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**CSC STEEL HOLDINGS BERHAD**

*Registration No.: 200401001854 (640357-X)  
(Incorporated in Malaysia)*

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED  
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS  
AT THE EIGHTEENTH ANNUAL GENERAL MEETING**

The Notice convening the Eighteenth Annual General Meeting ("18th AGM") of the Company to be held at Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia on Thursday, 26 May 2022, at 10:30 a.m. together with the Proxy Form are set out in the Company's Annual Report 2021 while extract of resolution on the Proposal is set out in Appendix II of this Circular.

The Proxy Form should be completed and deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or in the case of electronic appointment, the Proxy Form must be deposited via TIIH Online at <http://tiih.online> not less than forty-eight (48) hours before the time for holding the 18th AGM or adjourned meeting at which the person named in the instrument proposes to vote. The lodging of the Proxy Form will not preclude a shareholder from attending and voting in person at the 18th AGM should the shareholder subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 24 May 2022, at 10:30 a.m.

Date and time of the Annual General Meeting : Thursday, 26 May 2022, at 10:30 a.m.

**This Circular is dated 27 April 2022**

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	- Companies Act, 2016, as amended from time to time and any re-enactment thereof.
“AGM”	- Annual General Meeting.
“Board”	- The Board of Directors of CHB.
“Bursa Securities” or “the Exchange”	- Bursa Malaysia Securities Berhad [200301033577 (635998-W)].
“CHB” or “the Company”	- CSC Steel Holdings Berhad [200401001854 (640357-X)].
“CHB Group” or “the Group”	- CHB and its subsidiary companies as defined in Section 4 of the Act.
“CHB Share(s)”	- Ordinary share(s) in CHB.
“CHB Subsidiaries”	- Collectively, CSCM, Group Steel and CMSB.
“CHSC”	- Chung Hung Steel Corporation (07838854), a company in which CSC is a substantial shareholder.
“CMSB”	- Constant Mode Sdn. Bhd. [201001038592 (922516-W)], a wholly-owned subsidiary of CSCM.
“CSAP”	- China Steel Asia Pacific Holdings Pte. Ltd. (200009274G), a wholly-owned subsidiary of CSC, is also a major shareholder of CHB.
“CSC”	- China Steel Corporation (30414175).
“CSC Group”	- CSC and its subsidiary companies as defined in Section 4 of the Act.
“CSCM”	- CSC Steel Sdn. Bhd. [199101018588 (228899-P)], a wholly-owned subsidiary of CHB.
“CSGT”	- China Steel Global Trading Corporation (96975583), a wholly-owned subsidiary of CSC.
“Director”	- has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or chief executive of the CHB Group.
“Existing Mandate”	- Mandate from the shareholders of the Company granted at the last AGM held on 24 May 2021 for the CHB Group to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business which are necessary for the CHB Group’s day-to-day operations that is valid from 24 May 2021 till the conclusion of the next AGM of the Company.
“Group Steel”	- Group Steel Corporation (M) Sdn. Bhd. (in Member’s Voluntary Winding Up) [199401042050 (327738-P)], a wholly-owned subsidiary of CHB.
“Interested Directors”	- Directors listed under Section 4 who are deemed to be Related Parties and are interested in the Proposed Shareholders’ Mandate.
“Interested Major Shareholders”	- Major Shareholders who are deemed to be Related Parties and are interested in the Proposed Shareholders’ Mandate.

“Interested Persons Connected”	<ul style="list-style-type: none"> <li>- In relation to a director and/or major shareholder, who falls under any one of the following categories:- <ul style="list-style-type: none"> <li>i) a family member of the director or major shareholder;</li> <li>ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or a family member of the director or major shareholder, is the sole beneficiary;</li> <li>iii) a partner of the director, major shareholder or a partner of a person connected with that director or major shareholder;</li> <li>iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;</li> <li>v) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;</li> <li>vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;</li> <li>vii) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;</li> <li>viii) a body corporate in which the director or major shareholder, or persons connected with him are entitled to exercise, or control the exercise of, not less than fifteen per centum (15%) of the votes attached to voting shares in the body corporate; or</li> <li>ix) a body corporate which is a related corporation.</li> </ul> </li> </ul>
“LPD”	<ul style="list-style-type: none"> <li>- 7 April 2022, being the latest practicable date prior to the printing of this Circular.</li> </ul>
“Major Shareholder”	<ul style="list-style-type: none"> <li>- 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 major shareholder of CHB as defined under paragraph 1.01 of the MMLR or any other corporation which is its subsidiary or holding company. <ul style="list-style-type: none"> <li>“major shareholder” is defined in paragraph 1.01 of the MMLR as a person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- <ul style="list-style-type: none"> <li>(i) ten per centum (10%) or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or</li> <li>(ii) five per centum (5%) or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.</li> </ul> </li> </ul> </li> <li>For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act.</li> </ul>
“MCCG 2021”	<ul style="list-style-type: none"> <li>- The Malaysian Code and Corporate Governance 2021.</li> </ul>
“MMLR”	<ul style="list-style-type: none"> <li>- Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time.</li> </ul>
“MOEA”	<ul style="list-style-type: none"> <li>- Ministry of Economic Affairs, Taiwan.</li> </ul>
“Proposed Shareholders’ Mandate” or “Proposed Renewal of Shareholders’ Mandate”	<ul style="list-style-type: none"> <li>- Proposed RENEWAL of shareholders’ mandate for the CHB Group to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business which are necessary for the CHB Group’s day-to-day operations.</li> </ul>

- “Recurrent Related Party Transactions” or “Recurrent Transaction” or “Recurrent Transactions” or “RRPTs” - Recurring transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations and are entered into by the CHB Group with the Related Parties in the ordinary course of business which involves the interest, direct or indirect, of a Related Party.
- “Related Party(ies)” - Directors, major shareholders or persons connected with such directors or major shareholders as defined under Chapters 1 and 10 of the MMLR.
- “RM” and “sen” - Ringgit Malaysia and sen respectively.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, 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 day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables between the amounts listed and the totals in this Circular are due to rounding.

**LETTER TO OUR SHAREHOLDERS CONTAINING:**

INTRODUCTION	1
• <b>CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE</b>	
1. Details of Proposed Shareholders' Mandate	2
2. Principal Activities of CHB Group	3
3. Nature of Transactions	3
4. Related Parties with whom the Recurrent Transactions will be conducted and Details of the Recurrent Transactions	3
5. Review Procedures for Recurrent Transactions	5
6. Outstanding RRPT Receivables	6
7. Statement by Audit Committee	6
8. Rationale for and Benefit to Shareholders	7
9. Financial Effects	7
10. Shareholdings of Directors and Major Shareholders	7
11. Approvals Required	8
12. Directors' Recommendation	8
13. AGM	8
14. Further Information	9

**APPENDICES**

Appendix I	Additional Information	10
Appendix II	Extract of Resolution on the Proposal to be tabled at CHB's 18th AGM	11



## **CSC STEEL HOLDINGS BERHAD**

Registration No.: 200401001854 (640357-X)  
(Incorporated in Malaysia)

### **Registered Office:-**

49-B Jalan Melaka Raya 8  
Taman Melaka Raya  
75000 Melaka, Malaysia

27 April 2022

### **Board of Directors**

Chiu, Ping-Tung (Group Managing Director)  
Huang, Chen-Jung (Non-Independent Non-Executive Director)  
Liu, Min-Hsiung (Non-Independent Non-Executive Director)  
Chen, Yi-Chien (Executive Director)  
Phong Hon Wai (Senior Independent Non-Executive Director)  
Lim Lay Ching (Independent Non-Executive Director)  
Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud (Non-Independent Non-Executive Director)

To: The Shareholders of CHB

Dear Sir/Madam

### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PROPOSAL")**

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#### **INTRODUCTION**

The Company had on 7 March 2022 announced its intention to seek shareholders' approval for the Proposal at its 18th AGM scheduled on 26 May 2022.

The purpose of this Circular is to provide you with information on the Proposal and to seek your approval to the resolution relating to the Proposal under the agenda of Special Business, extract of which is set out in Appendix II of this Circular.

Notice of the Company's 18th AGM is enclosed together with the Annual Report of the Company for the financial year ended 31 December 2021.

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**SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION CONCERNING THE PROPOSAL TO BE TABLED AT FORTHCOMING AGM**

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## 1. DETAILS OF PROPOSED SHAREHOLDERS' MANDATE

At CHB's 17th AGM held on 24 May 2021, the shareholders of the Company had *inter-alia*, granted the CHB Group with a mandate to enter into Recurrent Transactions. The mandate granted shall expire at the conclusion of the Company's forthcoming AGM scheduled on 26 May 2022 unless renewed by an ordinary resolution passed by the shareholders of CHB.

CHB is therefore seeking the approval of its shareholders to renew the existing shareholders' mandate pursuant to and in compliance with the conditions stated in Paragraph 10.09 of the MMLR and Practice Note 12, to enable the Group to continue entering into RRPT with the Related Parties.

Pursuant to Paragraph 10.09(2) of the MMLR and Practice Note 12, a listed company may seek a shareholders' mandate in respect of Recurrent Related Party Transactions subject to the following:-

- i) 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;
- ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the MMLR;
- iii) the issuance of a circular to shareholders for the mandate from the shareholders of the Company;
- iv) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders and interested persons connected; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- v) Immediate announcement to the Exchange when the actual value of a RRPT entered into by CHB, 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 the Exchange in its announcement.

Where a shareholder mandate pursuant to Paragraph 10.09(2) of the MMLR has been procured, the provisions of Paragraph 10.08 of the MMLR shall not apply.

The Proposed Shareholders' Mandate, if approved at CHB's 18th AGM, shall take effect from the passing of the ordinary resolution on the Proposed Shareholders' Mandate at CHB's 18th AGM scheduled on 26 May 2022 and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, following the AGM at which such ordinary resolution is passed, at which time it shall lapse, unless by a resolution passed at such AGM, the authority conferred by this resolution is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by a resolution passed by shareholders of the Company in a general meeting before the next AGM,

whichever is the earlier.

## 2. PRINCIPAL ACTIVITIES OF CHB GROUP

CHB is an investment holding company. The principal activities of subsidiaries of CHB are as follows:-

Name of Company	Place of Incorporation	Effective Equity Interest (%)	Principal Activities
<u>Subsidiaries of CHB</u>			
• CSCM	Malaysia	100	Manufacturing and marketing of pickled and oiled steel, cold rolled steel, hot dipped galvanised steel commonly known as GI and pre-painted galvanised steel commonly known as PPGI or colour coated steel.
• Group Steel	Malaysia	100	Manufacturing of other basic iron and steel products (currently a dormant company). Group Steel had commenced Member's Voluntary Winding Up on 1 December 2020.
<u>Subsidiary of CSCM</u>			
• CMSB	Malaysia	100	Investment holding.

## 3. NATURE OF TRANSACTIONS

Principal activities of the Related Parties are as follows:-

Related Parties	Principal Activities
CSC	Manufacturer of a broad range of high quality steel products.
CSGT	Trading of steel products and industrial materials.
CHSC	Manufacturer of hot rolled steel and cold rolled steel products.

## 4. RELATED PARTIES WITH WHOM THE RECURRENT TRANSACTIONS WILL BE CONDUCTED AND DETAILS OF THE RECURRENT TRANSACTIONS

### Details of the Proposed Renewal of Shareholders' Mandate

Details of Recurrent Transactions to be entered into between CSCM with the Related Parties for which the Proposed Renewal of Shareholders' Mandate is sought as well as the estimated aggregate value disclosed in last year's Circular and the actual value transacted up to LPD (being the latest practicable date prior to the printing of the Circular) are set out below:-



Related Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	* Estimated Value for Proposed Mandate Renewal, from date of CHB's 18th AGM on 26 May 2022 to the date of the next AGM (RM'000)	Estimated Value as disclosed in the Circular to Shareholders dated 23 April 2021 (RM'000)	Actual Value Transacted (from the date of the last AGM held on 24 May 2021 to LPD) (RM'000)
CSC	CSCM purchase of raw materials, spare parts, rollers and chemicals from CSC	<i>Interested Major Shareholder</i> CSC <sup>(a)(i)</sup>  <i>Interested Directors</i> YSK <sup>(a)(b)(c)</sup> , CPT <sup>(a)(b)</sup> , LMH <sup>(a)(b)(d)</sup> , CYC <sup>(a)</sup> and HCJ <sup>(a)(b)(e)</sup> .	1,321,000	1,000,000	606,057
CSGT	CSCM purchase of raw materials, machinery, spare parts, rollers and chemicals from CSGT	<i>Interested Major Shareholder</i> CSC <sup>(a)(i)(ii)</sup>  <i>Interested Directors</i> YSK <sup>(a)(b)(c)</sup> , CPT <sup>(a)(b)</sup> , LMH <sup>(a)(b)(d)</sup> , CYC <sup>(a)</sup> and HCJ <sup>(a)(b)(e)</sup> .	307,000	235,000	154,755
CHSC	CSCM purchase of raw materials from CHSC	<i>Interested Major Shareholder</i> CSC <sup>(a)(i)(iii)</sup>  <i>Interested Directors</i> YSK <sup>(a)(b)(c)</sup> , CPT <sup>(a)(b)</sup> , LMH <sup>(a)(b)(d)</sup> , CYC <sup>(a)</sup> and HCJ <sup>(a)(b)(e)</sup> .	508,000	385,000	304,432
<b>Total</b>			2,136,000	1,620,000	1,065,244

Notes:

\* The estimated value of transactions is based on the past record of RRPT carried out with the Related Parties. However, the actual value of the transactions from the date of CHB's 18th AGM to the date of the next AGM may be subject to changes.

**Interested Major Shareholder**

(a) CSC

- (i) CSAP being a wholly-owned subsidiary of CSC. CSAP is a major shareholder of CHB with direct interest of 46.30%.
- (ii) CSC has a 100% direct interest in CSGT - deemed interested by virtue of CSC's interest in CSAP.
- (iii) CSC has a 40.59% direct interest in CHSC - deemed interested by virtue of CSC's interest in CSAP.

**Interested Directors**

- YSK - Yin, Shou-Kang (Resigned on 1 June 2021)
- CPT - Chiu, Ping-Tung (Appointed on 1 June 2021)
- LMH - Liu, Min-Hsiung
- CYC - Chen, Yi-Chien
- HCJ - Huang, Chen-Jung (Appointed on 14 January 2022)

- (a) YSK, CPT, LMH and CYC are employees of CSC and Directors of CHB. HCJ is employee of CSC Group and Director of CHB. YSK, CPT, LMH and CYC are shareholders of CSC.
- (b) YSK, CPT, LMH and HCJ are Directors of CSCM. HCJ is employee of CSC Group while YSK, CPT LMH are employees and shareholders of CSC.
- (c) YSK is the sole Director of Group Steel and he is also an employee and shareholder of CSC.
- (d) LMH is also a director of CHSC.

- (e) HCJ is the director of CSGT

Based on the above table, the actual value of total transactions from the date on which the Existing Mandate was obtained (i.e. the date of the last 17th AGM on 24 May 2021) up to the LPD, has not exceeded the estimated value mandated.

## 5. REVIEW PROCEDURES FOR RECURRENT TRANSACTIONS

The Group has established procedures to ensure that the RRPTs contemplated under the Proposed Shareholders' Mandate are undertaken on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of CHB and that all transactions with Related Parties undergoes the normal purchasing procurement process which are objectively and consistently applied to all its procurement transactions with the public.

The following procedures are to ensure that all Recurrent Transactions are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies:-

- (i) The relevant departments are made aware that all Recurrent Transactions are required to be undertaken on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of minority shareholders of CHB.
- (ii) Records are maintained to capture all Recurrent Transactions.
- (iii) The internal audit programme includes a review of the records of Recurrent Transactions to ensure that all transactions are adhered to the policies and requirements of the Group as well as the MMLR.
- (iv) The Audit Committee reviews the actual value of the Recurrent Transactions against the value mandated by the shareholders on a quarterly basis to ensure compliance with the MMLR.
- (v) The Audit Committee reviews the internal audit reports to ascertain that adequate controls to monitor Recurrent Transactions have been complied with.
- (vi) The Audit Committee has the overall responsibility for the determination of the review procedures in respect of the Recurrent Transactions.
- (vii) The Board and Audit Committee may also appoint individuals and committees within the CHB Group to examine Recurrent Transactions as they deem appropriate.
- (viii) Where a member of the Board or the Audit Committee has an interest (direct or indirect), he shall declare his interest in the Recurrent Transactions and shall abstain from participating in decision-making of the Board or Audit Committee on the said Recurrent Transactions.
- (ix) Breakdown of the aggregate value, type of transactions, names of the Related Parties involved in the Recurrent Transaction and their relationship with the respective companies involved are disclosed in the annual report of CHB.
- (x) Pricing of products or services are determined based on usual commercial terms, business practices and policies or are otherwise in accordance with other applicable industry norms and considerations.

Whenever possible, to ascertain whether the price and terms offered to/by the Related Parties are fair and reasonable and are comparable to those offered to/by other unrelated parties for

the same or substantially similar type of products/services and quantities. At least two (2) contemporaneous transactions with unrelated third parties for similar products/services and/or quantities are used as comparison.

In the event that quotation or comparative pricing from unrelated parties cannot be obtained, for instance, if there are no unrelated third party vendors/customers of similar products or services or if the product/service is a proprietary item, the transaction price will be determined by price negotiation with the related parties based on those offered by other unrelated parties for substantially similar type of transactions where available to ensure that the RRPT is not detrimental to the Group.

Approving authority and thresholds for RRPTs respecting the sales of the Company's products and purchases of raw materials, general materials and other sales and purchases will be based on the Group's pre-set policy which spells out the type and amount of sales and purchases that require the approval of the Vice President of Commercial Division.

Any amounts exceeding RM5,000,000 being the approval threshold set for the Vice President of Commercial Division in respect of RRPTs shall require ratification by the Board of Directors.

## **6. OUTSTANDING RRPT RECEIVABLES**

There was no outstanding RRPT receivable as at 31 December 2021.

## **7. STATEMENT BY AUDIT COMMITTEE**

The Audit Committee has seen and reviewed the procedures laid down in respect of RRPTs as set out in Section 5 above and are satisfied that the said procedures are sufficient to ensure that RRPTs are conducted at arm's length basis and are in accordance with the Group's normal commercial terms; that they are on terms which are not more favourable to the Related Parties than those generally available to the public and thus, will not be prejudicial to the minority shareholders or disadvantageous to the Group.

In addition, the Audit Committee is of the opinion that the Group has in place adequate measures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The review of these procedures and processes would be conducted by the internal auditors at least once a year.

As at LPD, composition of the Audit Committee is as follows:-

- (a) Mr. Phong Hon Wai (Chairman/Senior Independent Non-Executive Director)
- (b) Ms. Lim Lay Ching (Member/Independent Non-Executive Director)
- (c) Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud (Member/Non-Independent Non-Executive Director)

## **8. RATIONALE FOR AND BENEFIT TO SHAREHOLDERS**

The Recurrent Transactions are meant to meet the business needs of the CHB Group at the best possible terms. The Related Parties who are involved in the RRPTs have longstanding business relationships with the CHB Group and where applicable, have proven track records.

The Recurrent Transactions entered into by the CHB Group as stated in Section 4 above will benefit the Group in that goods and services transacted with the Related Parties are competitively priced and are on terms which are beneficial to the Group.

Recurrent Transactions entered into by the CHB Group with the Related Parties are all in the ordinary course of business and of a revenue or trading nature which are likely to occur with some degree of frequency.

These transactions may be constrained by confidentiality and are time-sensitive in nature and delays in obtaining the requisite shareholders' approval may disadvantage the Group.

By obtaining approval to the Proposed Shareholders' Mandate on an annual basis, the necessity to convene separate general meetings from time-to-time to seek shareholders' approval as and when such Recurrent Transactions occur is eliminated. Besides improving efficiency, precious resources such as administrative time and costs would be freed up towards attaining other corporate and business objectives of the CHB Group.

## 9. FINANCIAL EFFECTS

The Proposed Shareholders' Mandate while not having any effect on the total number of issued shares and shareholdings of major shareholders of CHB, is expected to continue to contribute positively to the earnings and net assets of the CHB Group.

## 10. SHAREHOLDINGS OF DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed in Section 4 above, none of the other Directors or Major Shareholders of the CHB Group or persons connected to them has any interest, direct or indirect, in the Proposed Shareholders' Mandate. Clause 76(2) of the Company's Constitution stated there shall be no share qualification for Directors, unless otherwise fixed by the Company in general meeting.

As at LPD, none of the Interested Directors listed in Section 4 above has any direct or indirect shareholdings in the issued and paid-up share capital of the CHB Group while the direct and indirect shareholdings of the Interested Major Shareholders in the total number of issued shares of the CHB Group are as follows:-

Name of Interested Major Shareholders of the CHB Group	Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
CSAP	171,000,000	46.30%	-	-
<sup>(2)</sup> CSC	-	-	171,000,000	46.30%
<sup>(3)</sup> MOEA	-	-	171,000,000	46.30%

**Notes:**

- (1) Excludes 10,700,000 CHB Shares bought-back by CHB and retained as treasury shares as at LPD.  
(2) Deemed interested by virtue of CSC's substantial shareholdings in CSAP.  
(3) Deemed interested by virtue of MOEA's substantial shareholdings in CSC.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting on the Recurrent Transactions at the relevant board meetings.

In addition, the Interested Directors shall also abstain from voting in respect of their direct and indirect shareholdings, if any, on the Proposed Shareholders' Mandate at CHB's 18th AGM and they undertake that persons connected to them will also abstain from voting on the Proposed Shareholders' Mandate at CHB's 18th AGM.

The Interested Major Shareholders shall abstain from voting in respect of their direct and indirect shareholdings on the Proposed Shareholders' Mandate at CHB's 18th AGM and they further undertake that persons connected to them will also abstain from voting on the Proposed Shareholders' Mandate at CHB's 18th AGM.

## **11. APPROVALS REQUIRED**

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders at the forthcoming 18th AGM of the Company scheduled to be held on 26 May 2022.

## **12. DIRECTORS' RECOMMENDATION**

The Board of Directors of CHB (except for Mr. Yin, Shou-Kang, Mr. Chiu, Ping-Tung, Mr. Liu, Min-Hsiung, Mr. Chen, Yi-Chien and Mr. Huang, Chen-Jung) who are Interested Directors in respect of the Proposed Shareholders' Mandate as set out in Section 4 of this Circular) having taken into consideration all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that the shareholders vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at CHB's 18th AGM.

## **13. AGM**

The notice convening CHB's 18th AGM on the resolution pertaining to the Proposed Shareholders' Mandate is set out in CHB's Annual Report 2021 accompanying this Circular while the extract of resolution on the Proposed Shareholders' Mandate is set out in Appendix II of this Circular.

CHB's 18th AGM will be held at Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia on Thursday, 26 May 2022, at 10:30 a.m.

If you are unable to attend and vote in person at CHB's 18th AGM, you may complete and return the Proxy Form contained in the Annual Report 2021 in accordance with the instructions printed thereon, to reach the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or in the case of electronic appointment, the Proxy Form must be deposited via TIIH Online at <http://tiih.online> not less than forty-eight (48) hours before the time for holding the 18th AGM or adjourned meeting at which the person named in the instrument proposes to vote.

Lodgement of the Proxy Form does not preclude you from attending and voting in person at CHB's 18th AGM should you subsequently decide to do so.

## **14. FURTHER INFORMATION**

Shareholders are advised to refer to the attached Appendix II in this Circular for further information.

Yours faithfully  
For and on behalf of the Board of Directors  
**CSC STEEL HOLDINGS BERHAD**

**CHIU, PING-TUNG**  
Group Managing Director

**ADDITIONAL INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board of CHB who collectively and individually accept full responsibility for the accuracy and correctness of the information contained herein and they further confirm that after having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. MATERIAL CONTRACTS**

Save as disclosed below, as at the LPD, neither CHB nor its subsidiary companies have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Circular:-

- (a) On 16 February 2021, the Company together with CIC had entered into a Share Sale and Purchase Agreement with Hanwa Co. Ltd. for the disposal of the Company's entire 8,000,000 ordinary shares of RM0.0158 each, representing 20% equity interest in Hanwa Steel Centre (M) Sdn. Bhd. ("HSCM") ("Disposal") for a consideration of RM126,400.00. The Disposal had completed on 15 March 2021.
- (b) On 23 April 2021, the Group had entered into a Sale and Purchase Agreement with Tashin Hardware Sdn. Bhd. ("THSB") for the disposal of all those two(2) contiguous pieces of industrial land and buildings held under H.S.(D) 14941, PT 2961 & H.S.(D) 14942, PT 2960, both situated in Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang containing an area of approximately 26,188.8094 square metres and 16,187.4804 square metres respectively. The sale consideration is RM43,500,000.

**3. MATERIAL LITIGATION**

As at LPD, neither CHB nor its subsidiary companies is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of CHB do not have any knowledge of any proceedings, pending or threatened against CHB and its subsidiary companies or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of CHB and its subsidiary companies.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the CHB's Registered Office of the Company at Suite 1301, 13<sup>th</sup> Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia during business hours from 8:30 a.m. to 5:30 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of forthcoming AGM:-

- (i) The Constitution of CHB; and
- (ii) Audited Financial Statements of CHB for the past two (2) financial years i.e. the financial years ended 31 December 2020 and 31 December 2021.

**EXTRACT OF RESOLUTION ON THE PROPOSAL TO BE TABLED AT CHB'S 18th AGM**

**ORDINARY RESOLUTION NO. 8  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given to the Company and its subsidiaries (collectively the “Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 4 of the Circular to Shareholders dated 27 April 2022, provided that such transactions and/or arrangements which are necessary to the Group’s day-to-day operations are undertaken in the ordinary course of business, at arm’s length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the “Proposed Renewal of Shareholders’ Mandate”).

THAT the Proposed Renewal of Shareholders’ Mandate shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at said AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders’ Mandate”