

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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CIRCULAR TO SHAREHOLDERS

IN RELATION TO

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The notice of the Extraordinary General Meeting (“EGM”) of Chin Hin Group Berhad (“CHGB” or “the Company”) to be held at Wisma Chin Hin, No. A-0-9 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Thursday, 18 August 2016 at 10.00 a.m., together with a Form of Proxy, are enclosed herein.

The Form of Proxy should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at office of the Company’s Share Registrar at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, at least 48 hours before the time stipulated for holding the meeting. The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Tuesday, 16 August 2016 at 10.00 a.m.

Date and time of Extraordinary General Meeting : Thursday, 18 August 2016 at 10.00 a.m.

This Circular is dated 3 August 2016

DEFINITIONS

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

| | |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Ace Logistic” | : Ace Logistic Sdn Bhd (642802-M), an indirect wholly-owned subsidiary of CHGB |
| “Act” | : The Companies Act, 1965 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force |
| “AGM” | : Annual General Meeting |
| “Audit Committee” | : The Audit Committee of CHGB |
| “Board” | : The Board of Directors of CHGB |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad (635998-W) |
| “CDS” | : Central Depository System |
| “C&H Transport” | : C&H Transport Sdn Bhd (808916-H), an indirect wholly-owned subsidiary of CHGB |
| “Chin Hin Concrete” | : Chin Hin Concrete Holdings Sdn Bhd (969862-P), a wholly-owned subsidiary of CHGB |
| “Chin Hin Concrete (KL)” | : Chin Hin Concrete (KL) Sdn Bhd (818159-D), an indirect wholly-owned subsidiary of CHGB |
| “Chin Hin Concrete (North)” | : Chin Hin Concrete (North) Sdn Bhd (803784-W), an indirect wholly-owned subsidiary of CHGB |
| “CHGB” or “Company” | : Chin Hin Group Berhad (1097507-W) |
| “CHGB Group” or “Group” | : Chin Hin and its subsidiaries, collectively |
| “Comet Steel” | : Comet Steel Sdn Bhd (1009789-M), an indirect wholly-owned subsidiary of CHGB |
| “Director” | : Shall have the same meaning given in Section 2(1) of the the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of CHGB or any other company which is a subsidiary of CHGB or a holding of CHGB |
| “Divine Inventions” | : Divine Inventions Sdn Bhd (1119952-P) |
| “EGM” | : Extraordinary General Meeting |
| “EPS” | : Earnings Per Share |
| “Formino Metal (FKA Metal Sphere Sdn. Bhd.)” | : Formino Metal Sdn. Bhd. (Formerly known as Metal Sphere Sdn. Bhd.) (1082934-A), an indirect wholly-owned subsidiary of CHGB |

DEFINITIONS (CONT'D)

| | |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “G-Cast Concrete” | : G-Cast Concrete Sdn Bhd (971228-X), an indirect wholly-owned subsidiary of CHGB |
| “Green Cement” | : Green Cement Sdn Bhd (1008610-A), an indirect wholly-owned subsidiary of CHGB |
| “GST” | : Goods and Services Tax |
| “LPD” | : 18 July 2016, being the latest practicable date prior to the printing of this Circular |
| “Listing Requirements” | : Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time |
| “Major Shareholder(s)” | : Means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company, and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act |
| “Metex Steel” | : Metex Steel Sdn Bhd (957930-X), a wholly-owned subsidiary of CHGB |
| “NA” | : Net assets attributable to ordinary equity holders of CHGB |
| “Proposed Shareholders’ Mandate” | : Proposed New Shareholders’ Mandate for CHGB Group to enter into RRPTs of a revenue or trading nature |
| “Pintar Sinar” | : Pintar Sinar Sdn Bhd (916505-X), an indirect wholly-owned subsidiary of CHGB |
| “PP Chin Hin” | : PP Chin Hin Sdn Bhd (334885-H), a wholly-owned subsidiary of CHGB |
| “PP Chin Hin (SG)” | : PP Chin Hin Pte Ltd (200908657H), an indirect wholly-owned subsidiary of CHGB |
| “PP Chin Hin Realty” | : PP Chin Hin Realty Sdn. Bhd. (963099-V) |
| “Related Party(ies)” | : Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of CHGB |

DEFINITIONS (CONT'D)

- “RRPT(s)” : A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
- “RM” and “sen” : Ringgit Malaysia and sen, respectively
- “Starken AAC” : Starken AAC Sdn Bhd (752003-D), a wholly-owned subsidiary of CHGB
- “Shareholders” : Shareholders of CHGB
- “Substantial Shareholder(s)” : A person who has interest or interests in one or more voting Shares in the Company and the nominal amount of that Share, or aggregate of the nominal amount of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting Shares in the Company
- “CHGB Share(s)” or “Share(s)” : Ordinary Shares of RM0.50 each in CHGB

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

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

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CHIN HIN GROUP BERHAD
(Company No. 1097507-W)
(Incorporated in Malaysia)

Registered Office

Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

3 August 2016

Board of Directors

| | |
|-------------------------------------------------|---------------------------------------------------------|
| Datuk Dr Nik Norzrul Thani Bin Nik Hassan Thani | <i>(Independent Non-Executive Chairman)</i> |
| Datuk Chiau Beng Teik | <i>(Deputy Group Executive Chairman)</i> |
| Chiau Haw Choon | <i>(Group Managing Director)</i> |
| Lee Hai Peng | <i>(Executive Director cum Chief Financial Officer)</i> |
| Datuk Cheng Lai Hock | <i>(Independent Non-Executive Director)</i> |
| Yeoh Chin Hoe | <i>(Senior Independent Non-Executive Director)</i> |

To : The Shareholders of Chin Hin Group Berhad

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

On 15 July 2016, the Board of Directors of CHGB had announced that the Company has proposed to seek its shareholders' approval for the new shareholders' mandate for CHGB Group to enter into RRPT(s) of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for CHGB Group's day to day operations.

The purpose of this Circular is to provide you with the relevant information of the Proposed Shareholders' Mandate and to seek your approval on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM, which will be held at Wisma Chin Hin, No. A-0-9 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Thursday, 18 August 2016 at 10.00 a.m. The Notice of the EGM together with the Form of Proxy are enclosed in this Circular.

SHAREHOLDERS OF CHGB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING EGM.

2. DETAILS OF PROPOSED SHAREHOLDERS' MANDATE

2.1 The Listing Requirements

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

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

2.2 Principal Activities of CHGB Group

The principal activity of CHGB is investment holding while its subsidiary companies are involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete and manufacturing of autoclaved aerated concrete ("AAC") and precast concrete products, wire mesh and metal roofing systems. The details of CHGB's subsidiaries as well as their principal activities as at the LPD are set out in the table below :

| Name of company | Effective equity interest (%) | Principal Activities |
|------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| (i) Direct Subsidiary of CHGB | | |
| PP Chin Hin | 100 | Distribution of building materials, letting of properties and hire purchase financing |
| Chin Hin Concrete | 100 | Investment holding |
| Starken AAC | 100 | Manufacturing and sales of AAC products |
| Metex Steel | 100 | Manufacturing and sales of wire mesh and metal roofing systems |
| (ii) Indirect Subsidiary of CHGB | | |
| <i>*Subsidiary of PP Chin Hin</i> | | |
| PP Chin Hin (SG) | 100 | Trading and distribution of building materials in Singapore |
| C&H Transport | 100 | Transportation of cement |
| <i>*Subsidiary of Chin Hin Concrete</i> | | |
| Chin Hin Concrete (KL) | 100 | Distribution of ready-mixed concrete |
| Chin Hin Concrete (North) | 100 | Distribution of ready-mixed concrete |
| <i>*Subsidiary of Starken AAC</i> | | |
| G-Cast Concrete | 100 | Manufacturing and sales of precast concrete products |
| Green Cement | 100 | Currently dormant, the intended principal activity is to produce concrete products |
| Pintar Sinar | 100 | Property investment holding |
| <i>*Subsidiary of Metex Steel</i> | | |
| Formino Metal (FKA Metal Sphere Sdn Bhd) | 100 | Manufacturing of metal roofing profiles and trusses |
| Comet Steel | 100 | Currently dormant, the intended principal activity is sales and trading of steel wire mesh, wire rods and other steel products |
| Ace Logistic | 100 | Property investment holding |

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

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for the CHGB Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.4 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. Such mandate will enable the Group to enter into the RRPTs without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.5 below.

2.3 Validity Period of the Proposed Shareholders' Mandate

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

- (a) the conclusion of the next AGM of CHGB following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

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2.4 Classes of Related Parties and Nature of RRPTs

The Proposed Shareholders' Mandate will apply to the transactions with the following Companies:

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|-------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AS Chin Hin Sdn Bhd | <ul style="list-style-type: none"> CHGB Group | <ul style="list-style-type: none"> Supply and/or purchase of building materials based on prevailing market price. Provision and/of receipt of transportation services based on prevailing market price. | <p>14,500</p> <p>500</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Chiau Beng Teik, are the Directors and substantial shareholders of AS Chin Hin Sdn Bhd. |
| Italia Ceramics Sdn Bhd | <ul style="list-style-type: none"> PP Chin Hin | <ul style="list-style-type: none"> Supply and/or purchase of building materials based on prevailing market price. | <p>5,000</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Yeoh Hock Seng, the brother-in-law of Datuk Chiau Beng Teik, is a Director and substantial shareholder of Italia Ceramics Sdn Bhd. |

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CH Hardware & Transport Sdn Bhd | <ul style="list-style-type: none"> C&H Transport | <ul style="list-style-type: none"> Provision of transportation services based on prevailing market price. | 15,000 | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Thean Bee, the brother of Datuk Chiau Beng Teik, is the Director and substantial shareholder of CH Hardware & Transport Sdn Bhd. |
| Pintar Muda Development Sdn Bhd | <ul style="list-style-type: none"> CHGB Group | <ul style="list-style-type: none"> Sale of building materials based on prevailing market price. | 3,000 | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Pintar Muda Development Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|-----------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GA Hotel Management Sdn Bhd | <ul style="list-style-type: none"> • PP Chin Hin • Chin Hin Concrete (North) | <ul style="list-style-type: none"> • Sale of building materials based on prevailing market price. | 1,000 | <ul style="list-style-type: none"> • Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of GA Hotel Management Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |
| Chip Hin Trading Sdn Bhd | <ul style="list-style-type: none"> • CHGB Group | <ul style="list-style-type: none"> • Provision and/or receipt of transportation services based on prevailing market price. | 6,000 | <ul style="list-style-type: none"> • Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. • Chiau Beng Sun, the brother of Datuk Chiau Beng Teik, is the Director and substantial shareholder of Chip Hin Trading Sdn Bhd. |

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|-------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHL Logistic Sdn Bhd | <ul style="list-style-type: none"> CHGB Group | <ul style="list-style-type: none"> Provision and/or receipt of transportation services based on prevailing market price. Sales and/or purchase of building materials based on prevailing market price. Sale of vehicle insurance premium and road tax to CHL Logistic Sdn Bhd (as agent of the insurance company). Rental income received by Chin Hin Concrete (KL) for office space rented to CHL Logistic Sdn Bhd⁽ⁱ⁾. Rental income received for motor vehicles rented out to CHL Logistic Sdn Bhd. | <p>21,100</p> <p>30,000</p> <p>5,500</p> <p>30</p> <p>3,570</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datin Wong Mee Leng is a Major Shareholder of CHGB. Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng, and brother of Chiau Haw Choon, is the Director and substantial shareholder of CHL Logistic Sdn Bhd. |
| Chin Hin Gypsum Sdn Bhd | <ul style="list-style-type: none"> Starken | <ul style="list-style-type: none"> Purchase of raw materials based on prevailing market price. | <p>5,000</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Datuk Chiau Beng Teik is the Director and substantial shareholder of Chin Hin Gypsum Sdn Bhd. |

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|-------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sens Hotel Sdn Bhd | <ul style="list-style-type: none"> PP Chin Hin | <ul style="list-style-type: none"> Rental income received from Sens Hotel Sdn Bhd for renting of shop houses belonging to PP Chin Hin ⁽ⁱⁱ⁾. Rental income received from Sens Hotel Sdn Bhd for renting parking lot belonging to PP Chin Hin ⁽ⁱⁱⁱ⁾. | <p>180</p> <p>20</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datin Wong Mee Leng is a Major Shareholder of CHGB. Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng and brother of Chia Haw Choon, is the Director and substantial shareholder of Sens Hotel Sdn Bhd. |
| Laksana Saujana Sdn Bhd | <ul style="list-style-type: none"> PP Chin Hin | <ul style="list-style-type: none"> Rental expenses paid to Laksana Saujana Sdn Bhd for renting of warehouse-cum office ^(iv). | <p>120</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Laksana Saujana Sdn Bhd. |

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|-------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chin Hin Hotel Sdn Bhd | <ul style="list-style-type: none"> PP Chin Hin | <ul style="list-style-type: none"> Rental income received from Chin Hin Hotel Sdn Bhd for renting of shop houses belonging to PP Chin Hin ^(v). Sale of building materials based on prevailing market price. | <p>600</p> <p>500</p> | <ul style="list-style-type: none"> Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Chiau Haw Choon is the Director of Chin Hin Hotel Sdn Bhd, which is turn is substantially owned by PP Chin Hin Realty, a Major Shareholder of CHGB. |
| Chin Hin Concrete Mix Sdn Bhd | <ul style="list-style-type: none"> PP Chin Hin | <ul style="list-style-type: none"> Rental paid for renting of office space by PP Chin Hin ^(vi). | <p>20</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd. |
| Teras Maju Sdn Bhd | <ul style="list-style-type: none"> PP Chin Hin | <ul style="list-style-type: none"> Sale of building materials based on prevailing market price. | <p>5,000</p> | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Yeoh Hock Seng, the brother-in-law of Datuk Chiau Beng Teik is the Director and substantial shareholder of Teras Maju Sdn Bhd. |

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Estimated value for the period from the forthcoming EGM to the next AGM * (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|-------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PP Chin Hin Realty | <ul style="list-style-type: none"> PP Chin Hin Chin Hin Concrete (KL) CHGB | <ul style="list-style-type: none"> Sale of building materials based on prevailing market price. | 5,067 | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datin Wong Mee Leng is a Major Shareholder of CHGB. PP Chin Hin Realty is a Major Shareholder of CHGB. Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon are the Directors and substantial shareholders of PP Chin Hin Realty. |
| | | <ul style="list-style-type: none"> Rental income received from PP Chin Hin Realty for renting of office space belonging to PP Chin Hin ^(vii). | 180 | |
| | | <ul style="list-style-type: none"> Rental income received from PP Chin Hin Realty for renting parking lot belonging to PP Chin Hin ^(viii). | 9 | |
| | | <ul style="list-style-type: none"> Rental paid to PP Chin Hin Realty for rental of office space by Chin Hin Concrete (KL) ^(ix). | 20 | |
| | | <ul style="list-style-type: none"> Rental paid to PP Chin Hin Realty for rental of office space by CHGB ^(x). | 24 | |
| | | <ul style="list-style-type: none"> Provision of transportation services based on prevailing market price. | 7,000 | |
| Murni Jaya Enterprise Sdn Bhd | <ul style="list-style-type: none"> C&H Transport | <ul style="list-style-type: none"> Provision of transportation services based on prevailing market price. | 7,000 | <ul style="list-style-type: none"> Datuk Chiau Beng Teik is the Deputy Group Executive Chairman and a Major Shareholder of CHGB. Chiau Beng Sun, the brother of Datuk Chiau Beng Teik, is the Director and substantial shareholder of Murni Jaya Enterprise Sdn Bhd. |

Notes on Nature of Transactions

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

Description of Properties

| Notes | Description | Postal Address | Total Areas (Sq. Ft.) | Rental Value per annum (exclude GST) (RM) | Period of Tenancy | Ownership |
|-------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------|------------------------------------|-------------------------|
| (i) | First floor of a 2 storey shop house/ Office Premise | F-1-2, Kuchai Business Park, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. | 1,351 | 21,600 | 1 November 2015 to 31 October 2017 | Chin Hin Concrete (KL) |
| (ii) | 3 storey shop house/office premise | J-1-6, J-2-6, J-1-7, J-2-7, J-0-8, J-1-8 & J-2-8, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. | 9,391 | 162,000 | 1 October 2014 to 31 October 2016 | PP Chin Hin |
| (iii) | 5 car parking lot | Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur | 620 | 12,000 | N/A | PP Chin Hin |
| (iv) | Single storey open sided factory/warehouse and office unit | PT 1493, Kawasan Perindustrian Pengkalan Chepa II, Jalan Chepa II, 16100 Pengkalan Chepa, Kota Bharu, Kelantan. | 27,473 | 120,000 | 1 November 2014 to 30 October 2016 | Laksana Saujana Sdn Bhd |

| Notes | Description | Postal Address | Total Areas (Sq. Ft.) | Rental Value per annum (exclude GST) (RM) | Period of Tenancy | Ownership |
|-------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------|------------------------------------|-------------------------------|
| (v) | 3 storey shop house | No. 48 (First & Second floor) No. 49 (First & Second floor) & No. 50 (Ground, First & Second floor) Taman Gunung Indah, 05050 Alor Setar, Kedah. | 13,917 | 111,600 | 1 January 2015 to 31 December 2017 | PP Chin Hin |
| | 3 storey shop house | Ground floor - No. 10,11,12 & 13, First floor - No. 10,11,12,13,15,16,17&18, Second floor - No. 10,11,12,13,15,16,17 & 18 Taman Perindustrian 2010, Jalan Lencong Barat, 06250 Alor Setar, Kedah. | 23,516 | 290,400 | 1 April 2016 to 30 April 2018 | PP Chin Hin |
| | 3 storey shop house/office premise | A-23, A-23A, A-25, A-26 & A-27 Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor Darul Ehsan. | 18,150 | 257,400 | 1 June 2016 to 31 May 2018 | PP Chin Hin |
| (vi) | First floor of a 3 storey shop house/office premise | F-1-3 Kuchai Business Park, No. 2 Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. | 1,351 | 9,600 | 1 January 2016 to 31 December 2017 | Chin Hin Concrete Mix Sdn Bhd |
| (vii) | 3 lots of ground floor 3 storey shop house/office premise | A-0-8, A-0-9 & A-0-10, Pusat Perdagangan Kuchai, No. 2 Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. | 4,305 | 180,000 | 1 April 2015 to 31 March 2017 | PP Chin Hin |

| Notes | Description | Postal Address | Total Areas (Sq. Ft.) | Rental Value per annum (exclude GST) (RM) | Period of Tenancy | Ownership |
|--------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------|-----------------------------|--------------------|
| (viii) | 5 car parking lot | Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur | 620 | 9,000 | N/A | PP Chin Hin |
| (ix) | One storey of a 3 storey shop house/office premises | No. A-2-11, Pusat Perdagangan Kuchai, No. 2 Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. | 1,464 | 19,200 | 15 May 2015 to 14 May 2017 | PP Chin Hin Realty |
| (x) | One storey of a 3 storey shop house/office premises | No. A-1-11, Pusat Perdagangan Kuchai, No. 2 Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. | 1,464 | 24,000 | 1 May 2015 to 30 April 2017 | PP Chin Hin Realty |

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2.5 Review Methods or Procedures for the Recurrent Related Party Transactions

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

The review and disclosure procedures are as follows :

- (i) the Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders mandate and will also be advised of the review and disclosure procedures;
- (ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) The management of the CHGB Group are cognisant that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPTs are not detrimental to the CHGB Group;
- (v) Where RRPT is one with a value equal to or in excess of RM1.0 million, it will be reviewed and approved by the Directors of the Company who has no interest in the transaction. Where the RRPT is one with a value below RM1.0 million, it will be reviewed and approved by the Group Managing Director or Executive Director or the Board;
- (vi) Records will be maintained by the respective companies to capture all RRPTs which are entered pursuant to the shareholders' mandate;
- (vii) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that relevant approvals are obtained and the procedures in respect of such transactions are adhered to;
- (viii) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPTs have been complied with; and
- (ix) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

2.6 Statement by Audit Committee

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

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

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

2.7 Disclosure of Recurrent Related Party Transactions

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

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

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

3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

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

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

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

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

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

5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

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

| Interested Directors | Direct | % | Indirect | % |
|-----------------------------|---------------|----------|----------------------------|----------|
| Datuk Chiau Beng Teik | 74,157,200 | 14.66 | 303,532,800 ^(a) | 60.0 |
| Chiau Haw Choon | - | - | 303,532,800 ^(a) | 60.0 |

| Major Shareholders | Direct | % | Indirect | % |
|---------------------------|---------------|----------|----------------------------|----------|
| Datuk Chiau Beng Teik | 74,157,200 | 14.66 | 303,532,800 ^(a) | 60.0 |
| Chiau Haw Choon | - | - | 303,532,800 ^(a) | 60.0 |
| Datin Wong Mee Leng | - | - | 303,532,800 ^(a) | 60.0 |
| Divine Inventions | 303,532,800 | 60.0 | - | - |
| PP Chin Hin Realty | - | - | 303,532,800 ^(a) | 60.0 |

Notes:

(a) Deemed interest in shares held by Divine Inventions pursuant to Section 6A of the Companies Act, 1965.

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

The Interested Major Shareholders, namely Datuk Chiau Beng Teik, Datin Wong Mee Leng, Chiau Haw Choon, Divine Inventions and PP Chin Hin Realty (collectively referred to as "Interested Major Shareholders") will abstain from voting in respect of their direct and/or indirect shareholdings in CHGB at the forthcoming EGM on the resolution pertaining to the Proposed Shareholders' Mandate.

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

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

6. APPROVALS REQUIRED

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

7. DIRECTORS' RECOMMENDATION

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

8. EXTRAORDINARY GENERAL MEETING

The resolution to vote on the Proposed Shareholders' Mandate are set out in the Notice of EGM of the Company. The EGM will be held at Wisma Chin Hin, No. A-0-9 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Thursday, 18 August 2016 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Circular in accordance with the instructions printed therein as soon as possible so as to arrive at the Registrar Office of the Company not later than forty-eight (48) hours before the time set for the EGM.

The completion and return of Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

9. FURTHER INFORMATION

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

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

DATUK DR NIK NORZRUL THANI
BIN NIK HASSAN THANI
Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

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

- (a) Sale and purchase agreement dated 20 October 2014 entered into between PP Chin Hin and Bengkel Motor Indah Sdn Bhd for the disposal of a freehold land with a single storey detached warehouse bearing title details HSD 21133, PT 3199, Bandar Alor Setar, Daerah Kota Serat, Kedah Darul Aman for the disposal consideration of RM3,300,000.00. This agreement was completed on 27 January 2015;
- (b) Sale and purchase agreement dated 21 August 2014 entered into between PP Chin Hin and Lee Eng Eng for the disposal of a unit of service apartment bearing details Q-2-3A, Subang Olives Residence, Jalan Kemajuan Subang, SS16, 47500 Subang Jaya, Selangor Darul Ehsan for the disposal consideration of RM650,000.00. This agreement was completed on 11 December 2014;
- (c) Sale and purchase agreement dated 4 December 2014 entered into between PP Chin Hin and Datuk Chiau Beng Teik for the disposal by PP Chin Hin of all the following properties for the total aggregate consideration of RM1,405,000.00. This agreement was completed on 31 December 2014:
 - i) GM 12195, Lot 3034, Bandar Alor Setar, Alor Bekong, Daerah Kota Setar, Kedah Darul Aman;
 - ii) HS(M) 7266, Lot 3034, Bandar Alor Setar, Alor Bekong, Daerah Kota Setar, Kedah Darul Aman;
 - iii) HSM 16/1976, Lot 1338, Mukim Alor Merah, Daerah Kota Setar, Kedah Darul Aman;
 - iv) Plot 95, Lot 3372, MK 16, Wellesley, Penang; and
 - v) No Hakmilik 2487, Lot 7852, Mukim Pengkalan Kundor, Daerah Kota Setar, Kedah Darul Aman,
- (d) The underwriting agreement dated 26 January 2016 entered into between CHGB and M&A Securities Sdn. Bhd. pursuant to CHGB's Initial Public Offering exercise;

- (e) Shares sale and purchase agreements dated 19 November 2014 entered into between CHGB and PP Chin Hin, PP Chin Hin (SG), Chin Hin Concrete, Ace Logistic and C&H Transport respectively for the acquisitions of the entire 100% equity interest of PP Chin Hin, PP Chin Hin (SG), Chin Hin Concrete, Ace Logistic and C&H Transport for an aggregate consideration of RM221,345,000 satisfied via the issuance of 442,690,000 CHGB Shares to Datuk Chiau Beng Teik, Chiau Haw Choon and Datin Wong Mee Leng, respectively. These transactions were completed on 2 December 2014;
- (f) Share sale agreement dated 23 January 2015 and letter of amendment dated 1 June 2015 entered into between CHGB with PP Chin Hin in relation to the acquisition of the entire 100% equity interests of Metex Steel and Starken AAC for an aggregate cash consideration of RM54,836,895. This transaction was completed on 23 January 2015;
- (g) Share sale agreements dated 1 June 2015 entered into between CHGB with PP Chin Hin and Metex Steel respectively in relation to the transfer of entire 100% equity interest held by CHGB in C&H Transport and Ace Logistic to PP Chin Hin and Metex Steel respectively for an aggregate cash consideration of RM21,755,710. These transactions were completed on 10 June 2015; and
- (h) Sale and purchase agreement dated 15 July 2015 entered into between PP Chin Hin and Ashiana Industries (M) Sdn. Bhd. for the disposal of a piece of freehold land with a three (3) storey semi-detached industrial factory held under the individual title, HSD 283204, PT 35460, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan for the consideration of RM5,000,000.00. This agreement was completed on 9 December 2015.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

The Board has confirmed that as at the LPD, neither CHGB nor its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board has no knowledge of any proceeding pending or threatened against CHGB Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the CHGB Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred which may have a material impact on the profits or NA of CHGB Group upon becoming enforceable:

(i) Contingent Liabilities

| | |
|--------------------------------------------------------------------|--------------------|
| | RM |
| Corporate guarantees for credit facilities granted to subsidiaries | 467,959,992 |
| Banker guarantees in favour of the local authorities | 210,000 |
| Total | 438,169,992 |

(ii) Material Commitments

| | |
|----------------------------------------------|------------|
| | RM |
| Acquisition of property, plant and equipment | 36,657,836 |

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of CHGB at the Registered Office of CHGB at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) The Memorandum and Articles of Association of CHGB;
- (ii) The material contracts referred to in Section 2 of this Appendix I;
- (iii) The audited financial statements of CHGB Group for the past two (2) financial years ended 31 December 2014 and 31 December 2015; and
- (iv) The unaudited consolidated financial results of CHGB for the quarter ended 31 March 2016.



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of Chin Hin Group Berhad (“CHGB” or “the Company”) will be held at Wisma Chin Hin, No. A-0-9 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Thursday, 18 August 2016 at 10.00 a.m. for the purpose of transacting the following resolutions:

ORDINARY RESOLUTION 1

To approve the payment of Directors’ fees totaling RM240,000.00 to the Non-Executive Directors of the Company in respect of the financial year ending 31 December 2016.

ORDINARY RESOLUTION 2

AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES

THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue.

ORDINARY RESOLUTION 3

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

THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 3 August 2016 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company’s subsidiary in the ordinary course of business, at arm’s length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“CA”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder’s mandate is in force, where:

- (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
- (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with CHGB Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries
Kuala Lumpur

Date: 3 August 2016

NOTES ON APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the general meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company’s Share Registrar at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 11 August 2016 will be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his stead.

EXPLANATORY NOTES ON THE RESOLUITONS

Ordinary Resolution 2: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 2, if passed, is a new General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

Ordinary Resolution 3: Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 3, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.



CHIN HIN GROUP BERHAD (1097507-W)

| | |
|-----------------------|-----------------|
| NUMBER OF SHARES HELD | CDS ACCOUNT NO. |
| | |

Form of Proxy

I / We (Full Name in Block Letters) _____

NRIC No. / Passport No. / Company No. _____

of _____

being a member / members of CHIN HIN GROUP BERHAD hereby appoint: _____

_____ NRIC No. / Passport No. _____

of _____

and/or _____ NRIC No. / Passport No. _____

of _____

or failing *him/her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Extraordinary General Meeting of Chin Hin Group Berhad ("CHGB" or "the Company") to be held at Wisma Chin Hin, No. A-0-9 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Thursday, 18 August 2016 at 10.00 a.m. and at any adjournment thereof.

| NO. | ORDINARY RESOLUTIONS | FOR | AGAINST |
|-----|----------------------------------------------------------------------------------------------------------------|-----|---------|
| 1. | To approve the payment of Directors' fees totaling RM240,000.00 to the Non-Executive Directors of the Company. | | |
| 2. | To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965. | | |
| 3. | To approve the Proposed Shareholders' Mandate. | | |

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolution as he/she may think fit.)

Signed this _____ day of _____, 2016.

Signature : _____

(If shareholder is a corporation, this form should be executed under seal)

| |
|-----------------------------------------------------------------------------------------|
| The proportions of my/our holdings to be represented by my/our proxies are as follows:- |
| First Proxy |
| No. of Shares: |
| Percentage :% |
| Second Proxy |
| No. of Shares: |
| Percentage :% |

NOTES:

1. A member entitled to attend and vote at the general meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 11 August 2016 will be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his stead.



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AFFIX
STAMP

**THE SHARE REGISTRAR OF
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