

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad has conducted limited review on Part A of this Circular/ Statement on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and has not perused Part B of this Circular/ Statement on the Proposed Share Buy-Back (as defined herein) before its issuance as it is prescribed as an Exempt Circular. Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular/ Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.



CB INDUSTRIAL PRODUCT HOLDING BERHAD

Registration No. 199701013434(428930-H)
(Incorporated in Malaysia)

PART A

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

PART B

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")

(COLLECTIVELY KNOWN AS "THE PROPOSALS")

The Proposals will be tabled as Special Businesses at CB Industrial Product Holding Berhad's Twenty-Third Annual General Meeting ("**23rd AGM**") to be conducted as fully virtual and live-stream from the broadcast venue at **Aquamarin Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 30 July 2020 at 10:00 a.m.**

The Notice of 23rd AGM and the Form of Proxy are set out in the Annual Report of the Company for the financial year ended 31 December 2019 which can be downloaded together with the Circular/ Statement at the website of the Company at www.cbip.com.my/investor-relations/agm or https://www.bursamalaysia.com/market_information/announcements/company_announcement.

A member is entitled to attend and vote at the meeting and is also entitled to appoint a proxy to attend and vote on his behalf. The Form of Proxy must be lodged at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Online Portal at <http://www.boardroomlimited.my> not less than 48 hours before the time appointed for the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting if you are subsequently able to do so. Please refer to Section E of the Administrative Details for details.

Last day and time for lodging the Form of Proxy : **Tuesday, 28 July 2020 at 10:00 a.m.**
Date and Time of the 23rd AGM : **Thursday, 30 July 2020 at 10:00 a.m.**

This Circular/ Statement is dated 30 June 2020

DEFINITIONS

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

- “Act” : Companies Act 2016 as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “Board” : Board of Directors of CB Industrial Product Holding Berhad
- “Bursa Securities” : Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
- “CBIPH” or the “Company” : CB Industrial Product Holding Berhad [199701013434 (428930-H)]
- “CBIPH Group” or “Group” : CBIPH and its subsidiary companies
- “CBIPH Share(s)” or “Share(s)” : Ordinary share(s) of CBIPH
- “Code” : Malaysian Code on Take-Overs and Merger 2016, Rules on Take-Over, Merger and Compulsory Acquisition 2016 and any amendments make from time to time
- “Director” : Shall have 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 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of CBIPH Group
- “EPS” : Earnings per share
- “Interested Director” : A Director who is deemed to be a Related Party and is interested in the Proposed Shareholders’ Mandate
- “Interested Major Shareholder” : Major Shareholder who is deemed to be a Related Party and is interested in the Proposed Shareholders’ Mandate
- “Interested Person Connected” : In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:-
- (a) a family member of the Director or Major Shareholder;
 - (b) 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;
 - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, 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;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, 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;
 - (f) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation.
- “LPD” : 22 June 2020, being the latest practicable date prior to the issuance of this Circular/Statement

DEFINITIONS

“Main Market Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in CBIPH and the number or aggregate number of those shares, is:- (a) equal to or more than 10% of the total number of voting shares in the company; or (b) equal to or more than 5% of the total number of voting shares in the company where such person is the largest shareholder in the company. For the purpose of this definition, “interest in shares” shall have the meaning given in section 8 of the Act. It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder (as defined above) of the Company or any other company which is its subsidiary or holding company.
“Proposed Shareholders’ Mandate”	:	Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
“Proposed Share Buy-Back”	:	Proposed authority for the Company to purchase its own shares
“Related Party(ies)”	:	A Director, Major Shareholder and/or persons connected with such Director or Major Shareholder
“Recurrent Related Party Transactions” or “RRPT(s)”	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and in the ordinary course of business entered into by CBIPH Group which involved the interest, direct or indirect, of a Related Party
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“SC”	:	Securities Commission of Malaysia

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.

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

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PART A

PROPOSED SHAREHOLDERS' MANDATE



CB INDUSTRIAL PRODUCT HOLDING BERHAD

Registration No. 199701013434 (428930-H)

(Incorporated in Malaysia)

Registered Office:

No. 1 Jalan Astaka U8/83
Section 8 Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

30 June 2020

Board of Directors

Tan Sri Datuk Dr. Yusof Bin Basiran (*Independent Non-Executive Chairman*)

Datuk Lim Chai Beng (*Managing Director*)

Y.D.M Tengku Dato' Ardy Esfandiari

Bin Tengku Abdul Hamid Shah Alhaj Tengku Seri Paduka Shabandar (*Executive Director*)

Mak Chee Meng (*Executive Director*)

Lim Chai Huat (*Non-Independent Non-Executive Director*)

Wong Chee Beng (*Senior Independent Non-Executive Director*)

Karpanadevi A/P K R Somasundram (*Independent Non-Executive Director*)

Lim Zee Ping (*Alternate Director to Datuk Lim Chai Beng*)

Dear Shareholders of CBIPH,

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

INTRODUCTION

On 4 June 2020, CBIPH announced that it proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming 23rd AGM, which will be conducted as fully virtual and live-stream from the broadcast venue at Aquamarin Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 30 July 2020 at 10:00 a.m.

The purpose of this Circular/Statement is to provide you with relevant details of the Proposed Shareholders' Mandate and to seek your approval for the proposed ordinary resolution to be tabled at the forthcoming 23rd AGM which will be held at the abovementioned date.

**SHAREHOLDERS OF CBIPH ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR/
STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE
PROPOSED SHAREHOLDERS' MANDATE.**

1. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

1.1 Provisions under the Main Market Listing Requirements

Pursuant to Paragraph 10.09(2) and Practice Note 12 of the Main Market Listing Requirements, a listed issuer may seek a shareholders' mandate to enter into RRPTs 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 shareholders' 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 Main Market Listing Requirements;
- (iii) the listed issuer's circular to shareholders for the shareholders' 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;
- (iv) in a meeting to obtain the shareholders' mandate, the Interested Directors, Interested Major Shareholders and Interested Person Connected must not vote on the resolution in respect of the related party transaction; and where it involves the interest of an Interested Person Connected, such Persons Connected must not vote on the resolution approving 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) 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.

Transactions entered into between a listed issuer (or any of its wholly-owned subsidiary) and its wholly-owned subsidiary are excluded from the requirements of related party transactions of Chapter 10 of the Main Market Listing Requirements.

Accordingly, the Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate which allow CBIPH Group enter into the RRPT referred to in Section 1.3 with the Related Parties in the normal course of business, provided that such transactions are made at arm's length, on CBIPH Group's normal commercial terms and 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 CBIPH.

1.2 Principal Activities of CBIPH Group

The principal activities of the Company are investment holding and provide management services whilst the principal activities of the subsidiaries as at the LPD are as follows:

Name of Companies	Effective Equity Interest (%)	Principal Activities
Modipalm Engineering Sdn. Bhd.	100	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support commissioning and contracting works for palm oil mills.

Name of Companies	Effective Equity Interest (%)	Principal Activities
PalmitEco Engineering Sdn. Bhd.	100	Manufacturer of palm oil mill equipment and its related spare parts, providing services for engineering support, mechanical fabrication, commissioning and other contracting works for palm oil mills.
Advance Boilers Sdn. Bhd.	100	Manufacturing and servicing boilers.
CBIP (PNG) Limited ⁽¹⁾	100	Providing engineering support and contracting works for palm oil mills.
Admiral Potential Sdn. Bhd.	100	Investment holding.
AV-Ecopalms Sdn. Bhd.	100	Investment holding.
C.B. Industrial Product Sdn. Bhd.	100	Investment holding.
Great Enchant Sdn. Bhd.	100	Investment holding.
Midas Portfolio Sdn. Bhd.	100	Investment holding.
Steam-Mech Engineering Sdn. Bhd.	100	Investment holding.
Accent Hectares Sdn. Bhd.	100	Investment holding.
Benar Optima Sdn. Bhd.	100	Investment holding.
Palmite Process Engineering Sdn. Bhd.	100	Inactive.
Modipalma Latin America, Sociedad Anonima ⁽¹⁾	99.6	Trading of palm oil mill processing equipment and its related spare parts.
PT CB Polaindo ⁽¹⁾	70	Providing engineering support and contracting works for palm oil mills.
PT CBI Ecoplams Group ^{(3)&(5)}	95	Inactive.
PT Berkala Maju Bersama ⁽⁵⁾	94	Cultivation of oil palm.
PT Jaya Jadi Utama ⁽⁴⁾	94	Cultivation of oil palm.
PT Sawit Lamandau Raya ⁽³⁾	85	Cultivation of oil palm.
Avecpalm Marketing Resources Sdn. Bhd.	80	Trading of palm oil mill processing equipment and its related spare parts.
TPG Aeronautik Sdn. Bhd. ⁽²⁾	80	Design, fabricate, supply, procure, maintain and service aviation related equipment.
TPG Oil and Gas Sdn. Bhd.	100	Trading of palm oil commodities and operating biodiesel plant
Magview Machinery Sdn. Bhd.	100	Constructing mills, factories, building, composting effluent plants and contracting works.
Modipalm Engineering Solutions Sdn. Bhd.	70	Palm oil mill advisory service on technical and process requirements of palm oil mill.
AVP Engineering (M) Sdn. Bhd.	49	Retrofitting special purpose vehicles.
AVP EMDigital (M) Sdn. Bhd. ⁽²⁾	29.4	Inactive.

It is envisaged that, in the normal course of CBIPH Group's businesses, transactions of a revenue or trading nature between companies in CBIPH Group and the Related Parties, which are necessary for its day-to-day operations, will continue to occur.

Notes:

- 1 - held through C.B. Industrial Product Sdn. Bhd.
- 2 - held through AVP Engineering (M) Sdn. Bhd.
- 3 - held through Steam-Mech Engineering Sdn. Bhd.
- 4 - held through Admiral Potential Sdn. Bhd.
- 5 - held through AV-Ecopalms Sdn. Bhd.

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1.3 Information on Related Parties and Nature of Transactions

The class and nature of transactions of the RRPT to be entered by CBIPH Group with the following transacting party are as follows:

Transacting Party	Nature of Transaction	Estimated Value from the forthcoming 23rd AGM to the next AGM	Interested Director, Interested Major Shareholder and Interested Person Connected
East New Britain Palm Oil Limited (“ENBPOL”)	<p>a. Purchase of palm oil mills equipment, spare parts from CBIPH Group</p> <p>b. Provision of engineering works by CBIPH Group</p>	RM6,000,000	<p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH and ENBPOL.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Lim Chai Guan is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p>
ENB Trading Limited (“ENBTL”)	Sale of crude palm oil to CBIPH Group	RM100,000,000	<p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH and ENBTL.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Lim Chai Guan is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p>

Transacting Party	Nature of Transaction	Estimated Value from the forthcoming 23rd AGM to the next AGM	Interested Director, Interested Major Shareholder and Interested Person Connected
Tzen Plantation Limited (“TPL”)	<p>a. Purchase of Palm Oil Mill equipment, boiler and spare parts from CBIPH Group</p> <p>b. Provision of engineering work by CBIPH Group</p>	RM1,500,000	<p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH and TPL.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Lim Chai Guan is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p>
Presspalm Engineering Sdn. Bhd. (“Presspalm”)	<p>a. Sale of palm oil mills spare parts and machining items to CBIPH Group.</p> <p>b. Purchase of palm oil mills spare parts from CBIPH Group</p>	RM1,500,000 RM1,000,000	<p>Mr Lim Chai Tiong is a Director and Major Shareholder of Presspalm. He is the brother of Datuk Lim Chai Beng, Mr Lim Chai Huat and Mr Lim Chai Guan. He has direct interest of 0.99% in CBIPH.</p> <p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Lim Chai Guan is a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p>

Transacting Party	Nature of Transaction	Estimated Value from the forthcoming 23rd AGM to the next AGM	Interested Director, Interested Major Shareholder and Interested Person Connected
Resourcecity Bhd. (" RSB ") Sdn.	<p>a. Supply of boiler spare parts, palm oil mills equipment and spare parts by CBIPH Group</p> <p>b. Provision of engineering works by CBIPH Group</p>	RM2,500,000	<p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH and RSB.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Lim Chai Guan is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p>
PW Eco Biotech Sdn. Bhd. (" PW Eco Biotech ")	<p>a. Supply of effluent treatment system and spare parts to CBIPH Group</p> <p>b. Provision of engineering works to CBIPH Group</p>	RM15,000,000	<p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH. He is also a Director and Major Shareholder of PW Eco Biotech.</p> <p>Mr Mak Chee Meng is a Director of CBIPH and has direct interest of 3.32% in CBIPH. He is also a Major Shareholder of PW Eco Biotech.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Tan Yu Hwa is a Director of CBIPH Group and has direct interest of 1.75% in CBIPH. He is also a Director and a Major Shareholder of PW Eco Biotech.</p> <p>Mr Lim Chai Guan is the brother of Datuk Lim Chai Beng. He is also a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p> <p>Ms Lim Sim Tong is the daughter of Datuk Lim Chai Beng and sister of Mr Lim Zee Ping, and she has direct interest of 0.47% in CBIPH. She is also a Director of PW Eco Biotech.</p>

Transacting Party	Nature of Transaction	Estimated Value from the forthcoming 23rd AGM to the next AGM	Interested Director, Interested Major Shareholder and Interested Person Connected
Wismech Industries Supply Sdn. Bhd. (" WISSB ")	Purchase of Palm Oil Mills Spare parts from CBIPH Group	RM500,000	<p>Mr Lim Chye Hong is a Director and Major Shareholder of WISSB. He is the brother of Datuk Lim Chai Beng, Mr Lim Chai Huat and Mr Lim Chai Guan. He has direct interest of 0.64% in CBIPH.</p> <p>Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH.</p> <p>Mr Lim Zee Ping is the son of Datuk Lim Chai Beng. He is also the Alternate Director to Datuk Lim Chai Beng and the Director of CBIPH Group. He has direct interest of 0.95% in CBIPH.</p> <p>Mr Lim Chai Huat is a Director of CBIPH and has direct interest of 4.51% in CBIPH.</p> <p>Mr Lim Chai Guan is a Director of CBIPH Group. He has direct interest of 5.30% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.</p>

The above transactions are necessary for CBIPH Group's day-to-day operations and 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 and are not to the detrimental of the minority shareholders of CBIPH Group.

The basis of arriving at the estimated value as indicated above is based on value transacted during the financial year ended 31 December 2019 as well as latest available information relating to these transactions. The value of these transactions may be subject to changes in the financial year ending 31 December 2020.

1.4 Details of Overdue Trade Receivables

The breakdown of the principal sum and interest (late payment charge of 8% per annum) for the total outstanding amount due under the RRPT which exceeded the credit terms as at the financial year ended 31 December 2019 are as follows:-

Transacting Party	Total amount outstanding		Outstanding amount which have exceeded credit term					
	Principal Sum (RM)	Interest (RM)	Less than 1 year		More than 1 to 3 years		More than 3 to 5 years	
			Principal Sum (RM)	Interest (RM)	Principal Sum (RM)	Interest (RM)	Principal Sum (RM)	Interest (RM)
ENBPOL	6,734,975.54	624,736.87	2,355,405.00	121,835.74	4,379,570.54	502,901.13	-	-
Presspalm	28,700.00	192.28	28,700.00	192.28	-	-	-	-
RSB	3,121,827.69	187,830.12	1,828,106.80	56,302.32	1,293,720.89	131,527.80	-	-
TPL	1,744,534.75	157,950.96	1,159,504.15	69,461.90	585,030.60	88,489.06	-	-
WISSB	34,900.00	-	34,900.00	-	-	-	-	-
Total	11,664,937.98	970,710.23	5,406,615.95	247,792.24	6,258,322.03	722,917.99	-	-

The total outstanding amount due under the RRPT is expected to be received by the Group by the financial year ending 31 December 2020. Management will monitor the regular progress payments to be received from the Related Parties and follows up on the status of each case while taking appropriate actions to recover the outstanding amounts such as sending reminders to the Related Parties and follow-up calls with the Related Parties.

In view of the above action taken by Management and long-standing business relationship with the Related Parties, the Board is of the opinion that the overdue principal sums together with late payment charges were part of normal business transactions and there is no recoverability issue in respect to amount payables by Related Parties.

1.5 Review Procedures for the RRPTs

The Group has established the following procedures and guidelines to ensure that the RRPTs are undertaken on transaction prices on arm's length basis and on normal commercial terms that are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders:

- (i) A list of Related Parties of the CBIPH Group will be circulated to the Directors of the Company and its subsidiary companies to notify that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders;
- (ii) The transaction prices, terms and conditions of the RRPT are determined after taking into consideration amongst others, the demand and supply of the products, level of services, quality of products and other related factors such as timeliness and quality of services;
- (iii) Records of RRPTs will be retained and compiled by the Chief Financial Officer and will be reported to the Audit Committee for review on quarterly basis. Any member of the Audit Committee may, as he/she deems fit, request for additional information pertaining to the RRPTs;
- (iv) Disclosure on all material RRPTs will be made in the Annual Report of the Company;
- (v) RRPTs will be monitored through management reports made to the Board and to the Audit Committee;
- (vi) The Interested Directors who are also the members of the Audit Committee will abstain from deliberating and voting on all matters pertaining to the RRPTs at the relevant meetings of the Board or Audit Committee; and
- (vii) The transactions with a Related Party will only be entered into after taking into account the pricing, quality, delivery schedules, level of service and other related factors (including where applicable, preferential rates/prices/discounts accorded to a class or classes of customers or for bulk purchases) which are determined in accordance to the Group's business practices and policies, such as calling for tenders, quotations, so as to ensure that the prices and terms and conditions are based on competitive prices of similar products and services in line with industry norms.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to or by the Related Parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or 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 or to other unrelated third parties for the same or substantially similar type of transaction to ensure that the RRPTs are entered into on an arm's length basis and 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 the Company.

1.6 Threshold for Authority

There are no specific thresholds for approval of RRPT within the Group. However, all RRPTs are subject to the approval of the appropriate levels of authority as determined by senior management and/or the Board from time to time, subject to the provisions in the Main Market Listing Requirements and/or the Act, where necessary.

In compliance with Paragraph 10.09(1)(a) of the Main Market Listing Requirements, CBIPH Group shall immediately announce a RRPT where:

- (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more, or
- (ii) the percentage ratio of such RRPT is 1% or more,

whichever is the higher.

1.7 Statement by the Audit Committee

The Audit Committee has reviewed the procedures set out in the Section 1.5 above and is of the view that the said procedures are sufficient to ensure that the RRPT are conducted on arm's length basis, 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. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPT.

The Audit Committee of the Company is also of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee's review procedures will be conducted on a quarterly basis together with the review of quarterly results, or such frequency as the Audit Committee considers appropriate having regard to the value and the frequency of the RRPT.

1.8 Disclosure of RRPTs

Disclosure will be made in accordance with the Practice Note 12 of the Main Market Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year, including amongst others, the following information:

- (i) the types of RRPTs made; and
- (ii) the names of the Related Parties involved in each type of the RRPTs made and their relationships with CBIPH Group.

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

2. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The RRPT envisaged under the Proposed Shareholders' Mandate is in the ordinary course of business of CBIPH Group. They are recurring transactions of revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPT. As such, the Board is seeking a shareholders' mandate pursuant to Paragraph 10.09 of the Main Market Listing Requirements for the RRPT described herein to allow the Group to enter into such recurrent transactions made on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the minority shareholders.

By obtaining the Proposed Shareholders' Mandate, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The Related Parties which are involved in the RRPT have long-standing relationship with CBIPH Group and where applicable have proven their reliability. The various RRPT entered into by CBIPH Group as detailed in Section 1.3 will meet CBIPH Group's business needs at the best possible terms and in the best interest of CBIPH Group.

3. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will have no effect on the issued and paid-up share capital and Substantial Shareholder's shareholdings of CBIPH and it is also not expected to have any material effect on the net assets per share and earnings per share of the CBIPH Group.

4. VALIDITY PERIOD FOR THE PROPOSED SHAREHOLDERS' MANDATE

The authority to be conferred pursuant to the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming 23rd AGM and shall continue to be in force until:

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

whichever is the earlier.

Thereafter, shareholders' approval will be sought for the renewal of such mandate at each subsequent AGM subject to a satisfactory review by the Audit Committee of its continued application to RRPT.

5. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDER AND PERSONS CONNECTED TO THEM

Datuk Lim Chai Beng, Mr Lim Zee Ping, Mr Mak Chee Meng and Mr Lim Chai Huat, being the Interested Directors, have abstained and will abstain from Board deliberations and voting on the resolutions pertaining to the Proposed Shareholders' Mandate. The Interested Directors will abstain from voting and have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the proposed resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Datuk Lim Chai Beng, the Interested Major Shareholder, will abstain from voting in respect of his direct and/or indirect shareholdings in CBIPH on the proposed resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 23rd AGM. He has also undertaken to ensure that the persons connected to him will abstain from voting in respect of their shareholdings in CBIPH on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 23rd AGM.

Save as disclosed in this Circular, none of the other Directors and/or Major Shareholder of CBIPH or persons connected to them has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

The following table illustrates the direct and indirect interests of the Interested Major Shareholder, Interested Directors and Interested Persons Connected as at LPD:-

Name	<-----Shareholdings*----->			
	Direct	%	Indirect	%
<u>Interested Major Shareholder</u> Datuk Lim Chai Beng	161,885,420	32.84	15,875,000 ⁽¹⁾	3.22
<u>Interested Directors</u> Datuk Lim Chai Beng	161,885,420	32.84	15,875,000 ⁽¹⁾	3.22
Mak Chee Meng	16,376,660	3.32	-	-
Lim Chai Huat	22,222,222	4.51	-	-
Lim Zee Ping	4,684,000	0.95	-	-

Name	<-----Shareholdings*----->			
	Direct	%	Indirect	%
<u>Interested Directors of Subsidiaries</u>				
Tan Yu Hwa	8,631,600	1.75	-	-
Lim Chai Guan	26,142,120	5.30	1,017,500 ⁽²⁾	0.21
<u>Interested Persons Connected</u>				
Lim Sim Tong	2,308,400	0.47	-	-
Lim Chai Tiong	4,872,340	0.99	-	-
Lim Chye Hong	3,134,900	0.64	-	-

Note:

* Calculated based on 492,895,958 Shares, excluding 45,352,727 Shares already purchased and retained as treasury shares as at LPD.

(1) Indirect interest held by his children.

(2) Indirect interest held by his spouse.

6. DIRECTORS' RECOMMENDATION

The Board (save for Datuk Lim Chai Beng, Mr Lim Zee Ping, Mr Mak Chee Meng and Mr Lim Chai Huat) having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of CBIPH Group. Accordingly, your Directors (save for Datuk Lim Chai Beng, Mr Lim Zee Ping, Mr Mak Chee Meng and Mr Lim Chai Huat) recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 23rd AGM.

7. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to approval being obtained from our shareholders at the forthcoming 23rd AGM.

8. AGM

The 23rd AGM of CBIPH will be conducted fully virtual and live-stream from the broadcast venue at **Aquamarin Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan** on Thursday, 30 July 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the proposed resolution pertaining to the Proposed Shareholders' Mandate as described herein, the Extract of Notice of 23rd AGM of which is enclosed in this Circular/ Statement.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Proxy Form enclosed in the 2019 Annual Report in accordance with the instructions therein as soon as possible and in any event so as to arrive the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd., at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 12, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Online Portal at <http://www.boardroomlimited.my> not less than 48 hours before the time set for the meeting or any adjournment thereof. Please refer to Part E of the Administrative Details for details.

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

9. FURTHER INFORMATION

Shareholders of CBIPH are requested to refer to the attached Appendix for further information.

Yours faithfully,
for and on behalf of the Board of Directors of
CB INDUSTRIAL PRODUCT HOLDING BERHAD

TAN SRI DATUK DR. YUSOF BIN BASIRAN
Independent Non-Executive Chairman

PART B

PROPOSED SHARE BUY-BACK



CB INDUSTRIAL PRODUCT HOLDING BERHAD

Registration No. 199701013434 (428930-H)
(Incorporated in Malaysia)

Registered Office:

No. 1 Jalan Astaka U8/83
Section 8 Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

30 June 2020

Board of Directors

Tan Sri Datuk Dr. Yusof Bin Basiran (*Independent Non-Executive Chairman*)
Datuk Lim Chai Beng (*Managing Director*)
Y.D.M Tengku Dato' Ardy Esfandiari
Bin Tengku Abdul Hamid Shah Alhaj Tengku Seri Paduka Shabandar (*Executive Director*)
Mak Chee Meng (*Executive Director*)
Lim Chai Huat (*Non-Independent Non-Executive Director*)
Wong Chee Beng (*Senior Independent Non-Executive Director*)
Karpanadevi A/P K R Somasundram (*Independent Non-Executive Director*)
Lim Zee Ping (*Alternate Director to Datuk Lim Chai Beng*)

Dear Shareholders of CBIPH,

**PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES
("PROPOSED SHARE BUY-BACK")**

INTRODUCTION

The Company had at the 22nd AGM held on 31 May 2019, obtained its shareholders' approval on the Proposed Renewal of Share Buy-Back Authority to purchase up to ten percent (10%) of the total number of issued shares in the ordinary share capital of the Company at any point of time through Bursa Securities. In view of the 23rd AGM of the Company is extended to be held on 30 July 2020, the aforesaid approval will be lapsed on 30 June 2020 in accordance with the Listing Requirements.

On 4 June 2020, CBIPH announced that it proposes to seek the shareholders' approval for the Proposed Share Buy-Back at the forthcoming 23rd AGM, which will be conducted as fully virtual and live-stream from the broadcast venue at Aquamarin Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 30 July 2020 at 10:00 a.m.

The purpose of this Circular/Statement is to provide you with relevant details of the Proposed Share Buy-Back and to seek your approval for the ordinary resolution to be tabled at the forthcoming 23rd AGM which will be held at the abovementioned date.

**SHAREHOLDERS OF CBIPH ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR/
STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE
PROPOSED SHARE BUY-BACK.**

1. INFORMATION ON THE PROPOSED SHARE BUY-BACK

1.1 Details of the Proposed Share Buy-Back

The Board proposes to seek approval from the shareholders for the authorisation to enable CBIPH to purchase up to 10% of the total number of issued shares of the Company at any point of time through Bursa Securities in accordance with Section 127 of the Act, Main Market Listing Requirements and /or any other relevant authority.

The Proposed Share Buy-Back shall be effective upon the passing of the resolution in the forthcoming 23rd AGM of CBIPH until:

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

whichever is occur first.

1.2 Maximum Number or Percentage of Shares to be Acquired

As at LPD, the total number of issued shares of CBIPH comprising 538,248,685 CBIPH Shares (including 45,352,727 CBIPH Shares held as treasury shares).

Assuming no further CBIPH Shares are issued, a total of up to 53,824,868 CBIPH Shares may be purchased pursuant to the Proposed Share Buy-Back inclusive of CBIPH Shares already purchased and retained as treasury shares as at LPD. As such, the balance that can be purchased as at to date is 8,472,141 CBIPH Shares.

1.3 Treatment of CBIPH Shares Purchased

In accordance with Section 127 of the Act, the Board may, at its discretion, deal with any of CBIPH Shares so purchased in the following manner:

- i) to cancel the purchased CBIPH Shares; or
- ii) to retain the purchased CBIPH Shares as treasury shares held by the Company; or
- iii) to retain part of the purchased CBIPH Shares as treasury shares and cancel the remainder; or
- iv) to distribute the treasury shares as dividends to shareholders; or
- v) to resell the treasury shares on Bursa Securities in accordance with the Main Market Listing Requirements; or
- vi) to transfer the treasury shares, or any of the treasury shares for the purposes of or under an employees' share scheme; or
- vii) to transfer the shares, or any of the treasury shares as purchase consideration; or
- viii) any combination of the above.

Where the Board intends to retain the purchased CBIPH Shares as treasury shares, cancel the purchased CBIPH Shares, or both, an appropriate announcement will be made to Bursa Securities as and when the Proposed Share Buy-Back is exercised. If the Board decides to retain the purchased CBIPH Shares as treasury shares, it may later distribute the treasury shares as dividends to the shareholders, cancel the Treasury Shares and/or resell the purchased CBIPH Shares on Bursa Securities.

While the purchased CBIPH Shares are held as treasury shares, the rights attached to them as to attending or voting at meetings and any purported exercise of such rights is void and the rights to receive dividend or other distribution of the Company's assets including distribution of assets upon winding up of the Company shall be suspended and the treasury shares shall not be taken into account in calculating the number of percentage of Shares or

of a class of Shares in the Company for any purpose including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders. The Company would buy back the shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board is of the opinion that it would be in the best interest of the Company to do so.

The actual treatment of the purchased CBIPH Shares would depend on, inter-alia, the prevailing equity market conditions and the financial position of the Company.

2. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back may enable the Company to utilise its surplus financial resources more efficiently.

The Proposed Share Buy-Back, if exercised, will enhance the EPS of CBIPH Shares as a result of a lower number of CBIPH Shares being taken into account for the purpose of computing the EPS, if the purchased CBIPH Shares are held as treasury shares or cancelled, which in turn is expected to have a positive impact on the market price of CBIPH Shares.

The purchased CBIPH Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of CBIPH Group and the resultant impact on the shareholders of the Company. The Board, in exercising any decision to buy-back any CBIPH Shares, will be mindful of the interests of the Company and its shareholders.

3. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

3.1 Potential Advantages

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

- (a) The Proposed Share Buy-Back would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use. If CBIPH Shares purchased are subsequently cancelled, this may strengthen the consolidated EPS of the Group as indicated above.
- (b) The Proposed Share Buy-Back will also provide the Company with opportunities for potential gains if the Purchased CBIPH Shares which are retained as treasury shares are resold at prices higher than the cost of purchase.
- (c) In any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward.

3.2 Potential Disadvantages

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

- (a) The Proposed Share Buy-Back if implemented, is expected to temporarily reduce the immediate financial resources of the Group. However, the financial resources of the Group may recover or even increase if the Purchased CBIPH Shares are held as treasury shares and resold in the market at the same or higher prices.
- (b) The Proposed Share Buy-Back may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and our shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact.

4. FUNDING

A sum of not exceeding the Company's retained profit at the time of purchase(s) will be allocated for the Proposed Share Buy-Back. The Proposed Share Buy-Back is expected to be financed through the Company's internally generated funds and/or external bank borrowings. In the event that the Company purchases the CBIPH Shares using external borrowings, the Board would ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cashflow of the Company.

Depending on the quantum and the purchase price, the Proposed Share Buy-Back may reduce the working capital of CBIPH Group. As at 31 December 2019, the audited retained profit of the Company amounted to RM72,812,986. Based on the latest Management Accounts of the Company made up to 31 March 2020, the unaudited retained profit of the Company amounted to RM73,500,000.

The treatment of the purchased shares held as treasury shares, either distributed as share dividends or resold by the Company on Bursa Securities or cancelled, or both, will also depend, inter-alia on the availability of retained profits of the Company.

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5.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

The table below illustrates the direct and indirect interests of the Directors and Substantial Shareholders of CBIPH as at LPD assuming that the Proposed Share Buy-Back is implemented in full:-

(a) Directors' Shareholdings

Name of Director	Before Proposed Share Buy-Back			After Proposed Share Buy-Back		
	Direct Shareholding		Indirect Shareholding No. of Shares	Direct Shareholding		Indirect Shareholding No. of Shares
	No. of Shares	%*		No. of Shares	%	
Tan Sri Datuk Dr. Yusof Bin Basiran	-	-	800,000 ⁽¹⁾	-	-	800,000 ⁽¹⁾
Datuk Lim Chai Beng	161,885,420	32.84	15,875,000 ⁽²⁾	161,885,420	33.42	15,875,000 ⁽²⁾
Mak Chee Meng	16,376,660	3.32	-	16,376,660	3.38	-
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah	3,360,000	0.68	-	3,360,000	0.69	-
Lim Chai Huat	22,222,222	4.51	-	22,222,222	4.59	-
Wong Chee Beng	-	-	-	-	-	-
Karpanadevi A/P K R Somasundram	-	-	-	-	-	-
Lim Zee Ping (Alternate Director to Datuk Lim Chai Beng)	4,684,000	0.95	-	4,684,000	0.97	-

(b) Substantial Shareholders' Shareholdings

Name of Substantial Shareholder	Before Proposed Share Buy-Back			After Proposed Share Buy-Back		
	Direct Shareholding		Indirect Shareholding No. of Shares	Direct Shareholding		Indirect Shareholding No. of Shares
	No. of Shares	%*		No. of Shares	%	
Datuk Lim Chai Beng	161,885,420	32.84	15,875,000 ⁽²⁾	161,885,420	33.42	15,875,000 ⁽²⁾
Lim Chai Guan	26,142,120	5.30	1,017,500 ⁽¹⁾	26,142,120	5.40	1,017,500 ⁽¹⁾
Tan Sow Peng	1,017,500	0.21	26,142,120 ⁽¹⁾	1,017,500	0.21	26,142,120 ⁽¹⁾
Yacktman Asset Management LP	28,200,800	5.72	-	28,200,800	5.82	-

Notes:

* Excluding 45,352,727 treasury shares.

(1) Indirect interest held by his/her spouse.

(2) Indirect interest held by his children.

6. PUBLIC SHAREHOLDING SPREAD

Further to the above, the Board is mindful of the requirement that the Proposed Share Buy-Back must not result in the number of CBIPH Shares which are in the hands of the public falling below 25% of the total number of listed shares of CBIPH (excluding treasury shares).

As at LPD, the public shareholding spread of the Company was 38.88% of its total listed shares (excluding treasury shares). The public shareholding spread of the Company is expected to be reduced to 37.81% assuming the Proposed Share Buy-Back is implemented in full i.e. up to 10% of the total number of issued shares of the Company as at LPD. However, the Company will ensure that prior to any share buy-back exercise, the public shareholding spread of at least 25% is maintained.

7. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are presented below based on the assumptions that the Proposed Share Buy-Back is implemented in full:-

7.1 Share Capital

The effects of the Proposed Share Buy-Back on the total number of issued shares of the Company will depend on whether the purchased CBIPH Shares are cancelled or retained as treasury shares. However, there will be no impact on the total number of issued shares of the Company if the purchased CBIPH Shares are retained as treasury shares, resold or distributed as share dividends to shareholders.

In the event that all the purchased CBIPH Shares are cancelled and on the assumption that the Proposed Share Buy-Back is implemented in full, the effects of the Proposed Share Buy-Back on the number of issued shares of CBIPH are as follow:

	<u>Minimum Scenario</u>
Total number of issued shares as at LPD [^]	538,248,685
Shares purchased amounting to 10% of the total number of issued shares cancelled pursuant to Proposed Shares Buy-Back	(53,824,868) [^]
Resultant Share Capital	<u>484,423,817</u>

Notes:

[^] Including 45,352,727 treasury shares.

7.2 Net Assets

The effect of the Proposed Share Buy-Back on the consolidated net assets of CBIPH Group will depend on the purchase price of the CBIPH Shares, the number of CBIPH Shares purchased, the effective funding cost of CBIPH Group to finance the share buy-back, if any, or loss in interest income to the Company, and whether the purchased CBIPH Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders.

If all the purchased CBIPH Shares are cancelled, the Proposed Share Buy-Back would reduce the net assets per share of CBIPH Group if the purchase price of each purchased CBIPH Share exceeds the net assets per share at the relevant point in time, and vice versa.

The net assets of CBIPH Group would decrease if the purchased CBIPH Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the net assets of CBIPH Group by the cost of the treasury shares.

If the treasury shares are resold through Bursa Securities, the net assets of CBIPH Group would increase if the Company realises a gain from resale, and vice versa. If the treasury shares are distributed as share dividends, the net assets of CBIPH Group would decrease by the cost of the treasury shares.

7.3 Earnings and EPS

The effect of the Proposed Share Buy-Back on the EPS of CBIPH Group would depend on the number of CBIPH Shares purchased, purchase price of CBIPH Shares and the effective funding cost to finance the purchase or loss in interest income to the Company.

Assuming the purchased CBIPH Shares are retained as treasury shares and resold, the effects on the EPS of CBIPH Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the purchased CBIPH Shares are retained or cancelled, the Proposed Share Buy-Back will increase the EPS of CBIPH Group provided the income foregone and/or interest expense incurred is less than the effect of the reduced number of shares in calculating EPS.

7.4 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of CBIPH, the quantum of which depends on the purchase prices and the number of CBIPH Shares purchased. Nevertheless, the Board is mindful of the interest of CBIPH and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of CBIPH prior to any purchase of Shares.

8. IMPLICATIONS OF THE CODE

As at LPD, Datuk Lim Chai Beng together with the persons acting in concert ("**PAC**") with him collectively holds 48.80% of the total voting share capital of CBIPH. Assuming that the Proposed Share Buy-Back is carried out in full, the collective shareholdings of the PAC will increase to 49.65% of the total voting share capital of CBIPH, assuming the total number of issued shares of CBIPH and that of held by the said group of PAC remain unchanged.

Pursuant to the Code, a mandatory offer obligation arises when:-

- (a) a person obtains controls in a company as result of a share buy-back scheme by the Company;
- (b) a person (holding more than thirty-three percent (33%) but not more than fifty percent (50%) of the voting shares or voting rights of a company), as a result of a share buy-back scheme by the company, increasing his holding of the voting shares or voting rights of the company by more than two percent (2%) in any six (6) months period;
- (c) a person (holding more than thirty-three percent (33%) but not more than fifty percent (50%) of the voting shares or voting rights of a company) acquires more than two percent (2%) of the voting shares or voting rights of the company when he knows or reasonably ought to know that the company would carry out a buy back scheme.

Notwithstanding the above, the said person of group of PAC is/are allowed to make an application to the SC for a waiver from implementing a mandatory general offer under the Code and the application for waiver must be submitted to the SC before a mandatory offer obligation is triggered.

In addition, any application for an exemption must be submitted to the SC before a mandatory offer obligation is triggered.

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of the Company's substantial shareholder(s) and /or PAC with them, the Board will ensure that such number of CBIPH Shares so purchased, retained as treasury shares, cancelled and/or distributed pursuant to the Proposed Shares Buy-Back would not result in the triggering of any mandatory offer obligation on the part of the Company's substantial shareholder(s) and/or PAC with them. In this connection, the Board is mindful of the requirements under the Code when making any purchase of CBIPH Shares pursuant to the Proposed Share Buy-Back.

9. PREVIOUS PURCHASE, RESALE, CANCELLATION AND/ OR TRANSFER OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS

The details of the purchase in the previous twelve (12) months up to the LPD are as follows:-

Date	No. of Shares Purchased	Purchase Price (RM)		Average Price (RM)	Total Consideration Paid (RM)
		Lowest	Highest		
23.07.2019	1,718,700	0.91	0.91	0.910	1,569,459.78
24.07.2019	624,100	0.92	0.94	0.927	580,491.40
26.07.2019	189,100	0.965	1.00	0.995	188,847.23
29.07.2019	280,000	0.995	1.00	0.998	280,468.65
01.08.2019	465,100	0.975	0.99	0.983	458,737.67
01.11.2019	415,000	0.80	0.82	0.806	335,498.50
04.11.2019	50,000	0.825	0.825	0.825	41,524.73
05.11.2019	80,500	0.85	0.855	0.853	69,132.38
20.11.2019	269,800	0.85	0.86	0.854	231,131.55
21.11.2019	198,500	0.935	0.975	0.951	189,361.71
22.11.2019	200,000	0.955	0.96	0.958	192,166.42
25.11.2019	220,000	0.955	0.99	0.971	214,423.61
01.04.2019	40,000	1.06	1.07	1.065	42,883.72
01.04.2019	40,000	1.06	1.07	1.065	42,883.72
04.04.2019	224,500	1.06	1.10	1.081	243,506.52
05.04.2019	22,200	1.07	1.08	1.075	24,023.94
08.04.2019	219,000	1.08	1.11	1.097	241,166.95
09.04.2019	203,900	1.09	1.12	1.104	225,929.90
10.04.2019	70,000	1.10	1.10	1.100	77,512.82
12.04.2019	85,000	1.07	1.09	1.080	92,411.39
23.04.2019	55,000	1.11	1.11	1.110	61,456.60
25.04.2019	60,000	1.14	1.15	1.147	69,260.23
23.07.2019	1,718,700	0.91	0.91	0.910	1,569,459.78
24.07.2019	624,100	0.92	0.94	0.927	580,491.40
26.07.2019	189,100	0.965	1.00	0.995	188,847.23
29.07.2019	280,000	0.995	1.00	0.998	280,468.65
01.08.2019	465,100	0.975	0.99	0.983	458,737.67
01.11.2019	415,000	0.80	0.82	0.806	335,498.50
04.11.2019	50,000	0.825	0.825	0.825	41,524.73
05.11.2019	80,500	0.85	0.855	0.853	69,132.38
20.11.2019	269,800	0.85	0.86	0.854	231,131.55
21.11.2019	198,500	0.935	0.975	0.951	189,361.71
22.11.2019	200,000	0.955	0.96	0.958	192,166.42
25.11.2019	220,000	0.955	0.99	0.971	214,423.61
12.03.2020	528,700	0.78	0.82	0.802	425,629.56
13.03.2020	316,500	0.765	0.83	0.794	252,175.53
13.03.2020	481,800	0.795	0.83	0.809	391,035.09
16.03.2020	1,498,600	0.765	0.80	0.781	1,175,141.31
17.03.2020	468,000	0.68	0.745	0.719	337,605.81
18.03.2020	809,300	0.755	0.815	0.775	629,308.97
18.03.2020	1,600,000	0.72	0.815	0.761	1,221,288.85
19.03.2020	830,000	0.735	0.830	0.788	656,565.93
20.03.2020	779,000	0.76	0.830	0.799	624,430.69
23.03.2020	351,800	0.745	0.790	0.777	274,229.25
24.03.2020	425,200	0.78	0.740	0.809	345,354.55
25.03.2020	570,500	0.82	0.895	0.872	499,378.97
07.04.2020	250,000	0.83	0.840	0.835	209,376.11
20.04.2020	140,000	0.845	0.870	0.853	119,835.59
29.04.2020	260,000	0.805	0.810	0.810	211,280.71
30.04.2020	263,500	0.800	0.810	0.810	214,045.55
14.05.2020	1,168,600	0.830	0.850	0.841	985,973.79

Date	No. of Shares Purchased	Purchase Price (RM)		Average Price (RM)	Total Consideration Paid (RM)
		Lowest	Highest		
02.06.2020	579,300	0.935	0.975	0.962	559,325.21
03.06.2020	144,000	0.975	0.990	0.982	141,861.98
11.06.2020	68,000	0.950	0.960	0.955	65,347.34
12.06.2020	607,800	0.900	0.965	0.953	581,307.94

As at the LPD, the Company held a total of 45,352,727 treasury shares.

There is no resale, transfer and cancellation of treasury shares in the previous twelve (12) months up to the LPD.

10. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of CBIPH Shares as traded on Bursa Securities for the past 12 months from June 2019 to May 2020 are as follows:-

	High (RM)	Low (RM)
<u>2019</u>		
June	1.018	0.960
July	1.008	0.891
August	0.999	0.798
September	0.847	0.793
October	0.803	0.778
November	0.969	0.783
December	1.120	0.832
<u>2020</u>		
January	1.250	0.905
February	0.990	0.890
March	0.935	0.760
April	0.880	0.800
May	0.990	0.800
Last transacted market price of CBIPH Shares on LPD		0.935

(Source: JF Apex Securities Berhad)

11. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of the Directors and Major Shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Proposed Share-Buy Back or resale of treasury shares, if any.

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12. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, your Directors recommend that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 23rd AGM.

Yours faithfully,
for and on behalf of the Board of Directors of
CB INDUSTRIAL PRODUCT HOLDING BERHAD

TAN SRI DATUK DR. YUSOF BIN BASIRAN
Independent Non-Executive Chairman

FURTHER INFORMATION**1) DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular/Statement has been seen and approved by the Board of CBIPH who, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular/Statement 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.

2) MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Neither CBIPH nor any of its subsidiaries is engaged in any material litigation, claims and arbitration either as plaintiff or defendant as at the date of this Circular/Statement and the Directors of CBIPH do not have any knowledge of any proceedings pending or threatened against CBIPH or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the position or business of CBIPH and its subsidiaries.

3) MATERIAL CONTRACTS

CBIPH Group has not entered into any other contracts (not being contracts entered into in the ordinary course of business) which are material within the two (2) years preceding the date of this Circular/Statement.

4) DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of CBIPH at No. 1, Jalan Astaka U8/83, Section 8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, during normal business hours from the date of this Circular/Statement to the date of the 23rd AGM:-

- a) Constitution of the Company;
- b) Audited consolidated financial statements of CBIPH for the financial years ended 31 December 2018 and 31 December 2019; and
- c) Unaudited consolidated financial statements of CBIPH for the financial period ended 31 March 2020.

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EXTRACT OF NOTICE OF THE 23RD AGM

ORDINARY RESOLUTION 6

PROPOSED AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

“THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration.

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration) in accordance with the Constitution of the Company and the requirements and/or guidelines of Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

ORDINARY RESOLUTION 7

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

“THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 1.3 of Part A of the Circular to Shareholders dated 30 June 2020, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence upon passing of this resolution and shall continue to be in force until:

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders’ Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities.”

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