Yeo Ann Seck who was unable to participate in this EGM due to being on an overseas trip.

QUORUM

Ms. Er informed that the Constitution of the Company required the presence of at least 2 members or proxies or corporate representatives to form a quorum. For a virtual meeting, the quorum shall be determined by the number of members who logged-in at the commencement of the Meeting. The requisite quorum being present, the Chairman of the Meeting declared the Meeting duly convened.

NOTICE

The notice convening the meeting, having been circulated to the shareholders and advertised in the newspaper on 28 June 2024, be taken as read.

ADMINISTRATIVE AND VOTING PROCEDURES

Ms Er informed the members that the resolution tabled at the EGM would require poll voting by members pursuant to Para 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The poll would be conducted after the item on the agenda has been deliberated. Ms Er also informed the members of their right to participate at this Meeting via real time submission of typed texts in the query box.

Agmo Digital Solutions Sdn Bhd ("AGMO") was appointed as the Poll Administrator to conduct the electronic polling process and Aegis Communication Sdn Bhd as the Scrutineer to validate the votes cast at the meeting. Thereafter, Ms. Er invited the representatives of Poll Administrator to brief on the live voting procedure. The Poll Administrator presented the video on the live voting procedure.

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")

Ms. Er proceeded to the Agenda seeking approval for the Ordinary Resolution in relation to the Proposed Provision of Financial Assistance of up to RM250 million in the form of loan to Chin Hin Group Berhad, the Holding Company of Ajiya. She informed that the details of the said proposal are provided in the Notice of EGM and Circular to Shareholders dated 28 June 2024 and invited shareholders to raise any questions in regard to the proposal by typing the questions in the query box and the Board will address the questions later during the Q&A session. Ms. Er tabled the said motion for shareholders' consideration and approval.

QUESTIONS AND ANSWER SESSION

Ms Er informed that the Company have received a letter dated 12 July 2024 from the Minority Shareholders Watch Group ("MSWG"). The questions from MSWG together with the Company's reply, as **Appendix I** enclosed herewith, was projected on the screen during the Meeting for the shareholders' information.

Ms. Er proceed to address the questions received from shareholders during the EGM. All the questions raised from the shareholders were projected on the screen.

The questions raised by shareholders and response given by Management and Directors are as per **Appendix II** attached.

POLL SESSION

Having dealt with the Agenda, the Meeting proceeded to voting session. Ms Er informed all shareholders to cast their votes. Upon completion of voting process, Ms. Er adjourned the meeting for 20 minutes for scrutineer to verify the votes.

POLL RESULTS

Ms. Er called the Meeting to order at 11.00 a.m. for the announcement of poll results and called upon the Scrutineer to announce the poll results. Details of the results are attached as per **Appendix III**.

Based on the poll results, Ms. Er declared that the resolution as set out in the Notice of EGM of the Company was duly carried.

CLOSE OF MEETING

There being no further questions raised by the shareholders, Ms Er declared the Meeting was closed at 11:15 a.m. and she thanked all shareholders for attending and participating in the EGM.

CONFIRMED AS CORRECT RECORD,

Chairperson of the Meeting
ER KIAN HONG

APPENDIX I

AJIYA BERHAD
Registration No. 199601005281 (377627-W)
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APPENDIX I TO THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF AJIYA BERHAD CONDUCTED VIA FULLY VIRTUAL MEETING THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING USING REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WEB.VOTE2U.MY](https://web.vote2u.my) (DOMAIN REGISTRATION NO. WITH MYNIC: D6A471702) ON MONDAY, 15 JULY 2024 AT 10.00 A.M.

RESPONSES TO MINORITY SHAREHOLDERS WATCH GROUP

Question 1

The Proposed Provision of Financial Assistance will provide a strategic shift for the Ajiya Group to re-mobilise its financial resources to provide the necessary funding requirements of Chin Hin Group Berhad (Chin Hin) (Page v and Page 8 of the Circular).

To some extent, the proposed provision of financial assistance can be seen as a contradiction to what some of Ajiya's financial resources are supposed to and can be used for. Also, funding/lending Chin Hin raises valid concerns about protecting and ensuring the best interest of minority shareholders of Ajiya, the effectiveness of resource allocation, etc.

Ajiya can use its existing financial resources to grow its own Group's business directly under its watch and control, as it is in the building material business, instead of assisting Chin Hin to expand its building material and construction businesses, where it intends to use up to RM90.0 million, RM50.0 million for other investments to expand inorganically, via joint ventures, etc., and RM110 million for acquiring companies (Pages 4-6 of the Circular).

- a) Considering that Ajiya and Chin Hin operate in the same industry, why does Ajiya not deploy its financial resources to grow its own businesses instead of assisting Chin Hin in expanding its business?
- b) How is providing financial assistance to Chin Hin a more promising move for Ajiya than supporting and expanding its own businesses?

Response Q1

- a) Although Ajiya and Chin Hin operate in the same industry, their product offerings are distinct. Ajiya specializes in metal roofing, metal doors, window frames, and safety glass. In contrast, Chin Hin's portfolio includes autoclaved aerated concrete (AAC) blocks and an extensive range of precast concrete products. (such as jacking pipes, caissons, L-shape walls, U-drains, road kerbs, beams, cable troughs, manholes, box culverts, eco modules storm trap systems, arch bridges, retaining walls, precast polymer concrete pipes and drains), steel mesh, drymix solutions, residential and commercial properties, home and living products, distribution of building materials, engineering and construction services. These diversified products and services cater to various segments of the construction, infrastructure, and building industries. Consequently, Chin Hin's business expansion is expected to result in increased orders and demand for Ajiya's products.

While it may seem counterintuitive for Ajiya to provide financial assistance to Chin Hin rather than focusing solely on its own expansion, this decision reflects a strategic and prudent allocation of resources. Currently, Ajiya does not have immediate expansion plans that can effectively utilize its financial resources to their fullest potential. In contrast, Chin Hin has well-defined and actionable growth initiatives that require immediate funding.

By extending financial assistance to Chin Hin, Ajiya not only supports the growth of its holding company but also secures a stable and attractive interest income of 7.5% per annum, which is substantially higher than prevailing fixed deposit rates. This approach ensures that Ajiya's excess cash is put to productive use, generating higher returns while maintaining financial flexibility.

Furthermore, this strategic partnership underscores the collaborative synergy between Ajiya and Chin Hin, enhancing value creation for all shareholders. It exemplifies a judicious decision that balances immediate financial returns with long-term strategic benefits, reinforcing the Group's commitment to maximizing shareholder value and fostering sustainable growth within the industry.

- b) Providing financial assistance to Chin Hin represents a more promising move for Ajiya due to several strategic and financial considerations. Firstly, Chin Hin has immediate and well-defined expansion plans that require substantial funding. By channelling financial resources to Chin Hin, Ajiya can leverage Chin Hin's robust growth strategy and expertise, which are poised to deliver significant returns in the near term. The expansion of Chin Hin's business will create more opportunities for Ajiya to participate in more projects and increase its revenue base, as stated in Section 3 – Rationale of the Circular.

Moreover, the financial assistance arrangement allows Ajiya to earn an attractive interest income as mentioned in 1 (a) above, providing Ajiya with a steady and enhanced income stream without the risks associated with direct business expansion. This higher return on investment strengthens Ajiya's financial position, allowing for greater flexibility and potential reinvestment opportunities in the future.

Question 2

As at 31 December 2023 (FY2023), Chin Hin Group Berhad has a meaningful debt burden of RM1.22 billion with a gearing ratio of 0.98 times (Page 33 of the Circular).

In its balance sheet, Chin Hin reported short-term and long-term bank borrowings of RM640.75 million and RM472.56 million, respectively.

Also, Chin Hin reported a negative operating cash flow in FY2023, which amounted to RM145.90 million.

For FY2023, Chin Hin's subsidiary, Chin Hin Group Property Berhad (CHGP), reported a gearing ratio of approximately 1.39 times. CHGP has reported a consistent negative operating cash flow since the annualised financial period 2021.

In its independent advice letter on page 33 of the Circular, the IA mentioned that Chin Hin successfully completed the Mandatory General Offer of Signature International Berhad (SIB). This enabled Chin Hin to consolidate SIB's financial results, which bodes well for its financial position.

However, the global economy is fraught with uncertainties in the post-pandemic era. Geopolitical stress and conflicts, inflationary pressures, policy tightening, etc., are among the factors that could adversely impact businesses. Furthermore, on page 17 of the Circular, it is stated that 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.

- a) How has Chin Hin demonstrated a high creditworthiness that hinges on its capacity to generate sufficient profits and cash flow to cover interest and principal payments for Ajiya? Please explain.
- b) What is the Board's view on providing financial assistance to Chin Hin, a company with a much higher gearing level, compared to Ajiya, which has a low gearing ratio of less than 0.01 times (Page 9 of the Circular)? From a credit analysis perspective, would it not be a serious concern for Ajiya to provide Chin Hin with a loan of up to RM250 million?

Response Q2

In view of the question in 2(b) is related to 2(a), we shall answer questions 2(a) and 2(b) together, in relation to the creditworthiness of Chin Hin as well as the Board's consideration in relation to the Proposed Provision of Financial Assistance from a credit analysis perspective.

Chin Hin Group Berhad has sufficient internally generated cash through its building material division and receives dividend income from strategic investment subsidiaries and associates such as Signature International Berhad, Fiamma Holdings Berhad and Ajiya Berhad. These entities possess significant undeclared retained earnings, ample liquidity, and strong histories of positive cash generation.

Furthermore, the Chin Hin Property Division, with unbilled sales totalling RM 604.2 million as of 31 March 2024, and the Chin Hin Construction Division, boasting an order book of RM 1.3 billion as of the same date, are anticipated to contribute significantly and positively in the mid-term. – As stated in Section 5.1(a), (b) and (c), page 15 of the Circular.

Additionally, Chin Hin Group has established a perpetual program to access equity funding, supplemented by other equity-raising channels as needed, ensuring robust financial flexibility and support for its growth initiatives.

The Independent Advisor's positive assessment of Chin Hin's financial health and strategic direction provides additional confidence in the decision of providing financial assistance to Chin Hin.

Question 3

We noted the personal guarantee, which will be delivered by Datuk Seri Chiau Beng Teik, JP, a director of Chin Hin Group Berhad, in favour of Ajiya to guarantee the repayment of the loan (Page 26 of the Circular). This will reduce Ajiya's risk exposure. However, the primary focus should be on Chin Hin's ability to meet its financial obligations and any adverse impacts on Ajiya.

- a) Chin Hin also intends to utilise RM50 million to expand its building material division and RM40 million to expand its construction business (Page 4 of the Circular).

How will Ajiya manage its cashflow and liquidity in case of delayed or default in payments from Chin Hin if its expansion plans do not materialise as anticipated?

- b) Chin Hin intends to use RM110 million for the proposed acquisition of CHGP's subsidiaries, namely Chin Hin Construction Engineering Sdn Bhd (100% owned by CHGP) and Kayangan Kemas Sdn Bhd (95% owned by CHGP). CHGP is a 55.36 %-owned subsidiary of Chin Hin.

Chin Hin also intends to deploy up to RM50 million of the loan for other investment purposes, including raising its equity stake in SIB and CHGP.

Given Chin Hin's interconnectedness with its subsidiaries and related companies, how does Ajiya plan to manage the risk exposure?

- c) Chin Hin's substantial stake in Ajiya sets the stage for a strategic partnership but also introduces conflicts of interest. Decisions favouring Chin Hin may not align with Ajiya's shareholders' best interests.

Lending substantial funds to a closely affiliated company to expand similar businesses can be seen as prioritising Chin Hin's growth over Ajiya's interests. The RM50 million loan will be used by Chin Hin to expand its building material division, which could have been redirected towards Ajiya's own expansion initiatives.

Would it not concern the Board of the abovementioned 3(c)? If so, how have the board of directors of Ajiya deliberated these in the boardroom? Please explain and share with shareholders.

Response Q3

- a) As stated in Section 3, page 10 of the Circular, Ajiya shall ensure the Group remain solvent and will have sufficient cash flow for its operating activities and financial obligations for at least 12 months prior to disbursing the Loan.

In the event of delayed or default in payments from Chin Hin due to unforeseen circumstances affecting their expansion plans, Ajiya will implement several measures to manage its cash flow and ensure liquidity resilience:

- i) Ajiya will conduct rigorous cash flow forecasting and continuous monitoring to anticipate potential disruptions from counterparties. This proactive approach allows for timely adjustments in financial planning and resource allocation.
- ii) Ajiya will maintain contingency reserves and liquidity buffers to cover potential shortfalls in cash flow due to delayed payments or unforeseen events. These reserves are part of Ajiya's prudent financial management strategy to safeguard against operational disruptions.
- iii) Regular communication and collaboration between Ajiya and Chin Hin's management teams to ensure transparency and early identification of potential issues. This collaborative oversight enables proactive measures to address challenges and maintain financial stability.

These measures collectively will strengthen Ajiya's resilience and ability to navigate potential challenges, ensuring continued stability and sustainability in its financial operations.

- b) Ajiya plans to manage the risk exposure associated with Chin Hin's interconnectedness with its subsidiaries and related companies by implementing a risk management framework. This framework includes continuously monitoring Chin Hin's financial performance, and ensuring robust repayment terms are in place. Additionally, Ajiya will maintain regular communication and oversight with Chin Hin's management to address any potential risks promptly and effectively, thereby safeguarding Ajiya's financial interests.
- c) Chin Hin Group is an integrated builder conglomerate, delivering comprehensive end-to-end solutions across Malaysia and the region. Their operations span from upstream activities, such as building materials manufacturing and construction engineering, to downstream property development and home and living solutions.

On the other hand, Ajiya specializes in metal roofing, metal doors, window frames, and safety glass. Given these distinct focuses, the strategic partnership between Chin Hin and Ajiya aims to leverage their complementary strengths rather than create conflicts of interest.

The decision to extend financial assistance to Chin Hin should not be perceived as prioritizing Chin Hin's growth over Ajiya's interests. A thorough analysis by Ajiya's Board of Directors revealed that Ajiya does not have immediate expansion plans that would effectively utilize its financial resources to their fullest potential. Conversely, Chin Hin has well-defined and actionable growth initiatives that necessitate immediate funding.

The RM50 million loan will be used by Chin Hin to expand its building material division, which aligns with its growth strategy and is expected to generate substantial returns. This, in turn, can potentially benefit Ajiya through increased demand for its products and services, as Chin Hin's expansion would likely lead to higher orders.

The Board of Directors of Ajiya deliberated extensively on this matter, considering the potential risks and benefits. The Board had also sought the advice and analysis from the Independent Adviser, FHMH Corporate Advisory Sdn Bhd and it was concluded that supporting Chin Hin's expansion aligns with Ajiya's long-term strategic interests. This decision was made transparently and with the objective of maximizing shareholder value. Detailed discussions and rationales were documented to ensure that the decision-making process was clear and in the best interests of all shareholders.

In summary, the financial assistance extended to Chin Hin is a strategic move intended to capitalize on immediate growth opportunities, thereby positioning both companies for sustained future success.

APPENDIX II

AJIYA BERHAD
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APPENDIX II TO THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF AJIYA BERHAD CONDUCTED VIA FULLY VIRTUAL MEETING THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING USING REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WEB.VOTE2U.MY](https://web.vote2u.my) (DOMAIN REGISTRATION NO. WITH MYNIC: D6A471702) ON MONDAY, 15 JULY 2024 AT 10.00 A.M.

QUESTIONS FROM SHAREHOLDERS AND RESPONSES FROM MANAGEMENT/BOARD

	Shareholder/Proxy/ Corporate Representative	Question	Answer
1	Teh Kian Lang	Any transfer pricing issues on loan with income tax?	For benchmarking purposes related to the transfer pricing issue, we can utilise the 7.5% per annum interest rate, which aligns with the initial coupon rate offered under Chin Hin Group Bhd's perpetual medium term notes programme established on 6 December 2023.
2	Teh Kian Lang	Any collateral on loan?	Datuk Seri Chiau Beng Teik, JP who is the director and major shareholder of Chin Hin Group Bhd has provided a personal guarantee in favour of Ajiya for the purpose of guaranteeing the repayment of the loan by Chin Hin Group Bhd, which is one of the condition precedents in the Loan Agreement.
3	Heng Sau Wah	May I have a copy of the Company's current Annual Report	Shareholders may log-in to Ajiya's website for a copy of the annual report. If you need a hard copy, you may fill in the Requisition Form which can be downloaded from the website and send to us. We will provide you the hardcopy.
4	See Swee Keat	Can I have a copy of current year annual report	
5	Teh Kian Lang	Why not invest in money market....safer	The 7.5% interest rate on the loan extended to Chin Hin Group Bhd provides significantly higher return compared to the typical 3% return from money market investments.

Regarding the inquiries about e-voucher, e-wallet and e-breakfast from shareholders who participated in the virtual AGM, it was stated in the Administrative Guide to Shareholders that no door gifts or vouchers would be provided to shareholders who attended the Company's AGM.

APPENDIX III

AJIYA BERHAD
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POLL RESULTS

Resolutions	Title	Voted For				Voted Against				Total				Result
		No of Units	%	No of Records	No of Shareholders	No of Units	%	No of Records	No of Shareholders	No of Units	%	No of Records	No of Shareholders	
ORDINARY	Ordinary Resolution 1	32,740,938	99.19222	64	22	266630	0.80778	12	12	33007568	100	76	34	CARRIED