



KELINGTON GROUP BHD [Registration No.199901026486 (501386-P)]

www.kelington-group.com

3 Jalan Astaka U8/83 Seksyen U8 Bukit Jelutong Industrial Park 40150 Shah Alam

Selangor Darul Ehsan Malaysia

Tel: 603-7845 5696 Fax: 603-7845 7097

Date: 15 June 2020

Dear Shareholders of **Kelington Group Berhad** [Registration No.199901026486 (501386-P)]

We are pleased to invite you to the 20th Annual General Meeting (AGM) of the Company, which will be held as below:

Date & Time : Friday, 10 July 2020 at 10.00 a.m.
Venue : Function Room 1, Setia City Convention Centre
No. 1, Persiaran Setia Dagang AG U13/AG
Setia Alam Seksyen U13
40170 Shah Alam, Selangor Darul Ehsan

We enclose herewith the abridged version of the Annual Report 2019 containing the following documents, for your perusal:-

1. Financial Statements;
2. Notice of AGM;
3. Form of Proxy; and
4. Requisition Form.

Please be informed that the Annual Report 2019 and the Share Buy-Back Statement in relation to the proposed authority for the Company to purchase its own shares ("Share Buy-Back Statement") are available to be downloaded from the Company's website (<http://www.kelington-group.com/report.php>).

If, however, you wish to receive a printed copy of the Annual Report 2019 and/or the Share Buy-Back Statement, please complete the Requisition Form and return it to the Company's Share Registrar Office by mail or fax:-

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor
Fax No.: +603 7890 4670

By completing, signing, and returning the Requisition Form to us, you agree and acknowledge that we and/or our service provider may collect, use, and disclose your personal data, as contained in your submitted Requisition Form or which is otherwise collected from you (or your authorised representative(s)), for the purpose of processing and effecting your request.

A printed copy of the Annual Report 2019 and/or the Share-Buy Statement shall be forwarded to you within four (4) market days from the date of receipt of your Requisition Form.

If you need any assistance, kindly contact +603-7890 4700 or BSR.Helpdesk@boardroomlimited.com

We thank you for your continued support.

Yours faithfully

Gan Hung Keng
Chief Executive Officer

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REQUISITION FORM FOR PRINTED COPY OF ANNUAL REPORT 2019 AND/OR SHARE BUY-BACK STATEMENT OF KELINGTON GROUP BERHAD

To : Kelington Group Berhad

Please send me/us a printed copy of: **(Please tick accordingly)**

<input type="checkbox"/>
<input type="checkbox"/>

Annual Report 2019
Share Buy-Back Statement

to the following address:

Name : _____

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

CDS Account No. : _____

Mailing Address : _____

Contact No. : _____

Email Address : _____

.....
Signature of Shareholder

Date:



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Stamp

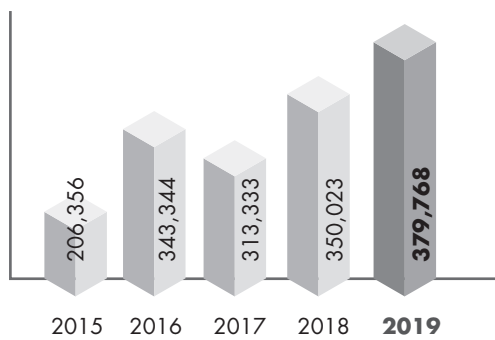
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor

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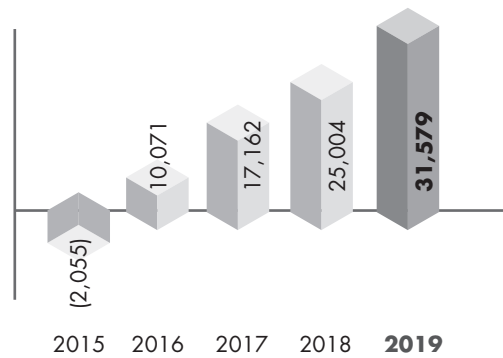
FINANCIAL HIGHLIGHTS

	Financial Year Ended 31 December				
	2015	2016	2017	2018	2019
Revenue (RM'000)	206,356	343,344	313,333	350,023	379,768
Profit Before Taxation (RM'000)	(2,055)	10,071	17,162	25,004	31,579
Profit After Taxation (RM'000)	(2,521)	8,827	11,541	18,315	23,920
Shareholders' Funds (RM'000)	59,399	66,993	78,475	116,215	155,534
Total Assets (RM'000)	174,534	199,945	229,874	243,476	303,055
Number of Ordinary Shares ('000)	220,080	222,375	229,834	267,453	311,459
Net Assets Per Share (RM)	0.27	0.30	0.34	0.43	0.50
Basic Earning Per Share (Cent)	-1.2	4.0	5.2	7.6	8.2

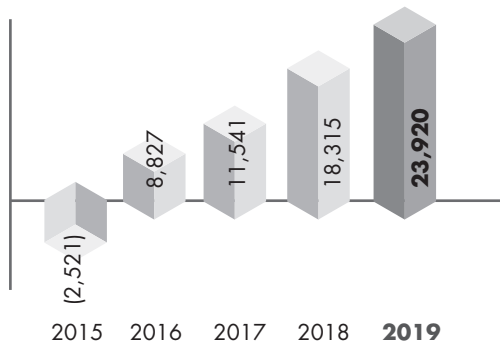
REVENUE (RM'000)



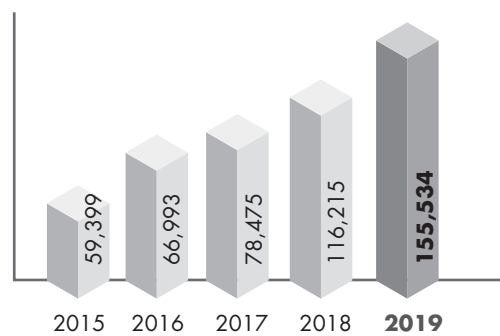
PROFIT BEFORE TAXATION (RM'000)



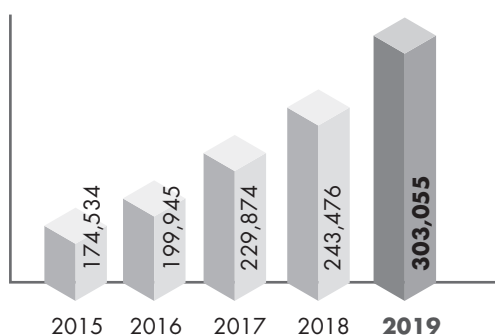
PROFIT AFTER TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



TOTAL ASSET (RM'000)



STATEMENTS OF FINANCIAL POSITION

At 31 December 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	47,460	24,027
Property, plant and equipment	6	52,959	24,676	2,881	2,599
Right-of-use assets	7	4,299	–	–	–
Goodwill	8	6,360	6,348	–	–
		63,618	31,024	50,341	26,626
CURRENT ASSETS					
Contract assets	9	49,496	46,390	907	1,198
Inventories	10	552	177	–	–
Trade receivables	11	90,915	81,410	1,715	4,639
Other receivables, deposits and prepayments	12	13,103	16,913	1,783	2,418
Amount owing by subsidiaries	13	–	–	7,788	11,171
Current tax assets		303	452	150	140
Fixed deposits with licensed banks	14	28,088	24,196	21,997	16,837
Cash and bank balances	15	56,980	42,914	8,210	12,816
		239,437	212,452	42,550	49,219
TOTAL ASSETS		303,055	243,476	92,891	75,845
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	71,276	50,422	71,276	50,422
Treasury shares	17	(534)	(534)	(534)	(534)
Reserves	18	84,519	66,252	9,143	5,624
Equity attributable to the owners of the Company		155,261	116,140	79,885	55,512
Non-controlling interests	5	273	75	–	–
TOTAL EQUITY		155,534	116,215	79,885	55,512
NON-CURRENT LIABILITIES					
Deferred tax liability	19	92	92	–	–
Lease liabilities	20	2,545	–	–	–
Long-term borrowings	21	23,327	1,506	506	247
		25,964	1,598	506	247

Statements of Financial Position (cont'd)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CURRENT LIABILITIES					
Contract liabilities	9	31,128	22,247	264	502
Amount owing to subsidiaries	13	–	–	6,608	7,671
Trade payables	24	40,349	54,090	1,910	4,655
Other payables and accruals	25	31,240	23,700	2,382	2,196
Provisions	26	1,028	1,950	66	225
Lease liabilities	20	738	–	–	–
Short-term borrowings	27	12,081	15,614	1,270	2,182
Dividend payable	28	–	2,655	–	2,655
Current tax liabilities		4,993	5,407	–	–
		121,557	125,663	12,500	20,086
TOTAL LIABILITIES		147,521	127,261	13,006	20,333
TOTAL EQUITY AND LIABILITIES		303,055	243,476	92,891	75,845

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
REVENUE	29	379,768	350,023	6,906	12,214
COST OF SALES	30	(316,163)	(291,484)	(7,378)	(13,936)
GROSS PROFIT/(LOSS)		63,605	58,539	(472)	(1,722)
OTHER INCOME	31	5,257	909	17,466	20,476
		68,862	59,448	16,994	18,754
SELLING AND DISTRIBUTION EXPENSES	32	(1,322)	(1,150)	(232)	(220)
ADMINISTRATIVE EXPENSES	33	(31,450)	(27,097)	(7,116)	(6,249)
OTHER EXPENSES	34	(2,153)	(4,682)	(231)	(2,159)
FINANCE COSTS	35	(1,312)	(913)	(302)	(689)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	36	(1,046)	(602)	–	(24)
PROFIT BEFORE TAXATION		31,579	25,004	9,113	9,413
INCOME TAX EXPENSE	37	(7,659)	(6,689)	(92)	144
PROFIT AFTER TAXATION		23,920	18,315	9,021	9,557
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
<u>Item that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(558)	160	(258)	58
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		23,362	18,475	8,763	9,615
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		24,418	18,649	9,021	9,557
Non-controlling interests		(498)	(334)	–	–
		23,920	18,315	9,021	9,557

*Statements of Profit or Loss
and Other Comprehensive Income (cont'd)*

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		23,862	18,813	8,763	9,615
Non-controlling interests		(500)	(338)	-	-
		<u>23,362</u>	<u>18,475</u>	<u>8,763</u>	<u>9,615</u>
EARNINGS PER SHARE (SEN)					
- Basic	38	8.2	7.6		
- Diluted	38	7.9	6.7		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	← Non-distributable			→ Distributable		Attributable to Owners of the Company		Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Capital Reserve	Employee Share Scheme Reserve	Exchange Fluctuation Reserve	Retained Profits	RM'000		
The Group									
Balance at 1.1.2018	25,826	(534)	8,985	696	4,432	38,839	78,244	231	78,475
Profit after taxation for the financial year	-	-	-	-	-	18,649	18,649	(334)	18,315
Other comprehensive income for the financial year:									
- Foreign currency translation differences	-	-	-	-	164	-	164	(4)	160
Total comprehensive income for the financial year	-	-	-	-	164	18,649	18,813	(338)	18,475
Contributions by and distributions to owners of the Company:									
- Dividends	-	-	-	-	-	(6,320)	(6,320)	-	(6,320)
- Issuance of shares pursuant to private placement	17,840	-	-	-	-	-	17,840	-	17,840
- Issuance of shares to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	300	300
- Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	118	118	(118)	-
- Share-based payment	-	-	-	1,073	-	-	1,073	-	1,073
- Employee share scheme exercised	384	-	-	(384)	-	-	-	-	-
- Warrants exercised	6,733	-	-	-	-	-	6,733	-	6,733
- Expenses incurred pursuant to issuance of ordinary shares	(361)	-	-	-	-	-	(361)	-	(361)
- Transfer of non-distributable reserve funds by a subsidiary	-	-	232	-	-	(232)	-	-	-
Total transactions with owners	24,596	(534)	232	689	4,596	(6,434)	19,083	182	19,265
Balance at 31.12.2018	50,422	(534)	9,217	1,385	4,596	51,054	116,140	75	116,215

Statements of Changes In Equity (cont'd)

	← Non-distributable →					Distributable		Attributable to Owners of the Company		Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Non-controlling Interests RM'000	Company RM'000		
The Group										
Balance at 31.12.2018/1.1.2019	50,422	(534)	9,217	1,385	4,596	51,054	75	116,140	75	116,215
Profit after taxation for the financial year	-	-	-	-	-	24,418	(498)	24,418	(498)	23,920
Other comprehensive expenses for the financial year:										
- Foreign currency translation differences	-	-	-	-	(556)	-	(2)	(556)	(2)	(558)
Total comprehensive income for the financial year	-	-	-	-	(556)	24,418	(500)	23,862	(500)	23,362
Contributions by and distributions to owners of the Company:										
- Dividends	-	-	-	-	-	(5,456)	-	(5,456)	-	(5,456)
- Issuance of shares to non-controlling interests by subsidiaries	-	-	-	-	-	-	347	-	347	347
- Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(351)	351	(351)	351	-
- Shares-based payment	-	-	-	840	-	-	-	840	-	840
- Employee share scheme exercised	628	-	-	(628)	-	-	-	-	-	-
- Warrants exercised	20,226	-	-	-	-	-	-	20,226	-	20,226
- Transfer of non-distributable reserve funds by a subsidiary	-	-	94	-	-	(94)	-	-	-	-
Total transactions with owners	20,854	(534)	94	212	-	(5,901)	698	15,259	698	15,957
Balance at 31.12.2019	71,276	(534)	9,311	1,597	4,040	69,571	273	155,261	273	155,534

Statements of Changes In Equity (cont'd)

	← Non-distributable			→ Distributable			Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	
The Company							
Balance at 1.1.2018	25,826	(534)	1,044	696	(394)	294	26,932
Profit after taxation for the financial year	-	-	-	-	-	9,557	9,557
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	-	-	58	-	58
Total comprehensive income for the financial year	-	-	-	-	58	9,557	9,615
Contributions by and distribution to owners of the Company:							
- Dividends	-	-	-	-	-	(6,320)	(6,320)
- Issuance of shares pursuant to private placement	17,840	-	-	-	-	-	17,840
- Shares-based payment	-	-	-	1,073	-	-	1,073
- Employee share scheme exercised	384	-	-	(384)	-	-	-
- Warrants exercised	6,733	-	-	-	-	-	6,733
- Expenses incurred pursuant to issuance of ordinary shares	(361)	-	-	-	-	-	(361)
Total transactions with owners	24,596	-	-	689	-	(6,320)	18,965
Balance at 31.12.2018	50,422	(534)	1,044	1,385	(336)	3,531	55,512

Statements of Changes In Equity (cont'd)

	← Non-distributable →			Distributable			Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	
The Company							
Balance at 31.12.2018/1.1.2019	50,422	(534)	1,044	1,385	(336)	3,531	55,512
Profit after taxation for the financial year	-	-	-	-	-	9,021	9,021
Other comprehensive expenses for the financial year:							
- Foreign currency translation differences	-	-	-	-	(258)	-	(258)
Total comprehensive income for the financial year	-	-	-	-	(258)	9,021	8,763
Contributions by and distribution to owners of the Company:							
- Dividends	-	-	-	-	-	(5,456)	(5,456)
- Shares-based payment	-	-	-	840	-	-	840
- Employee share scheme exercised	628	-	-	(628)	-	-	-
- Warrants exercised	20,226	-	-	-	-	-	20,226
Total transactions with owners	20,854	-	-	212	-	(5,456)	15,610
Balance at 31.12.2019	71,276	(534)	1,044	1,597	(594)	7,096	79,885

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The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	31,579	25,004	9,113	9,413
Adjustments for:-				
Contract assets written off	-	794	-	-
Bad debts written off	80	1	-	-
Deposits written off	312	-	-	-
Depreciation of property, plant and equipment	2,637	2,082	102	82
Depreciation of right-of-use assets	426	-	-	-
Impairment losses on financial assets and contract assets	2,889	1,089	-	24
Interest expense on lease liabilities	91	-	-	-
Other interest expenses	1,221	913	302	689
Property, plant and equipment written off	5	347	-	-
Provision for foreseeable losses	-	644	-	-
Provision for warranty costs	173	699	67	184
Provision for unutilised leave	59	23	-	-
Share-based payments	840	1,073	396	506
Unrealised loss/(gain) on foreign exchange	85	15	(436)	462
Dividend income	-	-	(12,069)	(16,666)
Gain on disposal of property, plant and equipment	(1)	(21)	-	-
Interest income	(969)	(675)	(716)	(381)
Reversal of impairment losses on financial assets	(1,843)	(487)	-	-
Reversal of provision for foreseeable losses	(749)	(213)	-	-
Reversal of provision for warranty costs	-	(5)	-	-
Reversal of provision for unutilised leave	(28)	(3)	-	-
Operating profit/(loss) before working capital changes	36,807	31,280	(3,241)	(5,687)
(Increase)/Decrease in inventories	(382)	770	-	-
Decrease in contract assets/(liabilities)	5,587	6,158	58	641
(Increase)/Decrease in trade and other receivables	(7,375)	(8,666)	3,547	2,870
Decrease in trade, other payables and provisions	(6,300)	(14,983)	(2,763)	(1,522)
(Increase)/Decrease in amount owing by/(to) subsidiaries	-	-	(4,157)	3,558
CASH FROM/(FOR) OPERATIONS	28,337	14,559	(6,556)	(140)
Income tax paid	(8,242)	(5,946)	(127)	(146)
Income tax refunded	318	-	25	-
Interest paid	(1,355)	(913)	(350)	(689)
Interest received	969	675	716	381
NET CASH FROM/(FOR) OPERATING ACTIVITIES	20,027	8,375	(6,292)	(594)

Statements of Cash Flows (cont'd)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in subsidiaries		–	–	(23,337)	(9,215)
Dividends received		–	–	9,443	16,666
Purchase of property, plant and equipment	40(a)	(33,506)	(10,622)	(383)	(81)
Proceeds from disposal of property, plant and equipment		80	49	–	–
Proceeds from issuance of shares to non-controlling interests		347	300	–	–
Advances to subsidiaries		–	–	–	(4,628)
Repayment from a subsidiary		–	–	9,500	–
Repayment from subsidiaries for employee share scheme		–	–	348	218
Placement of fixed deposits and bank balance pledged with licensed banks		(1,859)	(2,279)	(677)	(993)
(Placement)/Withdrawal of fixed deposits with original maturity of more than 3 months		(304)	500	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(35,242)	(12,052)	(5,106)	1,967
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of hire purchase obligations	40(b)	–	(291)	–	–
Repayment of lease liabilities	40(b)	(498)	–	–	–
Net drawdown/(repayment) of invoice financing	40(b)	27	(1,834)	671	–
Net repayment of revolving credits	40(b)	(3,038)	(10,465)	–	(13,500)
Net drawdown/(repayment) of term loans	40(b)	23,114	(1,275)	(1,286)	(1,275)
Proceeds from issuance of shares pursuant to:					
- Private placement, net of expenses		–	17,479	–	17,479
- Warrants		20,226	6,733	20,226	6,733
Dividends paid		(8,111)	(3,665)	(8,111)	(3,665)
NET CASH FROM FINANCING ACTIVITIES		31,720	6,682	11,500	5,772

Statements of Cash Flows (cont'd)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,505	3,005	102	7,145
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(710)	164	(225)	312
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		52,202	49,033	18,434	10,977
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	40(c)	67,997	52,202	18,311	18,434

The annexed notes form an integral part of these financial statements.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting ("20th AGM") of **Kelington Group Berhad** ("KGB" or "Company") will be held at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 10 July 2020 at 10.00 a.m., for the purpose of considering the following businesses:-

AGENDA

Ordinary Business

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon. **(Refer to Explanatory Note (a))**
2. To re-elect the following Directors who are retiring in accordance with the Clause 97 of the Company's Constitution, and being eligible, have offered themselves for re-election:
 - (i) Ong Weng Leong **(Ordinary Resolution 1)**
 - (ii) Chan Thian Kiat **(Ordinary Resolution 2)**
3. To re-elect the following Directors who are retiring in accordance with the Clause 104 of the Company's Constitution, and being eligible, have offered themselves for re-election:
 - (i) Cham Teck Kuang **(Ordinary Resolution 3)**
 - (ii) Hu Keqin **(Ordinary Resolution 4)**
 - (iii) Soh Tong Hwa **(Ordinary Resolution 5)**
 - (iv) Ng Lee Kuan **(Ordinary Resolution 6)**
4. To approve the payment of Directors' remuneration payable to the Board of the Company amounting to RM249,000 for the period from 1 July 2020 until 30 June 2021. **(Ordinary Resolution 7)**
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

Special Business

To consider and if thought fit, pass the following resolutions with or without any modifications:-

6. **Continuing in Office as Independent Non-Executive Directors**
 - (i) "THAT approval be and is hereby given to Chan Thian Kiat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 9)**
 - (ii) "THAT approval be and is hereby given to Tan Chuan Yong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 10)**

Notice of Annual General Meeting (cont'd)

7. Authority to Issue and Allot Shares

"THAT subject always to the Companies Act 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

(Ordinary Resolution 11)

8. Proposed Authority for Purchase of Own Shares by the Company

"THAT subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, 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 employee share scheme or as purchase consideration,

AND 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") at which time it shall 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;

Notice of Annual General Meeting (cont'd)

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

(Ordinary Resolution 12)

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

LIM LEE KUAN (SSM PC No. 202008001079 & MAICSA 7017753)
TEO MEE HUI (SSM PC No. 202008001081 & MAICSA 7050642)

Company Secretaries

Kuala Lumpur
Dated this 15th day of June 2020

Notes:

1. A member may appoint up to two (2) proxies to attend, participate, speak and vote at the meeting. If a member appoints more than one (1) proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be valid. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.
2. The instrument appointing a proxy shall be in writing, under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. The appointment of proxy may be made in hard copy or in electronic form. The instrument appointing a proxy must be submitted in the following manners, at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof:-
 - (i) In hard copy form
To be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or
 - (ii) By electronic means
To be sent via e-mail to Khairul.Iqram@boardroomlimited.com

Notice of Annual General Meeting (cont'd)

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 2 July 2020 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Explanatory notes on Ordinary and Special Business

- (a) *Item 1 of the Agenda*
Audited Financial Statements for the financial year ended 31 December 2019.

The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 248 and Section 340 (1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence this item is not put forward for voting.

- (b) *Ordinary Resolution 7*

Section 230(1) of the Companies Act 2016 provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 20th AGM on the Directors’ remuneration in Resolution 7 on payment of Directors’ remuneration for the period from 1 July 2020 until 30 June 2021 (“Relevant Period”).

The Directors’ remuneration comprises the Directors’ fee and meeting allowances payable to the Board of the Company is set out as follows:

	Executive Directors RM	Non-Executive Directors RM
Director Fee	–	234,000
Meeting allowance	–	15,000
Total	–	249,000

In determining the estimated total amount of the Directors’ remuneration, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as involvement of the respective Directors.

Payment of Directors’ remuneration will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 7 has been passed at the 20th AGM. The Board is of the view that it is just and equitable for the Directors to be paid such payment on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

Notice of Annual General Meeting (cont'd)

(c) *Ordinary Resolutions 9 & 10
Continuing in Office as Independent Non-Executive Directors*

The Board has assessed the independence of Chan Tian Kiat and Tan Chuan Yong, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue act as an Independent Non-Executive Directors of the Company based on the following justifications:-

- a. they fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they would able to function as a check and balance, bring an element of objectivity to the Board;
- b. they have been with the Company for more than 9 years and were familiar with the Company's business operations;
- c. they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- d. they have exercised their due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

The Board considered Chan Tian Kiat and Tan Chuan Yong to be independent based on the above justifications and recommended them to be retained as Independent Non-Executive Directors of the Company.

(d) *Ordinary Resolution 11
Authority to Issue and Allot Shares*

The proposed Ordinary Resolution 11, if passed, will give flexibility to the Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

This is a new mandate and the purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

The previous mandate obtained from the members at the last AGM was not utilised and will be lapsed on 30 June 2020.

(e) *Ordinary Resolution 12
Proposed Authority for Purchase of Own Shares by the Company*

The proposed Ordinary Resolution 12, if approved, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. For more information, please refer to the Share Buy-Back Statement dated 15 June 2020.

Notice of Annual General Meeting (cont'd)

Measures to Minimise Risk of COVID-19

In order to minimise the risk of community spread of COVID-19, the Company will be taking the following precautionary measures at the 20th AGM:

1. All attendees will be required to undergo a temperature check and make a health declaration ;
2. Any person who has fever or exhibits flu-like symptoms will not be permitted to attend the 20th AGM; and
3. There will be no door gift and refreshment served at the 20th AGM.

On the seating arrangement and number of individuals to be present at the venue, the Company will observe the directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council, and other relevant authorities to curb the spread of Covid-19 are abide by.

We strongly encourage members to appoint the Chairman of the 20th AGM as their proxy to attend and vote at the 20th AGM. To vote on any or all of the resolutions at the 20th AGM, you are encouraged to send in your votes in advance by proxy and appoint the Chairman as your proxy. The proxy form is attached to the Notice of AGM.

If you have any questions in relation to any item of the Agenda of the 20th AGM, you may send them in advance via email at enquiry@kelington-group.com

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate and comply with any requirements or recommendation of any government agencies from time to time.

The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

KELINGTON GROUP BERHAD
(Registration No. 199901026486 (501386-P))
(Incorporated in Malaysia)

FORM OF PROXY

Number of Shares Held	CDS Account No.

* I/We NRIC

No./Passport No./Company No..... of

being a Member(s) of KELINGTON GROUP BERHAD (Registration No. 199901026486 (501386-P)), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
*And/or (delete as appropriate)			

or failing him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 10 July 2020 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Ordinary Resolutions		For	Against
1	To re-elect Ong Weng Leong as Director		
2	To re-elect Chan Thian Kiat as Director		
3	To re-elect Cham Teck Kuang as Director		
4	To re-elect Hu Keqin as Director		
5	To re-elect Soh Tong Hwa as Director		
6	To re-elect Ng Lee Kuan as Director		
7	To approve the payment of Directors' remuneration payable to the Board of the Company for the financial period from 1 July 2020 until 30 June 2021		
8	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company		
Special Business			
9	To approve the continuing in office for Chan Thian Kiat as an Independent Non-Executive Director		
10	To approve the continuing in office for Tan Chuan Yong as an Independent Non-Executive Director		
11	Authority to Issue and Allot Shares		
12	Proposed Authority for purchase of own shares by the Company		

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

Signed this day of 2020

.....
Signature / Common Seal of Shareholder

Notes:

- A member may appoint up to two (2) proxies to attend, participate, speak and vote at the meeting. If a member appoints more than one (1) proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be valid. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- The instrument appointing a proxy shall be in writing, under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
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 - By electronic means
To be sent via e-mail to Khairul.Iqram@boardroomlimited.com
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 2 July 2020 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.



Please fold here



The Share Registrar
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13 46200 Petaling Jaya, Selangor

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