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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- I. **PROPOSED ESTABLISHMENT OF AN EMPLOYEE SHARE SCHEME WHICH ENTAILS A SHARE GRANT SCHEME OF UP TO FOUR PERCENT (4%) OF THE ISSUED SHARES OF KELINGTON GROUP BERHAD ("KELINGTON" OR THE "COMPANY") (EXCLUDING TREASURY SHARES) FOR ELIGIBLE EMPLOYEES AND DIRECTORS OF KELINGTON AND ITS SUBSIDIARIES ("PROPOSED ESS"); AND**
- II. **PROPOSED ALLOCATION OF KELINGTON SHARES TO THE ELIGIBLE DIRECTORS OF THE COMPANY ("PROPOSED ALLOCATION")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOB Kay Hian

UOB Kay Hian Securities (M) Sdn Bhd
Registration No.: 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of Kelington and the Form of Proxy are enclosed with this Circular, which can be downloaded at <https://www.kelington-group.com/general-meeting.php> or <http://www.bursamalaysia.com/market/listed-companies/company-announcements/>. Please refer to the Administrative Details at <https://www.kelington-group.com/general-meeting.php> on the conduct of the EGM.

As a member of Kelington, you are entitled to attend, participate and vote at the fully virtual EGM. You may appoint a proxy or proxies to attend, participate and vote on your behalf. If you wish to do so, the completed and signed Form of Proxy should be lodged at the office of the Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia if in hard copy or at Khairul.Iqram@boardroomlimited.com if by electronic means not less than forty-eight (48) hours before the time appointed for holding the fully virtual EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating and voting in person at the fully virtual EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Sunday, 29 May 2022 at 12:00 noon
Date and time of the EGM	:	Tuesday, 31 May 2022 at 12:00 noon
Broadcast Venue of the EGM	:	Lot 9-11 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur
Meeting Platform	:	Dvote Online website at https://www.DigitizeVote.my

This Circular is dated 18 April 2022

DEFINITIONS

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

"Act"	: The Companies Act 2016
"Board"	: Board of Directors of Kelington
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"By-Laws"	: The rules, terms and conditions of the Proposed ESS as may be modified, varied and/ or amended from time to time
"Circular"	: This Circular dated 18 April 2022
"Director(s)"	: The director(s) of Kelington and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	: Extraordinary general meeting of Kelington
"Eligible Employee(s)"	: The eligible employees and/ or Directors of Kelington Group (excluding subsidiary companies which are dormant), who meet the criteria of eligibility for participation in the Proposed ESS as set out in the By-Laws
"EPS"	: Earnings per Share
"ESS Committee"	: A committee comprising Director(s) and/ or senior management of Kelington Group to be appointed from time to time and approved by the Board to implement and administer the Proposed ESS in accordance with the By-Laws
"FYE"	: Financial year ended/ ending
"Grant(s)"	: An award of Kelington Shares to the Selected Employees under the Proposed ESS
"Grantee(s)"	: Selected Employee(s) who has accepted the Offer in the manner provided in the By-Laws
"Kelington" or the "Company"	: Kelington Group Berhad (Registration No.: 199901026486 (501386-P))
"Kelington Group" or the "Group"	: Kelington and its subsidiaries, collectively
"Kelington Share(s)" or the "Share(s)"	: Ordinary share(s) in Kelington
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 25 March 2022, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"	: Any day on which Bursa Securities is open for trading in securities
"Maximum Kelington Shares Available"	: The maximum number of Kelington Shares which may be made available under the Proposed ESS shall not be more than four percent (4%) of the total issued shares of Kelington (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESS
"Maximum Scenario"	: Assuming all of the treasury shares are resold at cost and all of the Warrants B are exercised prior to the implementation of the Proposed ESS

DEFINITIONS (CONT'D)

"MFRS 2"	Malaysian Accounting Standards Board
"Minimum Scenario"	: Assuming none of the treasury shares are resold and none of the Warrants B is exercised prior to the implementation of the Proposed ESS
"NA"	: Net assets attributable to the owners of Kelington
"Offer(s)"	: An offer of Kelington Shares made in writing by the ESS Committee to a Selected Employee
"Proposals"	: Proposed ESS Termination, Proposed ESS and Proposed Allocation, collectively
"Proposed Allocation"	: Proposed allocation of Kelington Shares to the eligible Directors of the Company
"Proposed ESS"	: Proposed establishment of an employee shares scheme which entails a share grant scheme of up to four percent (4%) of the issued shares of Kelington (excluding treasury shares), at any one time during the duration of the Proposed ESS, for Eligible Employees and Directors of the Kelington Group (excluding dormant subsidiaries)
"Proposed ESS Termination"	: Proposed termination of the Company's existing employee share which entails a share grant scheme of up to 7% of the issued shares of the Company, which took effect on 19 June 2017 for a period of 5 years
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"Selected Employee(s)"	: An Eligible Employee to whom an Offer has been made pursuant to the Proposed ESS
"Trustee"	: The trustee or its authorised nominee appointed by Kelington to administer the trust in accordance with a trust deed to be established to facilitate the implementation of the Proposed ESS, if required
"UOBKH" or the "Principal Adviser"	: UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"VWAP"	: Volume weighted average market price
"Warrant(s) B"	: 214,333,821 outstanding warrants 2021/2026. The Warrants are constituted by the deed poll dated 6 July 2021 and each Warrant B carries the entitlement to subscribe for 1 new Kelington Share during the 5-year exercise period up to 24 July 2026 at an exercise price of RM1.38 per Warrant B.

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole sen, for ease of reference.

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

References to "**you**" or "**your(s)**" in this Circular are made to shareholders of Kelington and references to "**Kelington**" or "**Kelington**" or "**we**" or "**us**" or "**our**" or "**ourselves**" are made to Kelington, and where the context requires, Kelington and our subsidiaries. Unless the context otherwise requires, references to "**Board**" are to our Board of Directors and "**Management**" are to our Executive Directors and key management personnel as at the LPD of this Circular.

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

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed ESS. The shareholders of Kelington are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed ESS before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposed ESS	The Maximum Kelington Shares Available under the Proposed ESS shall not in aggregate be more than four percent (4%) of the issued shares of Kelington (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESS.	Section 3
Rationale and justifications for the Proposed ESS and Proposed Allocation	<ul style="list-style-type: none">(i) to recognise the contribution of the Eligible Employees whose services are valued and considered vital to the operations and continued growth of the Group;(ii) to attract and reward the Eligible Employees by allowing them to participate in the Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Company's shares;(iii) to motivate the Eligible Employees towards improved performance through greater productivity and loyalty;(iv) to inculcate a greater sense of belonging and dedication as the Eligible Employees are given the opportunity to participate directly in the equity of the Company; and(v) to possibly retain the Eligible Employees, hence ensuring that the loss of key personnel is kept to a minimum level.	Section 6
Interests of Directors, major shareholders, chief executive and/ or persons connected	Under the Proposed ESS, all the Directors of Kelington are entitled to participate in the Proposed ESS and are therefore deemed interested in the Proposed ESS to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed ESS.	Section 11
Approvals required/ obtained	<p>The Proposals are subject to the following approvals being obtained:-</p> <ul style="list-style-type: none">(i) Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 30 March 2022;(ii) the approval of the shareholders of Kelington at the EGM in relation to the Proposed ESS; and(iii) any other relevant authority, if required.	Section 10
Directors' recommendation	<p>The Board, subject to Section 9 of this Circular and after having considered all aspects of the Proposals, which include, but are not limited to, the basis, the rationale and the pro forma effects of the Proposed ESS, is of the opinion that the Proposals are in the best interest of the Company.</p> <p>Accordingly, the Board (except for the interested Directors who have abstained from expressing an opinion and making any recommendation in respect of their respective proposed allocation) recommends that you vote in favour for the resolution pertaining to the Proposed ESS to be tabled at the forthcoming EGM.</p>	Section 14



KELINGTON GROUP BERHAD

(Registration No.: 199901026486 (501386-P))
(Incorporated in Malaysia)

Registered Office

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur, Malaysia

18 April 2022

Board of Directors

Ir. Gan Hung Keng (*Executive Chairman/ Chief Executive Officer*)
Ong Weng Leong (*Executive Director/ Chief Operating Officer*)
Chan Tian Kiat (*Senior Independent Non-Executive Director*)
Tan Chuan Yong (*Senior Independent Non-Executive Director*)
Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman (*Independent Non-Executive Director*)
Soo Yuit Weng (*Independent Non-Executive Director*)
Ng Lee Kuan (*Independent Non-Executive Director*)
Soh Tong Hwa (*Non-Independent Non-Executive Director*)
Cham Teck Kuang (*Non-Independent Non-Executive Director*)
Hu Kegin (*Non-Independent Non-Executive Director*)

To: The shareholders of Kelington Group Berhad

Dear Sir/ Madam,

I. PROPOSED ESS; AND

II. PROPOSED ALLOCATION

1. INTRODUCTION

On 2 March 2022, UOBKH had, on behalf of the Board, announced that Kelington proposes to undertake the following:

- (i) termination of the Company's existing employees' share scheme which entails a share grant scheme of up to 7% of the issued shares of the Company, which took effect on 19 June 2017 for a period of 5 years; and
- (ii) establishment and implementation an employee share scheme which entails a share grant scheme of up to 4% of the issued shares of the Company (excluding treasury shares of Kelington) at any point in time during the duration of the Proposed ESS for the Eligible Employees and Directors (including Non-Executive Directors) of Kelington Group, which are not dormant.

On 31 March 2022, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 30 March 2022, resolved to approve the listing of and quotation for such number of new Shares, representing up to 4% of Kelington's total number of issued shares (excluding treasury shares of Kelington, if any) that may be issued pursuant to the Proposed ESS on the Main Market of Bursa Securities, subject to the terms and conditions as set out in **Section 8** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESS AND PROPOSED ALLOCATION TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESS AND PROPOSED ALLOCATION TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED ESS TERMINATION

The Company had undertaken an employee share which entails a share grant scheme of up to 7% of the issued shares of the Company, which was approved by shareholders at an extraordinary general meeting held on 13 June 2017 ("**ESS-2017**"). The ESS-2017 took effect on 19 June 2017 for a period of 5 years. As the LPD, the ESS-2017 has been fully granted and does not have any outstanding awards which are granted, unvested or unexercised under the ESS-2017.

The Board proposes to terminate the ESS-2017 to be replaced with the Proposed ESS. According to the by-law 6.3 of the ESS-2017, the Company may by notice in writing to the affected grantees, terminate the ESS-2017 at any time during the ESS-2017 period. Should the Proposed ESS be approved by shareholders of the Company, no further awards will be granted under the ESS-2017, and the ESS-2017 shall be terminated upon the Proposed ESS coming into effect.

The Proposed ESS Termination is not subject to shareholders' approval.

3. DETAILS OF THE PROPOSED ESS

The Proposed ESS entails a share grant scheme to allow the Company to grant Kelington Shares which are to be vested in Selected Employees for the attainment of identified performance objectives.

The Proposed ESS also serves to attract, retain, motivate, and reward valuable to the Selected Employees through the award of Kelington Shares as determined by the ESS Committee in accordance with the By-Laws governing the Proposed ESS.

The Proposed ESS is to be administered in accordance with the By-Laws by the ESS Committee, who will be responsible for, amongst others, implementing, allocating and administering the Proposed ESS. The members of the ESS Committee shall comprise of such number of Directors and/ or senior management personnel of the Group to be identified from time to time. The Board will also formulate and approve the terms of reference of the ESS Committee.

3.1 Details of the Proposed ESS

The Grant shall be awarded to Selected Employees during the tenure of the Proposed ESS with vesting to be made from time to time with such number of tranches comprising such number of Kelington Shares, as may be determined by the ESS Committee in accordance with the By-Laws. The vesting conditions (as approved by the Board) will include a condition that the Grantee is still an employee (or in the case of a director, remains as a director) (as set out in **Section 3.2 (iii)** below) of Kelington Group as the vesting date, and any other vesting conditions to be determined by the ESS Committee from time to time as they deem fit.

In implementing the Proposed ESS, the ESS Committee may at its discretion decide that the vesting of any Kelington Shares comprised in a Grant under the Proposed ESS to the Selected Employees who have accepted the Offer which is being made in writing to the Grantees, to be satisfied by any of the following methods:

- (i) allotment and issuance of new Kelington Shares by the Company to the Grantees;
- (ii) acquisition of existing Kelington Shares from the Main Market of Bursa Securities by the Trustee, followed by the transfer of such Kelington Shares purchased by the Trustee to the Grantees. The details of the trust arrangement are set out in **Section 3.2 (vii)** below;
- (iii) transfer of the Company's treasury shares to the Grantees;
- (iv) cash payment in lieu of (i), (ii) or (iii) above;
- (v) any other methods as may be permitted by the Act; or
- (vi) any combination of any of the above.

In considering the settlement mode of the Grant as described in (i) to (vi) above, the ESS Committee will take into consideration, amongst others, factors such as the prevailing market price of the Kelington Shares, the dilutive effects on Kelington's share capital base, funding consideration and cash requirements of Kelington Group, and any applicable laws, regulatory requirements and/ or administrative constraints, if relevant.

3.2 Indicative salient terms of the Proposed ESS

(i) Maximum number of Shares available under the Proposed ESS

The Maximum Kelington Shares Available under the Proposed ESS shall not in aggregate be more than four percent (4%) of the issued shares of Kelington (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESS. The ESS Committee has the discretion in determining whether the total number of Kelington Shares which may be made available under the Scheme shall be staggered over the duration of the Proposed ESS.

In the event the total number of Kelington Shares made available under the Proposed ESS exceeds the Maximum Kelington Shares Available as a result of Kelington purchasing its own shares or reducing its issued shares in accordance with the provisions of the Act and/ or undertakes any other corporate proposal resulting in the reduction of the issued shares, all Offers and/ or Grants awarded prior to the said variation of the issued shares of Kelington shall remain valid and may be vested in accordance with the provisions of the Proposed ESS as if that purchase and/ or reduction had not occurred. However, no additional Offer shall be made unless the total number of Kelington Shares which may be issued or transferred under the Proposed ESS in respect of such Grants falls below the Maximum Kelington Shares Available.

In the case of existing Kelington Shares to be transferred to the Grantees under the Proposed ESS, the ESS Committee will use all reasonable efforts to ensure that the Trustee has sufficient Kelington Shares available to satisfy the Grants made during the duration of the Proposed ESS.

(ii) **Basis of allotment and maximum allowable allotment**

The allocation of Kelington Shares to be made available for the Grants shall be determined by the ESS Committee from time to time during the tenure of the Proposed ESS.

The total number of Kelington Shares that may be offered to a Selected Employee under the Proposed ESS at any time shall be at the absolute discretion of the ESS Committee after taking into consideration the performance of the entire group, employees' personal grade, employees' individual work performance rating and employees' contribution to the continued success of Kelington Group and/or such other criteria as the ESS Committee may deem relevant (subject always to the By-Laws and any applicable laws), and subject to the following conditions:-

- (a) the total number of Kelington Shares made available under the Proposed ESS shall not exceed the amount in **Section 3.2(i)** above;
- (b) not more than ten percent (10%) of the Maximum Kelington Shares Available shall be allocated to any individual Selected Employee who, either individually/ singly or collectively through persons connected (as defined Listing Requirements) with the said Selected Employee, holds twenty percent (20%) or more of the issued shares of Kelington (excluding treasury shares, if any);
- (c) up to a maximum of 70.0% of the total number of Kelington Shares available under the Proposed ESS could be allocated, in aggregate, to the Directors, which includes, amongst others, Independent/ Non-Independent and Executive/ Non-Executive Directors and senior management of the Group who are Eligible Persons (where "senior management" refer to an employee of the Group holding the position of senior manager (including Executive Director) and above or other senior position as may be determined by the ESS Committee from time to time to be senior management and shall be subject to any criteria as may be determined at the sole discretion of the ESS Committee from time to time). This is intended to incentivise the Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of the Group and to incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance;

For the avoidance of doubt, up to 70% of the total number of Kelington Shares will be distributed to both the Directors and senior management of the Group, which includes the key management personnel who are crucial to the Group's business growth. As such, the compensation for the Directors and senior management will be more aligned to shareholders' value creation; and

- (d) the Directors and senior management of Kelington and any corporation within the Kelington Group shall not participate in any deliberation or discussion on the Offer and/ or their respective allocations and/ or allocations to persons connected with them.

For avoidance of doubt, the ESS Committee may at its absolute discretion to determine whether granting of the Kelington Shares to any Selected Employee will be staggered over the duration of the Proposed ESS or in a single grant at such times and on terms determined by the ESS Committee.

In any event that the granting of Kelington Shares will be staggered, the maximum allocation under the Proposed ESS shall not exceed 4% at any point in time during the duration of the Proposed ESS. Subject to the above limit, each Offer made to any Selected Employee by the ESS Committee shall be separate and independent from any previous or later Offer made by the ESS Committee to that Selected Employee.

(iii) Eligibility

Only Eligible Employee in Kelington Group (including Directors) who meets the following criteria as at the Date of Offer shall be eligible for consideration and selection as a Selected Employee by the ESS Committee:

- (a) the Eligible Employee shall have attained the age of at least eighteen (18) years and is neither undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) if he/ she is an employee, such employee is employed on a full-time basis and is on the payroll of any company within the Group and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/ she was transferred to another company within the Group, in which case he/ she must have been a confirmed employee in that company within the Group and has not served a notice of resignation or received a notice of termination;
- (c) if he/ she is any employee, the Eligible Employee's employment has been confirmed in writing and is not under any probationary period;
- (d) if he/ she is a Director, he/she has been appointed as a Director of the Company or any corporation in the Kelington Group for such period as may be determined by the ESS Committee and has not served a notice to resign nor received a notice of termination;
- (e) if the Eligible Employee is a:
 - (i) a Director, major shareholder or chief executive officer of Kelington or holding company of Kelington, where applicable ("**Interested Person**"); or
 - (ii) a person who is connected with an Interested Person,

the specific allocation of Offers and/ Grants granted by the Company under the Proposed ESS to him/ her in his/ her capacity as a interested director, interested major shareholder, interested chief executive and interested person connected with a director, major shareholder or chief executive has been approved by shareholders of the Company at a general meeting, subject to the terms of the By-Laws;
- (f) the Eligible Employee is not participating or entitled to participant in any other employee share scheme or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participant or entitlement to participant if the ESS Committee shall so determine; and

- (g) the Eligible Employee fulfils any other criteria and/ or falls within such category as may be set by the ESS Committee from time to time.

Subject to the applicable laws, the ESS Committee may vary or revise any of the eligibility criteria set forth in this section at any time and from time to time at its absolute discretion.

Eligibility for consideration under the Proposed ESS does not confer an Eligible Employee with any right whatsoever under or to participate in the Proposed ESS unless the ESS Committee has made an Offer under the By-Laws and the Selected Employee has accepted the Offer in accordance with the terms of the Offer and the By-Laws.

(iv) Duration and termination of the Proposed ESS

The Proposed ESS shall be in force for a period of five (5) years and may be extended further by the Board at its absolute discretion, without having to obtain the approval of its shareholders, for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the effective date of implementation of the Proposed ESS, being the date of full compliance with all relevant provisions of the Listing Requirements in relation to the Proposed ESS.

The Proposed ESS may be terminated by the ESS Committee at any time before the date of expiry of the Proposed ESS in accordance with the terms of the By-Laws provided that an announcement is released to Bursa Securities on the following:-

- (a) the effective date of termination;
- (b) the Kelington Shares vested pursuant to the Proposed ESS; and
- (c) the reasons for termination.

Upon expiry or termination of the Proposed ESS, any Grants which have yet to be vested (as the case may be and whether fully or partially) shall be deemed cancelled and be null and void.

Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of the Company by way of resolution in a general meeting and written consent of the Grantees in relation to the unvested Kelington Shares are not required to effect the termination of the Proposed ESS.

(v) Rights of a Grantee and ranking of the new Shares upon vesting of the Grant

The new Kelington Shares to be allotted and issued pursuant to the vesting of such Kelington Shares comprised in the Grant under the Proposed ESS shall not be entitled to any voting rights, dividends, rights, allotments, entitlements and/ or any other distributions, for which the entitlement date is prior to the date on which the new Kelington Shares are credited into the Grantees' respective Central Depository System accounts upon vesting of the Kelington Shares comprised in the Grant under the Proposed ESS.

The new Kelington Shares will be subject to the provisions of the Company's constitution and allotted and issued pursuant to the Proposed ESS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Kelington Shares.

(vi) Retention Period

The new Kelington Shares to be allotted and issued and/ or transferred to Eligible Employees (except Non-Executive Directors) pursuant to the Proposed ESS will not be subjected to any retention period unless the ESS Committee stipulates otherwise in the Offer.

The Non-Executive Directors must not sell, transfer, or assign any new Kelington Shares obtained pursuant to an Offer made to him within one (1) year from the Date of Offer pursuant to Paragraph 8.20 of the Listing Requirements.

(vii) Trust arrangement

Where existing Kelington Shares (not being treasury shares) are to be transferred to the Grantees under the Proposed ESS, Kelington will establish a trust to facilitate the implementation of the Proposed ESS to be administered by the Trustee consisting of such Trustee or its authorised nominee appointed by the Company from time to time for purposes of acquiring existing Kelington Shares in accordance with the trust deed, at such times as the ESS Committee shall instruct. To enable the Trustee to acquire Kelington Shares for the purpose of the Proposed ESS and to pay expenses in relation to the administration of trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/ or assistance, financial or otherwise from the Company. The ESS Committee shall have the discretion to instruct the Trustee to acquire existing Kelington Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

(viii) Listing of and quotation for the new Shares

The new Kelington Shares to be allotted and issued pursuant to the Proposed ESS will be listed and quoted on the Main Market of Bursa Securities.

4. DETAILS OF THE PROPOSED ALLOCATION

The Company proposes to allocate Kelington Shares to the eligible Directors of the Company, namely the following persons:-

- (i) Gan Hung Keng;
- (ii) Ong Weng Leong;
- (iii) Chan Thian Kiat;
- (iv) Tan Chuan Yong;
- (v) Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman;
- (vi) Soo Yuit Weng;
- (vii) Ng Lee Kuan;
- (viii) Cham Teck Kuang;
- (ix) Soh Tong Hwa; and
- (x) Hu Keqin.

5. UTILISATION OF PROCEEDS

The Company will not receive any proceeds pursuant to the Proposed ESS given that the Kelington Shares to be allotted and issued and/ or transferred to the Grantees would not require any payment by the said Grantees to the Company.

6. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ESS AND PROPOSED ALLOCATION

The implementation of the Proposed ESS and Proposed Allocation primarily serves to align the interests of the Eligible Employees (i.e. the eligible employees and/ or Directors of Kelington Group (excluding subsidiary companies which are dormant), who meet the criteria of eligibility for participation in the Proposed ESS as set out in the By-Laws) to the corporate goals of the Group. The Proposed ESS and Proposed Allocation will provide the Eligible Employees with an opportunity to have equity participation in the Company and help achieve the objectives as set out below:

- (i) to recognise the contribution of the Eligible Employees whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to attract and reward the Eligible Employees by allowing them to participate in the Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Company's shares;
- (iii) to motivate the Eligible Employees towards improved performance through greater productivity and loyalty;
- (iv) to inculcate a greater sense of belonging and dedication as the Eligible Employees are given the opportunity to participate directly in the equity of the Company; and
- (v) to possibly retain the Eligible Employees, hence ensuring that the loss of key personnel is kept to a minimum level.

The Proposed ESS is also extended to the Non-Executive Directors of the Kelington Group in recognition of their contribution to the growth and performance of the Kelington Group and is also expected to incentivise these Non-Executive Directors to continue providing strategic direction to the Kelington Group by allowing their equity participation in the growth and profits of the Kelington Group.

7. IMPACT OF COVID-19 ON THE GROUP

The Group's operations had experienced disruptions as its operations were halted temporarily during the first movement control order ("**MCO**") which took effect from 18 March 2020. The Group had resumed operations when the conditional MCO took effect, albeit with strict Standard Operating Procedures (SOPs) in place, which includes temperature monitoring for all employees and visitors, ensuring physical distancing during work, and the purchase of personal protective equipment.

Although the Group's operations were disrupted, its financial performance and cash flows for the FYE 31 December 2020 had not been materially impacted by the COVID-19 pandemic. For shareholders' information, the Group incurred total costs of approximately RM0.56 million in Malaysia as at the LPD, to comply with the SOPs imposed by the Malaysian Government. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

8. EFFECTS OF THE PROPOSED ESS

8.1 Issued share capital

The Proposed ESS will not have any immediate effect on the existing issued share capital of the Company until such time new Shares are issued pursuant to the Proposed ESS.

The issued share capital of the Company may increase progressively depending on the number of new Kelington Shares to be allotted and issued pursuant to the vesting of Kelington Shares comprised in the Grant under the Proposed ESS. However, if existing Shares are to be transferred vide treasury shares or existing Shares to Eligible Employees pursuant to the Proposed ESS, there will be no effect on the issued share capital of the Company.

As at the LPD, the Company has 214,333,821 outstanding Warrants B. The pro forma effects of the Proposed ESS on the issued share capital of the Company are set out below:

	Minimum Scenario		Maximum Scenario	
	No. of shares	RM'000	No. of shares	RM'000
Issued share capital as at the LPD	645,246,952	73,292	645,246,952	73,292
Treasury shares adjustment	(2,239,800)	(534)	-	-
Assuming full exercise of Warrants B	-	-	214,333,821	295,781
	643,007,152	72,758	859,580,773	369,073
Shares to be issued pursuant to the Proposed ESS	25,720,286 ^{*1}	30,720 ^{*2}	34,383,230 ^{*1}	41,067 ^{*2}
Enlarged issued share capital	668,727,438	103,478	893,964,003	410,140

Notes:-

^{*1} Computed based on 4% of the total number of issued Shares (excluding treasury shares, under the Minimum Scenario). For avoidance of doubt, the maximum number of Shares which may be made available pursuant to the Proposed ESS shall not exceed 4% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the tenure of the Proposed ESS

^{*2} Assuming the Shares to be issued pursuant to the Proposed ESS are exercised into new Shares at the indicative exercise price of RM1.1944 per Share, which represents a discount of approximately 10.00% to the 5-day VWAP of Kelington Shares up to and including the LPD of RM1.3271 per Kelington Share

It should be noted that even if the Maximum Kelington Shares Available stipulated above are awarded to the Grantees, the actual number of new Kelington Shares to be issued may be less in view of the following:-

- (i) the Grantees would need to meet the vesting conditions to be entitled to the full vesting of the Kelington Shares comprised in their Grant under the Proposed ESS;
- (ii) the Grants may be satisfied through the transfer of existing Kelington Shares and/ or treasury shares of the Company which will be purchased by the Trustee or Company (as the case may be) from Main Market of Bursa Securities, instead of via the issuance and allotment of new Kelington Shares; and

- (iii) the Company may pay the equivalent cash value of the Grant in satisfaction of the vesting of Kelington Shares comprised in the Grant under the Proposed ESS.

8.2 NA per Share and gearing ratio

The Proposed ESS will not have any immediate effect on the consolidated NA, consolidated NA per Kelington Share and gearing of the Kelington Group until such time as and when the new Kelington Shares are allotted and issued pursuant to the vesting of Kelington Shares comprised in the Grant under the Proposed ESS. Any potential effects on the consolidated NA, consolidated NA per Kelington Share and gearing will depend on the number of new Kelington Shares to be issued. Whilst the granting of the Grant under the Proposed ESS is expected to result in recognition of a charge in the statement of comprehensive income of the Group pursuant to the Malaysian Financial Reporting Standard 2 on Share-based Payment as issued by the MFRS 2. The recognition of such MFRS 2 charge would not affect the NA, NA per Share and gearing of the Group as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

For illustrative purposes, in the case of settlement by issuance of new Kelington Shares and/ or transfer of treasury shares, upon vesting of the Grant, the consolidated NA per share of the Kelington Group is expected to decrease resulting from the issuance and allotment of new Kelington Shares pursuant to the Grant.

In the case of settlement by transfer of existing Kelington Shares, treasury shares and/ or cash, the Grant shall be recognised as an expense in the consolidated statement of income.

In this regard, the Proposed ESS will reduce the consolidated NA, consolidated NA per Kelington Share and increase the gearing of Kelington Group as a result of the decrease in the shareholder's funds of the Group. Nonetheless, the Proposed ESS is not expected to have a material impact on Kelington's consolidated NA, NA per share and gearing for the financial year ending 31 December 2022.

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8.3 Substantial shareholders' shareholdings

The Proposed ESS will not have any immediate effect on the shareholdings of the substantial shareholders of Kelington until such time as and when the new Kelington Shares are allotted and issued, or treasury shares delivered pursuant to the vesting of Kelington Shares comprised in the Grant under the Proposed ESS or if such substantial shareholder is a Grantee vested with Kelington Shares. Any potential effect on the shareholdings of the substantial shareholders of Kelington in the future would also depend upon the mode of settlement of the Grant at the date of vesting.

In the event that existing Kelington Shares are purchased for delivery to Selected Employees as a mode of settlement pursuant to the Proposed ESS, there will be no impact on the shareholdings of Kelington's substantial shareholders. Similarly, if Kelington pays the equivalent cash value pursuant to the Proposed ESS, there will be no effect on the shareholdings of Kelington's substantial shareholders.

For illustration purpose, the pro forma effects of the Proposed ESS on the shareholdings of the substantial shareholders of Kelington are as follows:

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD			After the issuance of shares pursuant to the Proposed ESS		
	<-----Direct----->	% ^{*1}	No. of Shares	<-----Direct----->	% ^{*2}	No. of Shares
Palace Star Sdn Bhd	135,406,980	21.06	-	135,406,980	20.25	-
Sun Lead International Limited	39,635,466	6.16	-	39,635,466	5.93	-
Gan Hung Keng	4,696,332	0.73	135,406,980 ^{*3}	4,696,332	0.70	135,406,980 ^{*3}
Ong Weng Leong	4,391,800	0.68	135,406,980 ^{*3}	4,391,800	0.66	135,406,980 ^{*3}
Cham Teck Kuang	-	-	135,406,980 ^{*3}	-	-	135,406,980 ^{*3}
Hu Keqin	-	-	135,406,980 ^{*3}	-	-	135,406,980 ^{*3}
Soh Tong Hwa	1,475,532	0.23	137,877,778 ^{*4}	1,475,532	0.22	137,877,778 ^{*4}
Fortune Dragon Holding Inc	-	-	39,635,466 ^{*5}	-	-	39,635,466 ^{*5}
Lien Hwa Industrial Holdings Corp	-	-	39,635,466 ^{*5}	-	-	39,635,466 ^{*5}

Notes:-

^{*1} Based on the total issued shares (excluding treasury shares) of 643,007,152 in Kelington

^{*2} Based on the total issued shares of 668,727,438 in Kelington

^{*3} Deemed interested under Section 8 of the Act by virtue of their direct interests in Palace Star Sdn Bhd

^{*4} Deemed interested under Section 8 of the Act by virtue of his direct interests in Palace Star and Sin Huat Hing Farm Sdn Bhd and deemed interested under Section 59(11)(c) of the Act by virtue of shares held by his spouse and child

^{*5} Deemed interested under Section 8 of the Act by virtue of its direct interests in Sun Lead International Limited

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I Assuming all treasury shares are resold and full exercise of Warrants B				II After I and the issuance of shares pursuant to the Proposed ESS			
	<-----Direct-----> No. of Shares	<-----Indirect-----> No. of Shares	% ^{*1}	%	<-----Direct-----> No. of Shares	<-----Indirect-----> No. of Shares	% ^{*2}	%	<-----Direct-----> No. of Shares	<-----Indirect-----> No. of Shares	% ^{*3}	%
Palace Star Sdn Bhd	135,406,980	-	21.06	-	188,718,140	-	21.95	-	188,718,140	-	21.11	-
Sun Lead International Limited	39,635,466	-	6.16	-	52,847,288	-	6.15	-	52,847,288	-	5.91	-
Gan Hung Keng	4,696,332	0.73	135,406,980 ^{*4}	21.06	6,261,776	0.73	188,718,140 ^{*4}	21.95	6,261,776	0.70	188,718,140 ^{*4}	21.11
Ong Weng Leong	4,391,800	0.68	135,406,980 ^{*4}	21.06	5,855,733	0.68	188,718,140 ^{*4}	21.95	5,855,733	0.66	188,718,140 ^{*4}	21.11
Cham Teck Kuang	-	-	135,406,980 ^{*4}	21.06	-	-	188,718,140 ^{*4}	21.95	-	-	188,718,140 ^{*4}	21.11
Hu Kegin	-	-	135,406,980 ^{*4}	21.06	-	-	188,718,140 ^{*4}	21.95	-	-	188,718,140 ^{*4}	21.11
Soh Tong Hwa	1,475,532	0.23	137,877,778 ^{*5}	21.44	1,967,376	0.23	192,012,536 ^{*5}	22.34	1,967,376	0.22	192,012,536 ^{*5}	21.48
Fortune Dragon Holding Inc	-	-	39,635,466 ^{*6}	6.16	-	-	52,847,288 ^{*6}	6.15	-	-	52,847,288 ^{*6}	5.91
Lien Hwa Industrial Holdings Corp	-	-	39,635,466 ^{*6}	6.16	-	-	52,847,288 ^{*6}	6.15	-	-	52,847,288 ^{*6}	5.91

Notes:-

- *1 *Based on the total issued shares (excluding treasury shares) of 643,007, 152 in Kelington*
- *2 *Based on the total issued shares (including treasury shares) of 859, 580, 773 in Kelington*
- *3 *Based on the total issued shares (including treasury shares) of 893, 964, 003 in Kelington*
- *4 *Deemed interested under Section 8 of the Act by virtue of their direct interests in Palace Star Sdn Bhd*
- *5 *Deemed interested under Section 8 of the Act by virtue of his direct interests in Palace Star and Sin Huat Hing Farm Sdn Bhd and deemed interested under Section 59(11)(c) of the Act by virtue of shares held by his spouse and child*
- *6 *Deemed interested under Section 8 of the Act by virtue of its direct interests in Sun Lead International Limited*

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8.4 Earnings and EPS

Under MFRS 2, the potential cost of awarding the Grant under the Proposed ESS, after taking into account, among others, the price of Kelington Shares, will need to be measured at fair value on the date of the Grant and recognised as an expense in the consolidated statement of income over the vesting period.

The extent of the effect of the Proposed ESS on the Kelington Group's earnings and EPS cannot be determined at this juncture, as it would depend on various factors that affect the fair value of the Kelington Shares as at the respective dates of the Grant. For clarification purposes, the potential cost of the Grants does not represent a cash outflow as it is only an accounting treatment. However, there will be a cash outflow if the Company provides funds to the Trustee to acquire existing Kelington Shares to be held in trust for the purpose of the Proposed ESS and/ or the Company pay the equivalent cash value of the Grant in satisfaction of the vesting of Kelington Shares comprised in the Grant under the Proposed ESS.

Excluding the effects on the future earnings contribution to Kelington Group and the potential cost of awarding the Grant under MFRS 2, the Proposed ESS will have a dilutive effect on the Kelington Group's EPS due to the increase in the number of Kelington Shares resulting from the Grant should there be any allotment and issuance of new Kelington Shares to satisfy any Grants under the Proposed ESS.

In the case of settlement by transfer of existing Kelington Shares and/ or cash, the Grant shall be recognised as an expense in the consolidated statement of income and will reduce the earnings and EPS of Kelington Group accordingly.

The Board will take into consideration the potential impact of MFRS 2 on the Kelington Group's future earnings when considering award of the Grant to the Eligible Employees.

8.5 Convertible securities

As at the LPD, save for the outstanding Warrants B, the Company does not have any other convertible securities. The Proposed ESS will not give rise to any adjustment to the exercise price and number of Warrants B.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Kelington Shares traded on Bursa Securities for the past 12 months from April 2021 to March 2022 are set out below:-

	High RM	Low RM
2021		
April	1.219	0.968
May	1.057	0.909
June	1.156	0.998
July	1.294	1.008
August	1.324	1.136
September	1.865	1.304
October	1.845	1.587
November	1.775	1.418
December	1.756	1.537

	High RM	Low RM
2022		
January	1.845	1.349
February	1.607	1.349
March	1.408	1.091
Last transacted market price of Kelington Shares as at 1 March 2022 (being the latest trading day prior to the announcement on the Proposed ESS)		1.410
Last transacted market price on the LPD		1.370

(Source: Bloomberg)

The monthly highest and lowest transacted prices of Warrants B for the past 12 months from the date of this Circular as traded on Bursa Securities from August 2021 to March 2022 are as follows:-

	High RM	Low RM
2021		
August	0.430	0.305
September	1.090	0.370
October	1.060	0.810
November	0.925	0.730
December	0.825	0.740
2022		
January	0.860	0.545
February	0.710	0.570
March	0.635	0.400
Last transacted market price of Warrants as at 1 March 2022 (being the latest trading day prior to the announcement on the Proposed ESS)		0.600
Last transacted market price on the LPD		0.620

10. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities, for the for the listing of and quotation for such number of new Shares, representing up to 4% of Kelington's total number of issued shares (excluding treasury shares of Kelington, if any) that may be issued pursuant to the Proposed ESS on the Main Market of Bursa Securities, the approval of which has been obtained vide its letter dated 30 March 2022 subject to the following conditions:-

Conditions	Status of compliance
(a) Kelington and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESS;	To be complied

Conditions	Status of compliance
(b) UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESS pursuant to Paragraph 6.43(1) of the Listing Requirement and stating the effective date of the implementation together with certified true copy of the resolution passed by shareholders in general meeting approving the Proposed ESS; and	To be complied
(c) Kelington is required to furnish Bursa Securities on a quarterly basis of summary of the total number of Shares listed pursuant to the Proposed ESS as at the end of each quarter together with a detail computation of listing fees payable.	To be complied
(ii) the approval of the shareholders of Kelington at the EGM in relation to the Proposed ESS; and	
(iii) any other relevant authority, if required.	

The Proposed ESS Termination is not subject to shareholders' approval.

The Proposed ESS is conditional upon the Proposed ESS Termination.

The Proposed Allocation is conditional upon the Proposed ESS.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

Under the Proposed ESS, all the Directors of Kelington are entitled to participate in the Proposed ESS and are therefore deemed interested in the Proposed ESS to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed ESS.

Accordingly, all the Directors of Kelington have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meeting(s) in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESS.

All the Directors of Kelington will also abstain from voting in respect of their direct and/ or indirect shareholdings, if any, at the EGM of the Company to be convened on the ordinary resolutions to be tabled for their respective proposed allocation, if any, as well as the proposed allocations to the persons connected to them, if any.

All the Directors of Kelington will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the ordinary resolutions pertaining to such Directors' respective proposed allocation to be tabled at the EGM of the Company to be convened.

The direct and indirect shareholdings of the Directors of Kelington as at the LPD are as follows:-

Director	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}
Gan Hung Keng	4,696,332	0.73	135,406,980 ^{*2}	21.06
Ong Weng Leong	4,391,800	0.68	135,406,980 ^{*2}	21.06
Chan Thian Kiat	32	- ^{*3}	-	-
Tan Chuan Yong	463,332	0.07	-	-
Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman	47,600	0.01	-	-
Soo Yuit Weng	1,404,000	0.22	-	-
Cham Teck Kuang	-	-	135,406,980 ^{*2}	21.06
Soh Tong Hwa	1,475,532	0.23	137,877,778 ^{*4}	21.44
Hu Keqin	-	-	135,406,980 ^{*2}	21.06

Notes:-

^{*1} Based on the total issued shares (excluding treasury shares) of 643,007,152 in Kelington

^{*2} Deemed interested under Section 8 of the Act by virtue of their direct interests in Palace Star Sdn Bhd

^{*3} Negligible

^{*4} Deemed interested under Section 8 of the Act by virtue of his direct interests in Palace Star and Sin Huat Hing Farm Sdn Bhd and deemed interested under Section 59(11)(c) of the Act by virtue of shares held by his spouse and child

Save as disclosed above, none of the other Directors, Major Shareholders, Chief Executive of Kelington and/ or any persons connected with them have any interest, direct or indirect in the Proposed ESS and Proposed Allocation. All proposed allocation of Grants to interested Directors and persons connected to them are subject to the approval of the shareholders of Kelington.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed ESS to be completed in the second quarter of 2022.

The tentative timetable in relation to the Proposed ESS are set out below:-

Timeline	Events
31 May 2022	<ul style="list-style-type: none"> Convening of EGM
Early June 2022	<ul style="list-style-type: none"> Implementation of the Proposed ESS

13. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, which are the subject matters of this Circular, the Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, subject to Section 9 above and after having considered all aspects of the Proposals, which include, but are not limited to, the basis, the rationale and the pro forma effects of the Proposed ESS, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board (except for the interested Directors who have abstained from expressing an opinion and making any recommendation in respect of their respective Proposed Allocation) recommends that you **vote in favour** for the resolution pertaining to the Proposed ESS to be tabled at the forthcoming EGM.

15. EGM

The EGM, the notice of which is enclosed in this Circular, which will be conducted fully virtual from the Broadcast Venue at Lot 9-11 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur on the date and time indicated below or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed ESS and Proposed Allocation.

Date and time of the EGM	: Tuesday, 31 May 2022 at 12:00 noon
Meeting Platform	: Dvote Online website at https://www.DigitizeVote.my
Modes of Communication	: 1. Typed text in the Online Meeting Platform 2. Submit your questions to ccid@kelington-group.com prior to the EGM date

If you are unable to attend, participate and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the office of the Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia if in hard copy or at Khairul.Igram@boardroomlimited.com if by electronic means not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating and voting in person at the forthcoming EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

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

IR. GAN HUNG KENG
Executive Chairman/ Chief Executive Officer

**KELINGTON GROUP BERHAD
EMPLOYEES' SHARE SCHEME**

1. DEFINITIONS

1.1 In these By-Laws, except where the context otherwise requires, the following expressions shall have the following meanings:

“Act”	:	Companies Act, 2016 as amended from time to time and all regulations made thereunder and any re-enactment thereof
“Adviser”	:	A corporate finance adviser that may act as a principal adviser under the Securities Commission Malaysia's Principal Adviser Guidelines (as amended from time to time)
“Board”	:	Board of directors of Kelington
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577(635998-W))
“By-Laws”	:	The rules, terms and conditions of the Scheme as set out herein, and shall include any amendments or variations made thereto from time to time
“CDS”	:	The Central Depository System governed under SICDA
“CDS Account”	:	The CDS account established by Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
“Date of Offer”	:	The date on which an Offer is made or deemed made by the ESS Committee to a Selected Employee which shall be the date the Offer is served in accordance with By-Law 33.2
“Director”	:	Being a person that: (a) occupies or act in the position of director, whether in an executive or non-executive capacity; (b) is in accordance with whose directions or instructions the directors of a corporation are accustomed to act; and (c) is an alternate or substitute director.
“Effective Date”	:	The date for the launch and implementation of the ESS being the date of full compliance with all relevant requirements of Chapter 6 of the Listing Requirements including the last of the approvals and/or conditions referred to in By-Law 6.1 have been obtained and/or complied with
“Eligible Employee(s)”	:	Any Director (including non-executive Directors) and/or employee of the Group who fulfils the conditions of eligibility as stipulated in By-Law 4

APPENDIX I – DRAFT BY-LAWS (CONT'D)

“Entitlement Date”	:	The date as at the close of business on which the names of the shareholders of Kelington must appear on Kelington's record of depositors in order to participate in any dividends, rights, allotments or other distributions
“ESS” or “Scheme”	:	The Kelington Group's share scheme which entails a share grant scheme set up under and governed by these By-Laws
“ESS Committee”	:	The committee comprising of Director(s) and/or Senior Management of the Group duly appointed from time to time and approved by the Board pursuant to By-Law 19 to implement and administer the ESS in accordance with these By-Laws
“ESS Shares”	:	New and/or existing Kelington Shares to be awarded to an Eligible Employee or to be made available to an Eligible Employee pursuant to the Offer
“Grantee(s)”	:	Selected Employees who have duly accepted an Offer in accordance with the terms of the Scheme
“Grant(s)”	:	Grant(s) granted to the Selected Employees comprising the ESS Shares granted pursuant to By-Laws 8
“Kelington” or “Company”	:	Kelington Group Berhad (Registration No.: 199901026486 (501386-P)), a company incorporated under the laws of Malaysia whose registered office is at 10 th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur and shall, where the context admits, include its successors in title
“Kelington Group” or “Group”	:	Kelington and its Subsidiaries
“Kelington Shares” or “Shares”	:	Ordinary shares in the Company
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“Market Day”	:	Any day(s) on which Bursa Securities is open for trading in securities
“Maximum Allowable Allotment”	:	The aggregate maximum number of ESS Shares that may be made available to any one category/designation of Selected Employees pursuant to By-Law 5
“Offer”	:	An offer made in writing by the ESS Committee to a Selected Employee pursuant to By-Law 8
“Offer Period”	:	The period of fourteen (14) days from the Date of Offer or such other period as may be determined by the ESS Committee having regard to the Terms of Reference and specified in the Offer during which an Offer may be accepted
“person connected”	:	Has the meaning given to “person connected” adopted in Paragraph 1.01 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules of the Exchange”	:	Rules of Bursa Securities

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- | | | |
|-------------------------------|---|--|
| "Scheme Period" | : | The period of the Scheme as set out in By-Law 6.1 unless earlier terminated in accordance with By-Law 6.3 |
| "Selected Employee(s)" | : | An Eligible Employee(s) to whom an Offer has been made pursuant to By-Law 8 |
| "Senior Management" | : | Such employees of Kelington Group as the ESS Committee may in its absolute discretion determine to be senior management and which shall be subject to any criteria as may be determined at the sole discretion of the ESS Committee from time to time |
| "SICDA" | : | Securities Industry (Central Depositories) Act, 1991 |
| "Subsidiaries" | : | Subsidiaries of Kelington within the meaning of Section 4 of the Act which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period unless determined by the Board and/or ESS Committee, in its absolute discretion, that any such subsidiary of Kelington shall not fall within this expression. "Subsidiary" shall be construed accordingly |
| "Terms of Reference" | : | The terms of reference which the Board may establish to regulate and govern the ESS Committee's functions and/or responsibilities under these By-Laws as amended from time to time |
| "Trust" | : | The trust that may be established to facilitate the implementation and administration of the ESS |
| "Trust Deed" | : | The trust deed constituting the Trust to be executed between the Trustee and the Company (if applicable) |
| "Trustee" | : | The trustee(s) or its authorised nominee for the time being appointed by the Company to administer the Trust pursuant to By-Law 20.2, if applicable |
| "Unvested ESS Shares" | : | ESS Shares or any part thereof which have not been vested in the Grantee pursuant to a Grant by the relevant date |
| "Vesting Date" | : | The date on which the ESS Shares granted pursuant to a Grant is vested in the Grantee |
- 1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and words importing the masculine, feminine or neuter gender shall include all genders.
- 1.3 The headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws.
- 1.4 Any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority).

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 1.5 Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Offer of Grant offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced.
- 1.6 Any liberty, power or discretion which may be exercised or any decision or determination which may be made (including any selection) hereunder by the ESS Committee (including any selection) or the Board may be exercised in the ESS Committee's sole and absolute discretion having regard only to the Terms of Reference (where applicable) or in the Board's sole and absolute discretion (as the case may be) and the ESS Committee and/or the Board shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.7 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day provided always that if such day shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day.
- 1.8 Any reference to the Company and/or other person shall include a reference to the successors-in-title and permitted assigns.
- 1.9 Unless otherwise stated herein and whenever applicable, the currency adopted for any matter referred to in this By-Laws is RM and sen, being the lawful currency of Malaysia.

2. THE SCHEME

- 2.1 The Scheme shall be called the **"Kelington Group Berhad Employees' Share Scheme 2022"**.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 Subject to By-Law 3.2, the maximum number of ESS Shares which may be made available under the ESS shall not exceed in aggregate four percent (4%) of the total issued shares of the Company (excluding treasury shares, if any) at any point of time during the Scheme Period (**"Maximum ESS Shares"**). The ESS Committee has the discretion in determining whether the total number of Kelington Shares which may be made available under the Scheme shall be staggered over the duration of the Scheme.
- 3.2 In the event that the Company purchases or cancels its own Shares in accordance with the provisions of the Act or undertakes any other corporate proposal and thereby reduces the number of issued Kelington Shares, resulting in the Maximum ESS Shares to be issued under the ESS to exceed four percent (4%) of the total issued shares of the Company (excluding treasury shares, if any), the following provisions shall apply in respect of future Offers but all the Offers and/or Grants granted prior to such purchase and/or the reduction/adjustment of the issued shares of the Company shall remain valid or exercisable in accordance with the provisions of these By-Laws as if that reduction/adjustment had not occurred:
 - (a) if, after such purchase, cancellation and/or reduction, the aggregate number of ESS Shares in respect of the Offers and/or Grants granted by the Company as at the date of purchase, cancellation and/or reduction of Kelington Shares is greater than the Maximum ESS Shares, no further Offers shall be made by the ESS Committee until such aggregate number of ESS Shares in respect of the Offers and/or Grants granted falls below the Maximum ESS Shares; and
 - (b) if, after such purchase, cancellation and/or reduction, the aggregate number of ESS Shares in respect of the Offers and/or Grants granted by the Company as at the date of purchase, cancellation and/or reduction of Kelington Shares is less than the Maximum ESS Shares, the ESS Committee may make further Offers but only until such aggregate

APPENDIX I – DRAFT BY-LAWS (CONT'D)

number of ESS Shares in respect of the Offers and/or Grants granted is equivalent to the Maximum ESS Shares after such purchase, cancellation and/or reduction.

- 3.3 The Company and/or ESS Committee will use all reasonable efforts to make available/ensure that it/the Trustee (if applicable) has available and sufficient Kelington Shares to satisfy the Offers made during the Scheme Period.
- 3.4 ESS Shares which are the subject of Offers and/or Grants which have lapsed for any reason whatsoever may be the subject of further Scheme made by the ESS Committee under the Scheme.
- 3.5 Notwithstanding the above, the Company may implement more than one (1) employee share scheme during the duration of this Scheme provided that the aggregate ESS Shares available for issuance under all the share issuance schemes implemented by ESS are not more than fifteen per centum (15%) of its total number of issued shares (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

4. ELIGIBILITY

- 4.1 Subject to the determination and absolute discretion of the ESS Committee, any Director (including non-executive Directors) or employee of Kelington Group, which may include persons connected to a Director or major shareholder, who meets the following criteria as at the Date of Offer shall be eligible for consideration and selection as a Selected Employee by the ESS Committee:

- (a) if he/she has attained the age of at least eighteen (18) years on the Date of Offer and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) if he/she is an employee, he/she is employed on a full-time basis and is on the payroll of any corporation (not being dormant) in the Kelington Group and has not served a notice to resign or received a notice of termination;
- (c) if he/she is an employee, his/her employment has been confirmed in writing and is not under any probationary period;
- (d) if he/she is a Director, he/she has been appointed as a Director of the Company or any corporation in the Kelington Group for such period as may be determined by the ESS Committee and has not served a notice to resign nor received a notice of termination;
- (e) if he/she is a:
 - (i) a Director, major shareholder or chief executive officer of Kelington or holding company of Kelington (if any) ("**interested director**", "**interested major shareholder**" and "**interested chief executive**"); or
 - (ii) a person who is connected with an interested director, interested major shareholder or interested chief executive ("**interested person connected with a director, major shareholder or chief executive**"),

the specific allocation of Offers and/Grants granted by the Company under the ESS to him/her in his/her capacity as a interested director, interested major shareholder, interested chief executive and interested person connected with a director, major shareholder or chief executive has been approved by shareholders of the Company at a general meeting, subject to By-Law 4.2 below;

- (f) if he/she is not participating or entitled to participate in any other employee share scheme or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee shall so determine, and

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (g) if he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

Subject to the applicable laws, the ESS Committee may vary or revise any of the eligibility criteria set forth in this section at any time and from time to time at its absolute discretion.

- 4.2 In a meeting to obtain shareholder approval in respect of the specific allocation of Offers and/or Grants referred to under By-Law 4.1(e):

- (a) the interested director, interested major shareholder, interested chief executive or interested person connected with a director, major shareholder or chief executive; and

- (ii) where the allocation is in favour of an interested person connected with a director, major shareholder or chief executive, such director, major shareholder or chief executive,

must not vote on the resolution approving the said allocation and allotment and/or award. An interested director, interested major shareholder or interested chief executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment and/or award.

- 4.3 An Eligible Employee who represents the Government or Government institutions/agencies and Government employees who are in the public service as defined under Article 132 of the Federal Constitution are not eligible to participate in the ESS.

- 4.4 For the avoidance of doubt, the following persons are not Eligible Employee and do not qualify for participation in the Scheme:

- (a) employees of a corporation which has ceased to be a subsidiary of Kelington, as determined by the Board and/or ESS Committee, in its absolute discretion; and

- (b) a Director or employee of a corporation within the Kelington Group which is dormant.

- 4.5 The eligibility under the ESS does not confer on an Eligible Employee a claim or right to participate in or any rights whatsoever under the ESS and an Eligible Employee does not acquire or have any right whatsoever over or in connection with the Offers and/or Grants comprised therein unless an Offer has been made by the ESS Committee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and By-Law 11.

- 4.6 Notwithstanding anything to the contrary in these By-Laws subject always to By-Laws 22 and 24, the ESS Committee may, in its discretion, waive the eligibility criteria set out in By-Law 4.1 or at its discretion decide not to make an Offer(s) and/or Grant(s). The eligibility and number of ESS Shares to be awarded to an Eligible Employee under the Scheme shall be at the sole and absolute discretion of the ESS Committee and the decision of the ESS Committee shall be final and binding.

- 4.7 In determining the eligibility of an Eligible Employee to participate in the Scheme, the ESS Committee may take into account amongst other factors, performance, job class or grading, seniority, length of service and/or contribution to the relevant corporation within the Kelington Group, and/or such other factors that the ESS Committee may in its sole and absolute discretion deem fit. The selection of any Eligible Employee for participation in the ESS shall be made by the ESS Committee whose decision shall be final and binding.

- 4.8 Where an Offer and/or Grant is to an Eligible Employee who is a member of the ESS Committee, such Offer and/or Grant shall be decided and carried out by the ESS Committee PROVIDED ALWAYS that such Eligible Employee and persons connected to him/her who are also members of the ESS Committee shall abstain from all deliberations and voting in respect of the Offer and/or Grant proposed to be offered or awarded to him/her as well as persons connected to him/her or the proposed allocation to him/her as well as persons connected to him/her or the vesting of ESS Shares to him/her as well as persons connected to him/her at the relevant ESS Committee meetings.

5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

5.1 The allocation of the aggregate number of Kelington Shares to be made available under the ESS shall be determined by the ESS Committee at such time as the ESS Committee deems appropriate after taking into consideration the performance of the entire Group, the Selected Employee's personal grade, individual work performance rating and contribution to the continued success of the Group and/or such other criteria as the ESS Committee may deem relevant. Subject to By-Law 3 and any adjustment which may be made under these By-Laws, the aggregate number of Grants that may be granted to a Selected Employee shall be determined by the ESS Committee provided that:

- (a) the Directors (including non-executive Directors) and Selected Employees do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them;
- (b) no allocation of more than ten percent (10%) of the Maximum ESS Shares (or such other percentage as may be permitted by Bursa Securities and/or any other relevant authorities from time to time) and any other scheme involving issuance of new Shares to the Eligible Employees to be implemented from time to time by the Company shall be made to any Selected Employee who, either singly or collectively through persons connected with them, hold twenty percent (20%) or more of the issued shares of Kelington (excluding treasury shares, if any); and
- (c) up to 70.0% of the Maximum ESS Shares shall be allocated in aggregate to the Directors and Senior Management of the Kelington Group. This is intended to incentivise the Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of Kelington Group and to incentivise the Senior Management of the Group for their commitment, dedication and loyalty towards attainment of higher performance,

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as may be amended from time to time.

5.2 Subject to By-Law 5.1 and any adjustment which may be made pursuant to By-Law 17, the ESS Committee shall also at its sole discretion decide in relation to an Grant, amongst others, the date of the Grant, performance condition(s), performance period(s), service period(s), the vesting period(s), Vesting Date(s), release schedule(s), retention period(s) and the number of ESS Shares in the Offer and Grant and the extent to which the Kelington Shares which are the subject of the Grant shall be released on the performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the vesting period(s).

For avoidance of doubt, the ESS Committee may at its absolute discretion to determine whether granting of the Kelington Shares to any Selected Employee will be staggered over the duration of the ESS or in a single grant at such times and on terms determined by the ESS Committee. In any event that the granting of Kelington Shares will be staggered, the maximum number of ESS Shares which may be made available under the ESS shall not exceed 4% at any point in time during the duration of the Scheme Period.

5.3 Subject to By-Law 22, the ESS Committee may at its sole and absolute discretion and pursuant to By-Law 19, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offer(s) and/or Grant(s) to Eligible Employee including the Maximum Allowable Allotment for which it shall deem necessary to introduce during the duration of the Scheme provided that these bases are in compliance with the relevant Listing Requirements and applicable laws.

5.4 In the event that an Eligible Employee is promoted, he/she shall be entitled to continue to hold all unvested ESS Shares held by him/her. The Maximum Allowable Allotment applicable to such

APPENDIX I – DRAFT BY-LAWS (CONT'D)

Eligible Employee shall be the Maximum Allowable Allotment that may be awarded corresponding to the category of the employee of which he/she then is a party, subject always to the Maximum ESS Shares available under the Scheme as stipulated under By-Law 3.

- 5.5 In the event that an Eligible Employee is demoted, he shall be entitled to all vested ESS Shares unless otherwise determined by the ESS Committee and the number of unvested ESS Shares held by him/her at that time may be reduced by the ESS Committee in its sole and absolute discretion.
- 5.6 The ESS Committee shall not be obliged in any way to award, grant or vest to any Eligible Employee any Offer and/or Grant. The decision of the ESS Committee shall be final and binding.
- 5.7 The Company and/or ESS Committee shall ensure that:
- (a) the allocation of Grants to the Selected Employees is verified at the end of each financial year of the Company by the Company's audit committee, as being in compliance with the criteria referred to in By-Law 5.2; and
 - (b) a statement by the audit committee, verifying such allocation, is included in the Company's annual report.

6. SCHEME PERIOD AND TERMINATION OF THE SCHEME

- 6.1 The ESS shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with and shall continue to be in force for a period of five (5) years from the Effective Date:
- (a) Receipt of the approval-in-principle from Bursa Securities for the listing of and quotation for the new Kelington Shares, if any, to be issued under the ESS;
 - (b) Procurement of the shareholders' approval of Kelington for the ESS at an extraordinary general meeting;
 - (c) the submission to Bursa Securities of the final version of the By-Laws together with a letter of compliance pursuant to paragraphs 2.12 and 6.42 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (d) the approval of any other relevant authorities for the ESS (if any); and
 - (e) fulfilment of all conditions attached to the above approvals (if any),

provided always that on or before the expiry thereof, the Company may, the Board shall have the absolute discretion upon recommendation of the ESS Committee, to extend in writing the tenure of the ESS for another five (5) years or such shorter period as it deems fit immediately from the expiry of the initial five (5) years, and shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. Such extended Scheme shall be implemented in accordance with the terms of these By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of the Company or other persons or authorities shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each Grantee(s) and/or make any necessary announcements to any party and/or Bursa Securities (if required) within thirty (30) days prior to the date of expiry or such other period as may be stipulated by Bursa Securities.

- 6.2 Within five (5) Market Days from the Effective Date, the Company shall through its Adviser submit a confirmation to Bursa Securities of full compliance with the approvals and/or conditions set out in By-Law 6.1 stating the Effective Date of implementation of the Scheme, together with a certified true copy of the relevant resolution passed by the shareholders of Kelington in the general meeting approving the ESS.
- 6.3 Subject to By-Law 6.4, the Company may at any time during the duration of the Scheme terminate the Scheme and, upon expiry of the notice period stipulated in By-Law 6.4, shall

APPENDIX I – DRAFT BY-LAWS (CONT'D)

immediately announce to Bursa Securities the:

- (a) effective date of termination of the Scheme (“**Termination Date**”);
 - (b) number of Kelington Shares vested; and
 - (c) reasons for termination of the Scheme.
- 6.4 Subject to By-Law 7.2, prior to the termination of the Scheme pursuant to By-Law 6.3, the Company shall provide thirty (30) days’ notice to all Grantee(s) to allow the issuance and/or transfer any shares of any vested Grant(s) prior to the Termination Date.
- 6.5 Notwithstanding anything to the contrary, all Offers not accepted and unvested Grants shall lapse on the date of expiry or earlier termination of the Scheme pursuant to By-Law 6.3.
- 6.6 In the event of the expiry or termination as stipulated in By-Law 6.3 above, the following provisions shall apply:
- (a) no further Offer(s) shall be made and/or Grant(s) shall be granted by the ESS Committee from the expiry date or Termination Date (as the case may be);
 - (b) all Offers which have yet to be accepted by Eligible Employees shall automatically lapse on the expiry date or Termination Date (as the case may be); and
 - (c) any Grant(s) which have yet to be vested (whether fully or partially) under the Scheme shall be deemed cancelled and be null and void.
- 6.7 Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of the Company by way of a resolution in an extraordinary general meeting and written consent of Grantee(s) in relation to unvested Grant(s) are not required to effect a termination of the Scheme.

7. RETENTION PERIOD

- 7.1 The ESS Shares to be allotted and issued or transferred to the Grantees pursuant to these Scheme will not be subjected to any retention period unless otherwise stipulates in the Offer as determined by the ESS Committee.
- 7.2 A Grantee who is a non-executive Director must not sell, transfer or assign any ESS Shares obtained pursuant to an Offer made to him within one (1) year from the Date of Offer pursuant to Paragraph 8.20 of the Listing Requirements.
- 7.3 The expression “retention period” referred to in By-Law 7.1 shall mean the period in which the Kelington Shares awarded, allotted and issued or transferred to a Grantee pursuant to this ESS must not be sold, transferred, assigned or otherwise disposed of by the Grantee. However, the Grantee is encouraged to hold the Kelington Shares as an investment rather than to realise immediate gains from disposal.
- 7.4 Notwithstanding By-Law 7.1 above, the ESS Committee shall be entitled to prescribe or impose, in relation to any Grant(s), any condition relating to any retention or restriction on transfer (if applicable) as the ESS Committee sees fit.

8. OFFER OF AWARDS UNDER THE SCHEME

- 8.1 Pursuant to the ESS, the ESS Committee may, from time to time during the Scheme Period, make an Offer of Grants to a Selected Employee to participate in the ESS and the Company may make the requisite announcements in respect thereof to Bursa Securities.
- 8.2 Upon acceptance of the Offer in accordance with By-Law 11.1, the Selected Employee shall be referred to as a Grantee for the purposes of these By-Laws.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 8.3 Subject to By-Law 8.4, an Offer shall comprise a Grant wherein a Grantee is granted (subject to the method of satisfaction as set out in By-Law 20.1) the right to receive new and/or existing Kelington Shares at specified dates provided that prior to such specified future date of vesting, the relevant service condition(s) of the Eligible Employee and the relevant condition(s) as may be stipulated by the ESS Committee in the Offer, are duly fulfilled unless the ESS Committee otherwise determines.
- 8.4 Nothing herein shall prevent the ESS Committee from making:
- (a) an Offer to a Selected Employee which consists of only a Grant; or.
 - (b) more than one Offer to any Selected Employee provided always that the total aggregate number of ESS Shares in respect of the Grants granted which may be offered to any Selected Employee (inclusive of ESS Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allotment of the Selected Employee as set out in By-Law 5 and that the maximum number of ESS Shares which may be made available under the ESS shall not exceed the Maximum ESS Shares at any point in time during the duration of the Scheme Period.
- 8.5 The ESS Committee shall have the absolute discretion in determining whether the Grants will be granted in one (1) single grant or on a staggered basis and/or in several tranches over the duration of the ESS.
- 8.6 The actual number of ESS Shares which may be offered to an Eligible Employee in an Offer shall be at the sole and absolute discretion of the ESS Committee and, subject to any adjustments that may be made under By-Law 17.
- 8.7 An Offer and/or Grant may be made upon such terms and conditions as the ESS Committee may decide from time to time. Each Offer and/or Grant shall be made in writing and is personal to the Selected Employee and is non assignable and non-transferable.
- 8.8 The ESS Committee has the discretion to make or not to make further additional Offer and/or Grant. Subject to the above limit, each Offer made to any Selected Employee by the ESS Committee shall be separate and independent from any previous or later Offer made by the ESS Committee to that Selected Employee.
- 8.9 The Offer or Grant shall automatically lapse and be null and void in the event of the death of the Eligible Employee or the Eligible Employee ceasing to be employed by the Kelington Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Employee in the manner as set out in By-Law 11 or vesting of the Grant (as the case may be).
- 8.10 After each adjustment following an alteration of the Company's share capital as stipulated in By-Law 17 and the Company informing the Grantee of such adjustment pursuant to By-Law 17, upon the return by an Selected Employee of the original Offer letter to the Company, that letter shall be amended or a new Offer letter shall be issued within one (1) month from the date of return of the original Offer letter, to reflect the adjustment made to the number of Kelington Shares granted to the Selected Employee.
- 8.11 The ESS Committee may, by giving notice in writing to the Eligible Employee, vary or waive the terms of any vesting condition, performance period, service period, vesting period or other conditions.
- 8.12 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the ESS Committee to consider making, or to make, any Offer to any or all of the Eligible Employees.

9. TERMS OF THE OFFER

- 9.1 The ESS Committee may stipulate any terms and conditions it deems appropriate in an Offer and

APPENDIX I – DRAFT BY-LAWS (CONT'D)

the terms and conditions of each Offer may differ.

- 9.2 The terms and conditions set out in the Offer relating to a Grant shall include the following, where applicable:

- (a) number of ESS Shares which will be granted to the Selected Employee under a Grant;
- (b) Whether the Offer(s) or Grant(s) is conditional, the vesting conditions, the performance period, service period, vesting period and Vesting Date(s) but in any event such period(s) and date(s) shall not be later than the expiry of the Scheme Period and the number of ESS Shares to be vested on the Vesting Date(s);
- (c) Date of Offer;
- (d) Offer Period;

and may include such/any other conditions as may be stipulated by the ESS Committee.

- 9.3 Without prejudice to By-Laws 22 and 24, in the event of any error in the stating of any of the particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 9.2 or otherwise in the Offer.

10. ESS SHARE PRICE

- 10.1 Subject to any adjustments which may be made pursuant to By-Law 17, the Grantees are entitled to receive the ESS Shares at no consideration in the manner as set out in By-Law 20.1.

11. ACCEPTANCE OF THE OFFER

- 11.1 The Offer may only be accepted by the Selected Employee during the Offer Period in such form and manner as may be prescribed in the Offer and shall be accompanied by a non-refundable sum of Ringgit Malaysia One (RM1.00) only payable to the Company (regardless of the number of shares comprised therein). The date of receipt by the ESS Committee of such form together with the money shall be the date of acceptance of the Offer by the Selected Employee, provided that that the ESS is not terminated pursuant to By-Law 6.3.
- 11.2 In the event that the Selected Employee fails to accept the Offer or pay the acceptance consideration as set out in By-Law 11.1 in the manner prescribed within the Offer Period or in the event of death or cessation of employment of the Selected Employee or the Selected Employee becomes a bankrupt prior to his/her acceptance of the Offer, the Offer shall be deemed to have automatically lapsed. The Kelington Shares comprised in such Offer may, at the discretion of the ESS Committee, be re-offered to the Selected Employee (if he/she is still an Eligible Employee) subsequently and/or other Eligible Employee(s).
- 11.3 Upon acceptance of the Offer(s) by the Eligible Employee(s), the Grant(s) will be vested to the Selected Employee(s) on the Vesting Date(s) during the duration of the Scheme, subject to the Selected Employee(s) fulfilling the vesting condition(s), if any, as determined by the ESS Committee.

12. SATISFACTION OF CONDITIONS

- 12.1 Subject to By-laws 4, 6 and 12.10, the ESS Shares comprised in the Offer or such part thereof will only vest to the Grantee on the Vesting Date(s) if:
- (a) the Grantee remains in employment with the Kelington Group as at the Vesting Date(s) or in the case of a Director, remains as a Director with Kelington Group as at the Vesting Date(s); and/or

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (b) the other stipulated conditions in the Grant (if any) are fully and duly satisfied.
- 12.2 The determination as to whether the stipulated conditions in the Offer have been fulfilled shall be made by the ESS Committee, as the case may be and in making such determination, the ESS Committee shall have the right to make reference to (among others) the audited results of the Kelington Group, to take into account such factors as the ESS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, to amend any stipulated conditions in the Offer if the ESS Committee decides that a changed performance target would be a fairer measure of performance.
- 12.3 Where the ESS Committee has made the determination that the stipulated conditions has been fulfilled pursuant to the Offer, the ESS Committee shall notify the Grantee of the number of ESS Shares vested/which will be vested in him/her on the Vesting Date. The ESS Committee shall also have the sole and absolute discretion to settle the vesting of the Shares by way of cash to a Grantee. Upon receipt of such notification, the Grantee shall notify the ESS Committee (in the form as may be prescribed by the ESS Committee from time to time) of his/her CDS Account number or CDS Account number of his/her authorised nominee, as the case may be, and such other information as may be required by the ESS Committee.
- 12.4 In the event that the conditions stipulated in an Offer cannot be achieved/satisfied, the ESS Committee may in its absolute discretion waive, vary or revise any condition stipulated in the Offer.
- 12.5 No Grantee shall have any right to or interest in the ESS Shares granted to him unless and until the ESS Shares are vested in him/her on and with effect from the vesting date of the said ESS Shares. The decision and/or determination of the ESS Committee on vesting of the ESS Shares on the Grantee pursuant to these By-Laws shall be final and conclusive.
- 12.6 Unless otherwise determined by the ESS Committee if the stipulated conditions in the Offer are not fulfilled in accordance with the period as set out in the Offer letter, that Offer (insofar as relating to the ESS Shares which conditions have not been fulfilled within the stipulated period) shall lapse and be of no value.
- 12.7 In relation to the ESS Shares to be vested on the Vesting Date, the ESS Committee shall, within eight (8) Market Days after the receipt of the Grantee's notice of his/her CDS Account number pursuant to By-Law 12.3 (or such other period as may be prescribed or allowed by Bursa Securities), credit such ESS Shares to the Grantee's CDS Account or his/her authorised nominee, in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice to the Grantee stating such number of ESS Shares credited into the CDS Account of the Grantee or his/her authorised nominee and no physical share certificate will be issued and make an application for the listing of and quotation for the ESS Shares (as the case may be). Where new Kelington Shares are to be allotted and issued following the vesting, the Company shall allot and issue and/or transfer such Kelington Shares to the Grantee in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment or transfer to the Grantee and make an application for the listing of and quotation for the new Kelington Shares.
- 12.8 The ESS Committee, the Board of Kelington and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in crediting the ESS Shares or for any errors in any Offer or any other matters or dealings which are outside the control of the Company, the Board and/or the ESS Committee.
- 12.9 The Company, the Board and the ESS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in crediting the ESS Shares or in procuring the relevant authorities to list and quote the Kelington Shares subscribed for by a Selected Employee or Grantee (where applicable) or any delay in receipt or non-receipt by the Company of the notice or for any errors in any Offer or any other matters or dealings which are outside the control of the Company, the Board and/or the ESS Committee.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 12.10 Every Offer or Grant shall be subjected to the condition that no ESS Shares shall be vested and/or credited pursuant to an Offer if such vesting and/or crediting would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Scheme Period or such period as may be extended.
- 12.11 Notwithstanding anything to the contrary herein contained, the ESS Committee shall at any time during the Scheme Period have the sole and absolute discretion to determine whether to purchase all or part of the unvested Grant(s) from the Grantee. The price payable for the purchase shall be the 3-month weighted average market price of Kelington Shares immediately before the date of the notice of the purchase. Upon completion of the purchase, all unvested Grant(s) held by that Grantee (if any) shall lapse.

13. DISCIPLINARY PROCEEDINGS

- 13.1 In the event a Selected Employee is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) after an Offer is made but before the acceptance thereof by such Selected Employee, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Selected Employee. Nothing herein shall prevent the ESS Committee (but the ESS Committee shall not be obliged to do so) from making a fresh Offer, on such terms as the ESS Committee may so decide, to such Selected Employee in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn provided that such Offer is made within the duration of the Scheme Period.
- 13.2 In the event a Grantee is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the right of the Grantee to have vested any Unvested ESS Share shall be suspended pending the outcome of the disciplinary proceedings unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Grantee. Nothing herein shall prevent the ESS Committee (but the ESS Committee shall not be obliged to do so) from making a fresh Offer, on such terms as the ESS Committee may so decide, and/or reinstating the right of the Grantee to have vested any Unvested ESS Share in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESS Committee does not reinstate such right of the Grantee prior to the expiry of the Scheme Period, the Offer and acceptance thereof shall automatically lapse and shall immediately become null and void.
- 13.3 For the purpose of these By-Laws, a Selected Employee or Grantee shall be deemed to be subject to “disciplinary proceedings” if:
- (i) he/ she is suspended from work pending investigation into his/ her conduct;
 - (ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or
 - (iii) such other instances as the ESS Committee may deem as being subject to disciplinary proceedings.

14. TERMINATION OF OFFERS AND UNVESTED ESS SHARES

- 14.1 Subject to By-Laws 14.2 and 14.3, any unaccepted Offers in respect of a Selected Employee and/or any Unvested ESS Share(s) in respect of a Grantee shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Grantee, as the case may be, without any liability to or right to claim against the Company, the Board, the ESS Committee and/or the Trustee upon the occurrence of any one or more of the following events:

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (a) service of a notice to resign by the Selected Employee or Grantee, as the case may be;
- (b) service of a notice of termination on or termination or cessation of employment or appointment or retirement of the Selected Employee or Grantee with the Kelington Group by reason of misconduct, as the case may be; or
- (c) bankruptcy of the Selected Employee or Grantee, as the case may be; or
- (d) service of notice of resignation or of removal, or the retirement of a Director, for any reason

Notwithstanding anything to the contrary in this By-Law 14, in the event of the termination or cessation of employment or appointment of the Grantee with the Kelington Group pursuant to this By-Law 14.1, the ESS Committee may at its discretion determine that all or any part of the Unvested ESS Shares, be re-allocated and/or vested with any other Eligible Employee as the ESS Committee at its absolute discretion may think fit.

14.2 In the event of the termination or cessation of employment or appointment of the Grantee with the Kelington Group in any of the following circumstances:

- (a) retirement upon or after attaining the retirement age under the Kelington Group's retirement policy;
- (b) retirement before attaining the normal retirement age with the consent of his/her employer;
- (c) retirement before attaining the normal retirement age by reason of ill-health, injury, physical or mental disability;
- (d) redundancy or retrenchment pursuant to the acceptance by that Grantee or voluntary separation scheme offered by a corporation within the Kelington Group;
- (e) resignation, retirement or removal of a Director, for any reason, save where such resignation, retirement or removal was due to the breach of duty, gross negligence or wilful misconduct of such Director;
- (f) transfer to any corporation outside the Kelington Group at the direction of the Company;
- (g) the Grantee's death; or
- (h) any other circumstances which are acceptable to the ESS Committee in its absolute discretion;

the ESS Committee may in its absolute discretion permit the vesting of Unvested ESS Shares (or any part thereof) in the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the Vesting Date is not due or has not occurred; and/or
- (ii) other terms and conditions set out in the Offer has not been fulfilled/satisfied;

Provided That unless the ESS Committee in its absolute discretion so permits such vesting by notice in writing to the Grantee, any unaccepted Offers in respect of a Selected Employee and/or any Unvested ESS Share in respect of a Grantee shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Grantee, as the case may be, without any liability to or right to claim against the Company, Board, ESS Committee and/or Trustee.

14.3 In the event of death of the Grantee, By-Law 14.2 shall apply mutatis mutandis to the Grantee's legal or personal representatives as if the Grantee's legal or personal representatives were the Grantee.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 14.4 Where a Grantee dies before the expiry of the Vesting Period for a Grant, the Board may at its discretion determine that all or any part of the Unvested Shares, be vested to the executor or administrator of that deceased Grantee, and the times or periods at or within which such Shares comprised in the Grants may vest, PROVIDED ALWAYS THAT no Shares comprised in the Grants may vest after the expiry of the Vesting Period for a Grant. In this regard, the Board may require the executor or administrator of that deceased Grantee to provide evidence satisfactory to the Board of his status as such executor or administrator, as the case may be.
- 14.5 In the event of the commencement of bankruptcy proceedings against a Grantee, the Grant, to the extent of the Unvested Shares, shall be suspended upon the Company becoming aware of the service of a bankruptcy notice on such Grantee pending the outcome of the bankruptcy proceedings until:
- (a) the bankruptcy proceedings are withdrawn whereupon the suspension shall be lifted; or
 - (b) such Grantee is adjudged a bankrupt whereupon a Grant, to the extent of the Unvested Shares shall immediately become null and void and of no further effect as if the same had ever been granted in the first place and the Grantee shall have no right or claim in respect of such null and void portion of the Grant to the extent of the Unvested Shares, notwithstanding the discharge of the Grantee as a bankrupt or that the bankruptcy order is annulled or set-aside, subsequently.
- 14.6 Any unaccepted Offers and/or Unvested ESS Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company, ESS Committee and/or Trustee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of Kelington; or
 - (b) termination of the ESS pursuant to By-Law 6.
- 14.7 Without prejudice to the above, an Offer or Grant (as the case may be) shall cease to be valid without any claim against the Company upon the happening of any event which results in the Selected Employee or Grantee (as the case may be) being deprived of the beneficial ownership of the Offer or Grant (as the case may be) on the date such event occurs.
- 14.8 Upon the suspension or termination of the Offer or Grant (as the case may be) pursuant to this By-Law 14, the Selected Employee or Grantee (as the case may be) shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the Scheme which he/she might otherwise have enjoyed, or from the suspension of his/her right to exercise or be vested his/her Offer or Grant (as the case may be) or his/her Offer or Grant (as the case may be) ceasing to be valid.

15. TAKEOVER AND DISPOSAL OF ASSETS

- 15.1 Subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event:
- (a) of a takeover offer being made for the Company, under the Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-overs, Mergers and Compulsory Acquisitions (or any replacement thereof or similar laws), to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer (“Offeror”) or any persons acting in concert with the Offeror) and the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Kelington Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Selected Employees or Grantees (as the case may be) that it intends so to exercise such rights on a specific date; or
 - (b) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional (i.e. the Company undertakes a “major disposal” as defined under the

Listing Requirements),

the ESS Committee may at its discretion to the extent permitted by law permit the vesting of the ESS Shares on the Grantee(s) immediately and/or subject to such terms and conditions (if any) as may be prescribed by the ESS Committee and the Directors of Kelington shall use their best endeavours to procure that such a general offer be extended to the new Kelington Shares that may be issued pursuant to the vested ESS Shares under these By-Laws.

In the foregoing circumstances, all Unvested ESS Shares, shall automatically lapse and become null and void on the date prescribed by the ESS Committee notwithstanding that the Vesting Date has not commenced or has not expired.

16. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

16.1 Subject to the discretion of the LTIP Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies, the ESS Committee may permit the vesting of the Unvested ESS Shares (or any part thereof) in the Grantee or the Grantee's legal and personal representatives, as the case may be, at any time at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective, notwithstanding that:

- (a) the Vesting Date is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

Upon the compromise or arrangement becoming effective, all Unvested ESS Shares shall automatically lapse and shall become null and void and of no further force and effect.

17. ALTERATION OF CAPITAL AND ADJUSTMENT

17.1 Subject to By-Law 17.2 hereof and applicable laws and the Main Market Listing Requirements, if there are any alternation in the capital structure of the Company during the duration of the ESS Scheme, whether by way of a capitalisation issue, rights issue, bonus issue consolidation or subdivision of Kelington Shares or reduction of capital or any other variation of capital otherwise howsoever, the ESS Committee, may in its sole discretion in good faith, cause such adjustment to be made to the number of Kelington Shares comprised in the Offer which is open for acceptance during the Offer Period or Unvested ESS Shares, to ensure that the number of ESS Shares to be received by a Grantee to which the Grantee is entitled prior to the event giving rise to such adjustments remain unaffected, provided always that:

- (a) all adjustments (other than bonus issues, subdivision or consolidation of shares) must be confirmed in writing by the external auditors or Adviser of the Company for the time being (acting as experts and not arbitrators), to be, in their opinion, fair and reasonable and in accordance with the provisions of the By-Laws;
- (b) in the event that a fraction of a Kelington Share arises from the adjustments pursuant to this By-Law 17, any fractional entitlements will be disregarded and the number of Kelington Shares shall automatically be rounded down to the nearest whole number; and
- (c) upon any adjustment made pursuant to this By-Law, the ESS Committee shall notify the Grantee (or his/her legal personal representative where the Grantee is deceased) in writing as soon as practicable but in any event no later than one (1) month after the receipt of the letter of the external auditors or Adviser of the Company on the adjusted Maximum Allowable Allotment (where applicable).

17.2 The provisions of this By-Law 17 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (a) an issue of new Kelington Shares or other securities convertible into Kelington Shares or rights to acquire or subscribe for Kelington Shares as consideration or part consideration for an acquisition of any securities, assets or business by the Group;
 - (b) restricted issue or private placement of new Kelington Shares by the Company;
 - (c) a share buy-back arrangement by Kelington and the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Act;
 - (d) an issue of Kelington Shares arising from the exercise of any conversion rights attached to securities convertible to Kelington Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by Kelington;
 - (e) a special issue of new Kelington Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policies on Bumiputera capital participation;
 - (f) an issue of new Kelington Shares upon vesting of the ESS Shares pursuant to the Scheme;
 - (g) any issue of Kelington Shares pursuant to a dividend reinvestment scheme in accordance with the Listing Requirements; and
 - (h) an issue of further Offers pursuant to the ESS and the allotment and issuance of Kelington Shares for the purpose of satisfying the ESS Shares.
- 17.3 Notwithstanding the other provisions referred to in By-Law 17.5 below, in any circumstances where the ESS Committee considers that adjustments to the ESS Shares relating to the Offer(s) to be issued or vested as provided for under the provisions hereof should not be made, or should be or should not be calculated on a different basis or different date or that an adjustment to the number of ESS Shares to be issued, transferred or vested relating to Offer(s) should be made notwithstanding that no adjustment is required under these By-Laws, the Company may appoint an Adviser and/or an auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or auditor to be in their opinion appropriate..
- 17.4 Subject to By-Law 17.5, any adjustment in the number of ESS Shares to be vested shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavor to give each Grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled.
- 17.5 Any adjustment pursuant to this By-Law 17 shall be guided by the formulae as set out below in consultation with an Adviser and/or an auditor, on the Market Day immediately following the books closure date for the event giving rise to the adjustment:
- (a) If and whenever a Kelington Share by reason of any consolidation or subdivision (including if so permitted by the relevant authorities, a subdivision by way of a bonus issue by the Company of Kelington Shares without capitalisation of profits or reserves) or conversion occurs, the adjusted number of ESS Shares to be vested shall be calculated in accordance with the following formula:

$$\text{Adjusted number of ESS Shares} = \frac{T \times M}{L}$$

APPENDIX I – DRAFT BY-LAWS (CONT'D)

where

L = the aggregate number of Kelington Shares in issue and fully paid-up immediately prior to the consolidation or subdivision or conversion; and

M = the aggregate number of Kelington Shares in issue and fully paid-up immediately after such consolidation or subdivision or conversion; and

T = existing number of ESS Shares to be vested.

Each such adjustment will be effective from on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective, or such period as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of Kelington Shares to its ordinary shareholders of the Company for which no consideration is payable or which are credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature) (other than an issue of ordinary shares to its members who had an option to take cash or other dividend in lieu of the relevant ordinary shares), the additional number of ESS Shares to be vested shall be calculated as follows:

$$\text{Additional number of ESS Shares} = T \times \left[\frac{A+B}{A} \right] - T$$

where

A = the aggregate number of issued and fully paid-up Kelington Shares on the Entitlement Date immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Kelington Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature) (other than an issue of ordinary shares to its members who had an option to take cash or other dividend in lieu of the relevant ordinary shares); and

T = as T above.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets or involving any purchase by the Company of its own Ordinary Shares in accordance with the Act and all other applicable laws and regulations);
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Kelington Shares by way of rights; or
 - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Kelington Shares or securities with rights to acquire or subscribe for Kelington Shares,

then and in respect of the case referred to in By-Laws 17.5(c)(ii) and (c)(iii) hereof, the additional number of ESS Shares to be vested shall be calculated as follows:

$$\text{Additional number of ESS Shares} = T \times \left[\frac{C}{C-D^*} \right] - T$$

where

C = the Current Market Price (as defined in By-Law 17.10 below) of each Kelington Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the announcement of the book closure date of the Capital Distribution or, as the case may be, of the offer or invitation;

D* = the value of rights attributable to one (1) Kelington Share (as defined below); and

For the purpose of definition D* above, the “value of rights attributable to one (1) Kelington Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where

C = as C above;

E* = the subscription price for one (1) additional Kelington Share under the terms of such offer or invitation to acquire or subscribe for Kelington Shares; and

F* = the number of Kelington Shares which it is necessary for a shareholder of Kelington to hold in order to be offered or invited to acquire or subscribe for one (1) additional Kelington Share.

T = as T above.

For the purpose of By-Law 17.5(c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Kelington Shares (not falling under By-Law 17.5(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of the Company as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the Effective Date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 17.5(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 17.5(c)(ii) or (c)(iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the additional number of ESS Shares to be vested shall be calculated as follows:

Additional number of ESS Shares to be vested

$$= T \times \left[\frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right] - T$$

APPENDIX I – DRAFT BY-LAWS (CONT'D)

where

B = as B above;

C = as C above;

G = the aggregate number of issued and fully paid-up Kelington Shares on the book closure date;

H = the aggregate number of new Kelington Shares under an offer or invitation to acquire or subscribe for Kelington Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Kelington Shares or rights to acquire or subscribe for Kelington Shares, as the case may be;

I = the subscription price of one (1) additional Kelington Share under the offer or invitation to acquire or subscribe for Kelington Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional WECB Share, as the case may be; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Kelington Shares as provided in By-Law 17.5(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Kelington Shares or rights to acquire or subscribe for Kelington Shares as provided in By-Law 17.5(c)(iii) above, the additional number of ESS Shares to be vested shall be calculated as follows:

Additional number of ESS Shares to be vested

$$= T \times \left[\frac{(G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)} \right] - T$$

where

C = as C above;

G = as G above;

H = as H above;

I = as I above;

J = the aggregate number of Kelington Shares to be issued to its ordinary shareholders of the Company upon conversion of such securities or exercise of such rights to subscribe for Kelington Shares by the ordinary shareholders of the Company;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Kelington Share; and

T = as T above.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the Entitlement Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 17.5(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Kelington Shares as provided in By-Law 17.5(c)(ii) above, together with rights to acquire or subscribe for securities convertible into Kelington Shares or with rights to acquire or subscribe for Kelington Shares as provided in By-Law 17.5(c)(iii) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the additional number of ESS Shares to be vested shall be calculated as follows:

Additional number of ESS Shares to be vested

$$= T \times \left[\frac{(G + H + J + B) \times C}{(G \times C) + (H \times I) + (J \times K)} \right] - T$$

where

- B = as B above;
C = as C above;
G = as G above;
H = as H above;
I = as I above;
J = as J above;
K = as K above; and
T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the Entitlement Date date for the above transactions.

- 17.6 If an event occurs that is not set out in By-Law 17.5 or if the application of any of the formulae to an event results in a manifest error, the ESS Committee in its absolute discretion, may agree to an adjustment subject to the provision of By-Law 17.4 provided that the Grantees shall be notified of the adjustment through an announcement to all Grantees to be made in such manner deemed appropriate by the ESS Committee.
- 17.7 The provisions of By-Law 17 shall also apply to Grants granted from acceptance of an Offer.
- 17.8 An adjustment pursuant to By-Law 17.1 shall be made according to the following terms:
- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the book closure date in respect of such issue; or
 - (b) in the case of a consolidation or subdivision of Kelington Shares or reduction of capital, on the date on which the consolidation or subdivision or capital reduction becomes effective, or such period as may be prescribed by Bursa Securities.
- 17.9 Upon any adjustment being made, the ESS Committee shall within ten (10) Market Days give notice in writing to the Selected Employees, to inform him/her of the adjustment and the event giving rise thereto.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

17.10 For the purpose of these By-Laws:

- (i) “Current Market Price” means in relation to each Kelington Share for any relevant day the five (5) day volume weighted average market price for each Kelington Share on Bursa Securities for the five (5) consecutive Market Days before such date for one or more board lots of Kelington Shares on Bursa Securities or in such other manner as may from time to time be stipulated in any guidelines prescribed by any competent authorities, if any.

18. RIGHTS ATTACHED TO THE ESS SHARES

18.1 The new and existing Kelington Shares to be allotted and issued upon the vesting of any Grant under the ESS shall:

- (a) in respect of new Kelington Shares, rank *pari passu* in all respect with the existing issued Kelington Shares, save and except that the new Kelington Shares so issued shall not be entitled for any dividends, rights, allotments and/or other distribution declared in respect of which the entitlement date is prior to the date on which the new Kelington Shares are credited into the CDS Account of the relevant Grantee and are subject to the provisions of the Constitution of the Company; and
- (b) in respect of existing Kelington Shares and/or treasury shares are to be transferred upon the vesting of any ESS Shares under the Grants, the said Kelington Shares and/or treasury shares shall be transferred together with all dividends, rights, allotments and/or other distributions declared, the entitlement date of which is on or after to the date the treasury shares are credited into the CDS Account of the relevant Grantee; and
- (c) in respect of existing Kelington Shares, rank *pari passu* in all respect with the existing issued Kelington Shares, save and except that the Trust shall not be entitled to any entitlement attached to the ESS Shares in respect of which the entitlement date is prior to the date on which the ESS Shares are credited into the CDS Account of the Trustee.

18.2 The Offer(s) and/or Grant(s) (as the case may be) shall not carry any right to vote at any general meeting of the Company until and unless such Kelington Shares have been issued, allotted and/or credited into the CDS Account of the Grantee.

18.3 A Selected Employee shall not be entitled to any dividends, right or other entitlements (including but not limited to offer of further securities) on his/her unvested ESS Shares.

18.4 Notwithstanding any provisions in these By-Laws, in the event the Grants are satisfied via a grant of ESS Shares, the Grantee shall not be entitled to any entitlement, if any, attached to the ESS Shares in respect of which the entitlement date is prior to the date on which the ESS Shares are credited into the CDS Account of the Grantee.

18.5 The ESS Shares shall be subjected to all the provisions of the Constitution of the Company, if applicable, in relation to their transfer, transmission or otherwise.

19. ADMINISTRATION

19.1 The ESS shall be implemented and administered by the ESS Committee, the members of which shall be duly appointed and authorised by the Board. The ESS Committee shall comprise persons from the Board and/or Senior Management of the Group and shall ensure that the respective Directors and/or Senior Management do not participate in the deliberation or discussion of their own Offer or Grant under the ESS.

19.2 The ESS Committee shall administer the ESS in such manner as it shall in its absolute discretion including but not limited to prescribing the performance target(s) or any condition(s) to the Eligible Employees as it may deem fit having regard only to the Terms of Reference (where applicable). For the purpose of administering the ESS, the ESS Committee may do all such acts and things (including but not limited to contruing and interpreting the Scheme, Offers and Grants and determining all questions of policy and expediency that may arise from the administration of the Scheme) and enter into any transactions, agreements, deeds, documents or arrangements, and

APPENDIX I – DRAFT BY-LAWS (CONT'D)

make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the ESS, as the ESS Committee may in its absolute discretion deem fit, necessary and/or expedient for the implementation and administration of, and to give full effect to, the ESS.

- 19.3 The Board shall have the power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the ESS Committee and appoint replacement members to the ESS Committee; and
 - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESS Committee pursuant to these By-Laws.
- 19.4 Any decision or determination of the ESS Committee made pursuant to the provisions of the Scheme (other than a matter to be certified and/or approved by the auditors or Advisers) shall be final, binding and conclusive (including for the avoidance of doubt, any decision pertaining to any dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The ESS Committee shall not be required to furnish any reason for any decision or determination made by it except as may be required by the relevant authorities.
- 19.5 Neither the Scheme nor Offer and/or Grant under the Scheme shall impose on the Company, the Board, or the ESS Committee or any of its members any liability whatsoever in connection with:
- (i) the lapse of any Offer and/or Grant pursuant to any provision of the Scheme;
 - (ii) the failure or refusal by the ESS Committee to exercise, or the exercise by the ESS Committee of, any discretion under the Scheme; and/or
 - (iii) any decision or determination of the ESS Committee made pursuant to any provision of the Scheme.

20. IMPLEMENTATION OF THE SCHEME AND TRUST

- 20.1 In implementing the ESS, the ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Act and the Listing Requirements, decide that the ESS Shares be satisfied by any of the following methods:
- (a) issuance of new Kelington Shares;
 - (b) acquisition of existing Kelington Shares from the market by the Trustee and transfer of the Kelington Shares held by the Trustee;
 - (c) transfer of the Company's treasury shares to the Grantees;
 - (d) and/or any other methods as may be permitted by the Act;
 - (e) payment of cash; or
 - (f) a combination of the above,

taking into consideration, amongst others, factors such as the prevailing market price of Kelington Shares, funding considerations and cash requirements of the Group and dilutive effects on Kelington's capital base and any applicable laws, regulatory requirements and/ or administrative constraints, where relevant.

- 20.2 The Company, where applicable, will establish a Trust to be administered by the Trustee consisting of such Trustee appointed by the Company from time to time for the purposes of subscribing for new Kelington Shares and/or acquiring existing Kelington Shares and transferring them to Grantees at such times as the ESS Committee shall direct. To enable the Trustee to

APPENDIX I – DRAFT BY-LAWS (CONT'D)

subscribe for or acquire new or existing Kelington Shares for the purpose of the ESS and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company, its subsidiaries and/or third parties.

- 20.3 The Trustee shall administer the Trust in accordance to the Trust Deed. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESS Committee may in its absolute discretion direct for the implementation and administration of the Trust (including but not limited to revoking or suspending any such instruction that has earlier been given to the Trustee).
- 20.4 The Company shall have power from time to time to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed at any time during the duration of the ESS. The ESS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The ESS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

21. QUOTATION

- 21.1 Where the ESS Shares are satisfied via the issue of new Kelington Shares, the new Kelington Shares to be allotted will not be listed or quoted on the Main Market of Bursa Securities until an application is made to Bursa Securities for its permission for the listing of and quotation for the new Kelington Shares so allotted in accordance with By-Law 12.7.
- 21.2 The Company and the ESS Committee shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Kelington Shares or in procuring Bursa Securities to list the Kelington Shares for which the Grantee(s) is entitled to.

22. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE SCHEME

- 22.1 Subject to By-Law 22.2 and compliance with the Listing Requirements and the approvals of shareholders and any other authorities (if required under the Listing Requirements and applicable laws and regulations), the ESS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its absolute discretion think fit and the Board shall have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation.
- 22.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of any additions, amendments and/or modifications to and/or deletions of these By-Laws save and except if such additions, amendments, modifications and/or deletions would:
- (a) prejudice any rights then accrued to any Grantee(s) without the prior consent or sanction of that Grantee(s) (as the case may be);
 - (b) increase the number of Kelington Shares available under the Scheme beyond the Maximum ESS Shares set out in By-Law 3 above;
 - (c) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (d) alter to the advantage of any Eligible Employee in respect of any matters which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 22.3 Any amendments/modifications to the By-Laws shall not contravene any of the provisions stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to share issuance schemes and/or share grant schemes.
- 22.4 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments caused to be submitted to Bursa Securities the amended By-Laws and a confirmation letter in the form required under the Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements on share issuance schemes and/or share grant schemes (as the case may be) and the Rules of Bursa Depository.
- 22.5 The ESS Committee shall within five (5) Market Days of any amendment and/or modification made pursuant to these By-Laws notify the Selected Employees in writing of any amendment and/or modification made pursuant to these By-Laws.

23. NON-TRANSFERABILITY

- 23.1 The rights of a Grantee to the vesting of the ESS Shares shall be personal to him/her and, prior to the allotment and/or transfer to the Grantee of the ESS Shares which the Grant relates, cannot be assigned, transferred, charged, pledged or otherwise disposed of (in whole or in part) in any manner whatsoever unless By-Laws 14.3, 15.1 and 16.1 (where applicable) apply.
- 23.2 Unless permitted under these By-Laws, an Offer or Grant shall not be transferred, assigned, disposed of or subject to any encumbrances by the Selected Employee. Any attempt to transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Offer or Grant (as the case may be).

24. DISPUTES

- 24.1 In the event of any dispute between the ESS Committee and/or Trustee with an Eligible Employee, Selected Employee or Grantee, as to any matter or thing of any nature arising hereunder, such dispute or difference shall be referred to the Board whose decision shall be final and binding on all parties in all respects, provided that any Director of the Company who is also in the ESS Committee shall abstain from voting in respect of the decision and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.
- 24.2 Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESS Committee shall be borne by such party.

25. SCHEME NOT A TERM OF EMPLOYMENT

- 25.1 This ESS does not form part of nor shall it in any way be construed as forming part of the terms and conditions of employment or appointment of any Eligible Employee. This ESS shall not confer or be construed to confer on any Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment or appointment in the Kelington Group nor any rights in addition to compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment or appointment. The terms of employment or contract of service of an Eligible Employee shall not be affected by his/ her participation in the Scheme.

26. COMPENSATION

- 26.1 No Eligible Employee, Selected Employee or Grantee who ceases to hold office in or employment with the Kelington Group shall be entitled to any compensation for the loss of any

APPENDIX I – DRAFT BY-LAWS (CONT'D)

right or benefit or prospective right or benefit under the ESS.

- 26.2 The Company, the Board, the ESS Committee and/or the Trustee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Employee, Selected Employee or Grantee or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to the vesting of ESS Shares ceasing to be valid pursuant to the provisions of these By-Laws.
- 26.3 No Eligible Employee shall be entitled to any compensation for damages or otherwise arising from the termination of the Offer or Grant or this Scheme or prospective right or benefit under this Scheme pursuant to the provisions of these By-Laws.

27. DIVESTMENT FROM THE GROUP

- 27.1 If a Grantee who held office or was in the employment with a corporation of the Kelington Group which has ceased to be a Subsidiary as a result of a subsequently disposal or a restructuring or divestment exercise (whether in whole or in part) from Kelington Group or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the Unvested ESS Shares shall cease to be capable of being vested on the cessation as Subsidiary provided that the ESS Committee may in its absolute discretion permit the vesting of the Unvested ESS Shares (or any part thereof) in the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:
- (a) the Vesting Date is not due or has not occurred; and/or
 - (b) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 27.2 For the purpose of By-law 27.2, a corporation shall be deemed to be divested from the Kelington Group in the event that such corporation would no longer be a subsidiary of Kelington pursuant to Section 4 of the Act.

28. TRANSFER TO OTHER SUBSIDIARIES NOT WITHIN THE GROUP OR RELATED CORPORATION

- 28.1 Notwithstanding By-Law 14.1 and subject to the absolute discretion of and on such terms as the ESS Committee may so decide, in the event a Grantee who was employed or appointed in a corporation within the Kelington Group and is subsequently transferred from such corporation to a subsidiary of Kelington which is not a Subsidiary within the meaning of these By-Laws or to a corporation related to Kelington, the Grantee shall be entitled to continue to have a right in any Unvested ESS Shares.

29. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

- 29.1 All Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company at the registered office of Kelington from Mondays to Fridays (excluding public holidays) during normal office hours.

30. COSTS, EXPENSES AND TAXES

- 30.1 The Company shall bear all fees, costs and expenses incurred in relation to the ESS including but not limited to the costs and expenses (including stamp duty, if any) relating to the allotment and issue and/or transfer of the ESS Shares pursuant to an Grant.
- 30.2 However, each Grantee shall be solely responsible for any taxes (including income tax) which may be levied on him arising out of or as a result of such allotment and issuance and/or transfer of the ESS Shares referred to in By-Law 30.1.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

31. CONSTITUTION

- 31.1 Notwithstanding the terms and conditions contained in this ESS, if a situation of conflict should arise between this ESS and Constitution of the Company, if applicable, the Consitution of the Company shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements in which event such provisions of the By-Laws shall prevail.

32. ERRORS AND OMISSIONS

- 32.1 If in consequence of an error or omission, the ESS Committee discovers/determines that:

- (a) an Eligible Employee who was selected by the ESS Committee as a Selected Employee, has not been given the opportunity to participate in the ESS on any occasion; or
- (b) the number of ESS Shares allotted and issued and/or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the ESS, the ESS Committee and/or the Trustee may do all such acts and things to rectify such error or omission and ensure that the Eligible Employee is given the opportunity to participate in the Scheme and/or the aggregate number of Kelington Shares to which the Grantee is correctly entitled to is credited into the Grantee's CDS account.

33. NOTICE

- 33.1 Any notice under the ESS required to be given to or served upon the ESS Committee and/or Trustee by an Eligible Employee, Selected Employee or a Grantee or any correspondence to be made between an Eligible Employee, Selected Employee or Grantee to the ESS Committee and/or Trustee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESS Committee and/or Trustee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.
- 33.2 Unless otherwise provided in these By-Laws, any notice which under the ESS is required to be given to or served upon an Eligible Employee, Selected Employee or Grantee or any correspondence to be made with an Eligible Employee, Selected Employee or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile or registered letter addressed to the Eligible Employee, Selected Employee or Grantee at the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages and if by registered letter would in the ordinary course of post be delivered.
- 33.3 Notwithstanding By-Law 33.2, where any notice is required to be given by the Company or the ESS Committee under these By-Laws in relation to matters which may affect all the Eligible Employees, Selected Employees or Grantees, as the case may be, the Company or ESS Committee may give notice through an announcement to all the Eligible Employees, Selected Employees or Grantees to be made in such manner deemed appropriate by the ESS Committee. Upon the making of such an announcement, the notice to be made under By-Law 33.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Employees, Selected Employees or Grantees, as the case may be.

34. SEVERABILITY

- 34.1 If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any

APPENDIX I – DRAFT BY-LAWS (CONT'D)

respect, the same shall be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

35. DISCLAIMER OF LIABILITY

- 35.1 Notwithstanding any provisions contained herein and subject to the Act, the Company, the Board, the ESS Committee and/or the Trustee shall not under any circumstances be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Grantee whether by reason of the Company, the Board, the ESS Committee or the Trustee's delay in allotting and issuing new Kelington Shares and/or applying for or procuring the listing of the new Kelington Shares on Bursa Securities and/or transferring the ESS Shares in accordance with these By-Laws for any reason whatsoever.

36. DECISION OF THE ESS COMMITTEE

- 36.1 Any decision and/or determination made by the ESS Committee under these By-Laws shall, in the absence of any manifest of error, be final and binding.

37. GOVERNING LAW

- 37.1 The ESS shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Offer in accordance with the By-Laws and terms of the ESS and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.
- 37.2 In order to facilitate the offer of any Grant (and/or the benefit thereof) under this Scheme, the ESS Committee may provide for such special terms to the Eligible Employees who are employed or appointed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction.
- 37.3 The ESS Committee may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Grant offered to such Eligible Employee pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESS Committee in the Grant.
- 37.4 No action has been or will be taken by the Company to make the Grant valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Grant with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Employee to whom the Grant is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Employee accepts the Grant or be vested the new ESS Shares under the Grant.
- 37.5 Any Eligible Employee to whom the Grant is offered is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Grant or be vested the ESS Shares under the Grant. By their acceptance of the Grant, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Grant and/or be vested the ESS Shares under the Grant.

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APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein 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. CONSENT

UOBKH, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to Kelington for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, Kelington Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against Kelington Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect Kelington Group's financial position or business:-

- i. legal proceeding between Kelington Group Berhad Taiwan branch ("**Kelington Taiwan**") against Hui Neng Mechanical & Electrical Engineering Co. ("**Hui Neng**");

Name of Parties	Claimant	: Kelington Group Berhad Taiwan branch
	Respondent	: Hui Neng Mechanical & Electrical Engineering Co.

Background	On 18 September 2015, Kelington Taiwan received a Statement of Claim from a subcontractor in Taiwan namely, Hui Neng Mechanical & Electrical Engineering Co. (27518963) for progress claims amounting to New Taiwan Dollar (" NTD ")1,182,924 (equivalent to RM150,206).
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Hui Neng was appointed by Kelington Taiwan to perform project works for a project in Taiwan on 26 February 2015.

Kelington Taiwan had paid a deposit amounting to NTD36,000,000 (equivalent to RM 4,571,245) upon commencement of the project. However, in carrying out the project works, Hui Neng did not fulfill certain obligations under the contract.

Kelington Taiwan had terminated the contract with Hui Neng and has filed a counter-claim on 17 December 2015 to recover the NTD36,000,000 (equivalent to RM 4,571,245), which was paid as a deposit.

APPENDIX II - FURTHER INFORMATION (CONT'D)

On 29 June 2016, the Judge has decided in favour of Kelington Taiwan and allowed Kelington Taiwan's claim of NTD34,234,442 (equivalent to RM4,279,305) being the net amount after deducting Hui Neng's progress claim of NTD1,765,558, plus all interest thereon since 13 March 2015 until full and final settlement and that all litigation cost shall be borne by Hui Neng.

On 25 July 2016, Hui Neng has submitted an appeal to the High Court Taiwan.

On 14 October 2016, Hui Neng has submitted a written plea to the High Court, Taiwan. On 9 December 2016, Kelington Taiwan answered to the plea submitted by Hui Neng to the High Court Taiwan.

On 19 January 2017, High Court Taiwan decided to call the witnesses to court to give evidence on the next hearing. On 24 February 2017, 7 April 2017, 18 May 2017, 6 July 2017, 25 August 2017, 28 September 2017, 16 November 2017, 21 December 2017, 2 February 2018, 15 March 2018, 22 June 2018, 5 July 2018, 1 August 2018 and 29 August 2018, High Court Taiwan had heard the evidences given by the witnesses and fixed the final hearing on 12 September 2018.

On 12 September 2018, High Court Taiwan has delivered its court decision and ordered that Hui Neng shall pay Kelington Taiwan the sum of NTD29,328,814 (equivalent to RM3,946,129) plus interest of 5% per annum thereon since 10 October 2015.

On 11 January 2021, Kelington Taiwan received a judgement from the Supreme Court of Taiwan which in response to Hui Neng's petition made on 23 October 2018 that the original court judgment made on 12 September 2018 was set aside except for the provisional execution, and the case shall re-submit to the High Court Taiwan in Kaohsiung.

Estimate maximum exposure to liabilities Nil (fully impaired in the Company's account)

Solicitors'/Directors' opinion of outcome Based on our solicitors review of the case, there is a reasonable chance for Kelington Taiwan to succeed in the case.

Status The next hearing fixed on 6 April 2022 was postponed to 8 June 2022. The matter is still on going.

- ii. Arbitration Proceeding commenced by Kelington Engineering (S) Pte Ltd, a wholly-owned subsidiary of Kelington, against Mutiara (FE) Pte Ltd;

Name of Parties Claimant : Kelington Engineering (S) Pte Ltd
Respondent : Mutiara (FE) Pte Ltd

Background On 16 March 2020, KESG served a Notice of Arbitration dated 18 March 2020 as the Claimant on Mutiara to refer KESG's claims on back charges and liquidated damages in respect of Mutiara's failure, refused and/or neglected to complete the works timely and with due diligence and/or to carry out its contractual obligations under two separate sub contracts for a project in Singapore.

The Arbitration proceedings commenced under the Notice of Arbitration filed pursuant to the Arbitration Rules of the Singapore International Arbitration Centre.

The arbitration proceeding is commenced against Mutiara to seek, among others, the following relief:-

APPENDIX II - FURTHER INFORMATION (CONT'D)

1. Value of work done (including variations) by Mutiara to be assessed;
2. A declaration that Mutiara has breached its obligations under the sub-contracts;
3. An award for the sum of SGD6,375,475.00 being the payment that is due and payable by Mutiara to KESG as back charges and liquidated damages and scope deductions incurred to rectify the defects and/or non-compliant works, pursuant to the terms and conditions of the various purchase orders;
4. Losses and damages incurred by KESG arising out of Mutiara's breached of sub contracts and/or disputes in relation to the valuation of work done (including variations) by KESG and/or such other losses to be assessed; and
5. Interest, costs, and other relief that the arbitrator shall deemed fit.

On 16 September 2020, KESG filed a Statement of Claim under the Arbitration Rules of the Singapore International Arbitration Centre and sets out its claims against Mutiara as follows:-

1. Back charges and/or claims in the sum of SGD5,033,066.99 and/or any amounts to be assessed by the Tribunal;
2. Liquidated damages in the sum of SGD738,535.88 in respect of the Package 1 Subcontract and liquidated damages in the sum of SGD780,384.80 in respect of the Package 2 Subcontract and/or any amounts to be assessed by the Tribunal;
3. Further and/or in the alternative, general damages to be assessed;
4. A credit of the sum of SGD373,732.85 that was overpaid in respect of the Package 1 Subcontract and a credit of the sum of SGD693,266.00 that will be overpaid in respect of the Package 2 Subcontract and/or any amounts to be assessed by the Tribunal;
5. Costs on an indemnity basis;
6. Interest; and
7. Such further and other relief as may be deemed appropriate by the Tribunal.

On 3 February 2021, KESG as Claimant had filed a Statement of Reply and Defence to Counterclaim under the Arbitration Rules of the Singapore International Arbitration Centre. The following claims against KESG as stated in the Respondent's Statement of Defence and Counterclaim dated 25 November 2020 was denied:-

1. The sum of SGD5,845,018.31 (excluding GST) being the balance value of work (including variations) done under the terms of the Subcontracts or under general law or on a quantum meruit to be assessed and determined by the Tribunal;
2. Loss and expense to be assessed arising from the prolongation of the Subcontracts;
3. Costs and expenses of SGD195,725.05 (excluding GST) incurred by the Respondent in SOP process;
4. The Guaranteed Sum paid under the Performance Bond (SGD679,070);
5. The additional costs and expenses incurred by the Respondent to procure workers without man-year entitlement under the terms of the Subcontracts or under general law or on a quantum meruit to be assessed and determined by the Tribunal;
6. Financing and/or interest charges as special damages;
7. GST on all amounts to be found due to the Respondent;
8. Costs on an indemnity basis;
9. Interest; and
10. Such further or other relief as this Tribunal may deem fit or appropriate.

APPENDIX II - FURTHER INFORMATION (CONT'D)

	<p>In addition, KESG as Claimant has provided particulars of the Respondent's failure, refusal and/or negligence to carry out and/or complete the works satisfactorily, on a timely basis and/or with due diligence, as well as the Claimant's responses to the Respondent's allegations in respect of the Claimant's alleged delay and/or acts of prevention and/or omissions. Accordingly, the Claimant avers that the Respondent has no basis to claim for the claims set out above.</p>	
	Estimate maximum exposure to liabilities	Not applicable except legal cost incurred.
	Solicitors'/Directors' opinion of outcome	<p>Pending outcome of the Arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial gain or loss that could arise from the arbitration. This arbitration does not have any material financial impact on the Company for the time being.</p> <p>Based on our solicitors review of the case, there is a reasonable chance for KESG to succeed in the arbitration.</p>
	Status	To date, the matter is ongoing. The next procedural deadline is 27 April 2022 , where Parties shall identify and exchange list of factual witnesses.
iii.	Commencement of arbitration proceeding by JCT Industries Group Sdn Bhd against Kelington Technologies Sdn Bhd, a wholly owned subsidiary of Kelington.	
	Name of Parties	<p>Claimant : JCT Industries Group Sdn Bhd</p> <p>Respondent : Kelington Technologies Sdn Bhd</p>
	Background	<p>On 30 November 2020, KTSB received a Notice of Arbitration dated 27 November 2020 served on behalf of JCT. The Arbitration proceedings commenced under the Notice of Arbitration filed pursuant to the Arbitration Act 2005 and the PAM Arbitration Rules. The Claimant had alleged that KTSB had failed to complete the Works within the stipulated completion timeframe as stipulated in the Contract and failed, refused and/or neglected to make good of its defects despite demand from the Claimant. The Claimant will be seeking against KTSB in the arbitration for the following reliefs:-</p> <ol style="list-style-type: none"> 1. Liquidated damages to be ascertained by the tribunal; 2. Damages for defects to be ascertained by the tribunal; 3. Such other claims as may be raised in due course in the Statement of Claim; 4. Interest; 5. Costs; and 6. Such further and/or other reliefs.
	Date of Suit/Arbitration	KTSB received the Notice of Arbitration on 30 November 2020.
	Estimate maximum exposure to liabilities	Nil. Fully impaired as reflected in the unaudited financial statements as at 31 December 2020.
	Solicitors'/Directors' opinion of outcome	Pending outcome of the Arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial gain or loss that could arise from the arbitration. In view that the arbitration process might take years, this arbitration does not have any material financial impact on the Company for the time being.
	Status	KTSB to reply the Notice of Arbitration dated 27 November 2020 and propose appointment of Arbitrator.

APPENDIX II - FURTHER INFORMATION (CONT'D)

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by Kelington Group that has not been provided for which, upon becoming enforceable, may have a material impact on Kelington Group's financial results/ position.

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on Kelington Group's financial results/ position:-

	RM'000
Bank guarantee and insurance bond given to third party as performance bond or warranty bond	123,667

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the time stipulated for the holding of the EGM:-

- (i) Constitution of Kelington;
- (ii) Audited consolidated financial statements of Kelington Group for the past 2 financial years up to the FYE 31 December 2020 and the latest unaudited results for the 12-month financial period ended 31 December 2021;
- (iii) Draft By-Laws;
- (iv) The letter of consent and declaration of conflict of interests referred to in **Sections 2** and **3** above, respectively; and
- (v) Cause papers referred to in **Section 4** above.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Kelington Group Berhad ("**Kelington**" or the "**Company**") will be conducted fully virtual from the Broadcast Venue at Lot 9-11 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur on Tuesday, 31 May 2022 at 12:00 noon or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEE SHARE SCHEME WHICH ENTAILS A SHARE GRANT SCHEME OF UP TO FOUR PERCENT (4%) OF THE ISSUED SHARES OF KELINGTON (EXCLUDING TREASURY SHARES) FOR ELIGIBLE EMPLOYEES AND DIRECTORS OF KELINGTON AND ITS SUBSIDIARIES ("PROPOSED ESS")

"THAT, subject to the approvals of all relevant authorities being obtained for the Proposed ESS, the Board be and is hereby authorised:

- (i) to establish, implement, and administer the Proposed ESS which comprises a share grant scheme for the benefit of the eligible employees and Directors (including Non-Executive Directors) of the Company and its subsidiaries which are not dormant ("**Group**") who meets the criteria of eligibility for participation in the Proposed ESS ("**Eligible Employees**") to be administered by a committee to be appointed by the Board ("**ESS Committee**") in accordance with the draft By-Laws of the Proposed ESS ("**By-Laws**") which is set out in Appendix I of this Circular to Shareholders dated 18 April 2022 ("**Circular**");
- (ii) to allot and issue and/or procure for delivery from time to time such number of Shares or new Shares which may be made available under the Proposed ESS, provided that the maximum number of Shares to be allotted and issued pursuant to the Proposed ESS shall not at any point in time in aggregate exceed four percent (4%) of the issued shares of the Company (excluding treasury shares) and that such Shares shall upon issuance and allotment, rank *pari passu* in all respects with the existing Shares, save and except that they shall not be entitled to any dividends, voting rights, allotments and/or any other distributions that may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of issuance and allotment of the new Shares;
- (iii) to issue new Shares and/or transfer via treasury shares or existing Shares to the Eligible Employees under the Proposed ESS;
- (iv) to appoint a trustee ("**Trustee**") to facilitate the implementation of the Proposed ESS (if required);
- (v) to provide money or other assistance (financial or otherwise), and/or to authorise and/or procure any one or more of the subsidiaries of the Company, to provide money or other assistance (financial or otherwise) from time to time to the Trustee, to enable the Trustee to, amongst others, acquire, subscribe for, transfer and/or dispose of ordinary shares in the Company) ("**Shares**") and/or payment of equivalent cash value to the Eligible Employees, to the extent permitted by law for the purpose of the implementation and administration of the Proposed ESS;
- (vi) to extend the duration of the Proposed ESS, to add, modify and/or amend the Proposed ESS and/or the By-Laws from time to time as may be required/permitted by the relevant authorities or deemed necessary by the relevant authorities or the Board or ESS Committee provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-Laws; and

- (vii) to do all such acts, execute all such documents and to enter into all such transactions, arrangements, and agreements, deeds, or undertakings (including but not limited to the trust deed with the Trustee) and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESS and terms of the By-Laws;

THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed ESS with full power to consent and to adopt such conditions, modifications, variations and/or amendments as it may deem fit and/or as may be required by the relevant regulatory authorities.

AND THAT the proposed By-Laws of the Proposed ESS, as set out in Appendix I of the Circular, be and is hereby approved."

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF KELINGTON SHARES TO IR. GAN HUNG KENG, EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Ir. Gan Hung Keng, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF KELINGTON SHARES TO ONG WENG LEONG, EXECUTIVE DIRECTOR/ CHIEF OPERATING OFFICER OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Ong Weng Leong, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF KELINGTON SHARES TO CHAN THIAN KIAT, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Chan Thian Kiat, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF KELINGTON SHARES TO TAN CHUAN YONG, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Tan Chuan Yong, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION OF KELINGTON SHARES TO VICE ADMIRAL (RETIRED) DATUK HAJI JAMIL BIN HAJI OSMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;

- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 7

PROPOSED ALLOCATION OF KELINGTON SHARES TO SOO YUIT WENG, INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Soo Yuit Weng, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 8

PROPOSED ALLOCATION OF KELINGTON SHARES TO NG LEE KUAN, INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Ng Lee Kuan, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. she does not participate in the deliberation or discussion of her own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to her, if she, either singly or collectively through persons connected to her, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 9

PROPOSED ALLOCATION OF KELINGTON SHARES TO SOH TONG HWA, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Soh Tong Hwa, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 10

PROPOSED ALLOCATION OF KELINGTON SHARES TO CHAM TECK KUANG, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Cham Teck Kuang, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and
- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

ORDINARY RESOLUTION 11

PROPOSED ALLOCATION OF KELINGTON SHARES TO HU KEQIN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESS

"THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the Proposed ESS, to offer and grant Hu Keqin, Kelington Shares pursuant to the Proposed ESS, provided always that:

- i. he does not participate in the deliberation or discussion of his own allocation;
- ii. not more than 10% of the new Kelington Shares which may be made available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and

- iii. subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the Proposed ESS as set out in the Appendix I of the Circular, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

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

18 April 2022

Notes:

1. *The EGM will be conducted fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by Dvote Services Sdn Bhd via its Dvote Online website at <https://www.DigitizeVote.my>. Please follow the procedures provided in the Administrative Details for the EGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 59 of the Company's Constitution which require the Chairman of the EGM to be present at the main venue of the EGM. Members/proxies will not be allowed to be physically present at the Broadcast Venue.*
3. *A member may appoint up to two (2) proxies to attend, participate, speak and vote at the EGM. 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 Kelington and there shall be no restriction as to the qualification of the proxy.*
4. *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.*
5. *Where a member of Kelington 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 Kelington standing to the credit of the said securities account.*
6. *Where a member of Kelington is an exempt authorised nominee which holds ordinary shares in Kelington 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.*
7. *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 EGM or any adjournment thereof:*
 - (i) *In hard copy form*
To be deposited at Kelington'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
8. *For the purpose of determining who shall be entitled to attend this EGM, Kelington shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to Kelington pursuant to Clause 62 of the Constitution of Kelington, a Record of Depositors as at 24 May 2022 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this EGM.*

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

FORM OF PROXY

No. 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 EXTRAORDINARY GENERAL MEETING ("**EGM**") of Kelington Group Berhad as *my/our proxy to vote for *me/us on *my/our behalf at the EGM to be conducted fully virtual from the Broadcast Venue at Lot 9-11 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur on Tuesday, 31 May 2022 at 12:00 noon or at any adjournment thereof and to vote as indicated below:-

Ordinary Resolutions		For	Against
1.	PROPOSED ESS		
2.	PROPOSED ALLOCATION TO IR. GAN HUNG KENG		
3.	PROPOSED ALLOCATION TO ONG WENG LEONG		
4.	PROPOSED ALLOCATION TO CHAN THIAN KIAT		
5.	PROPOSED ALLOCATION TO TAN CHUAN YONG		
6.	PROPOSED ALLOCATION TO VICE ADMIRAL (RETIRED) DATUK HAJI JAMIL BIN HAJI OSMAN		
7.	PROPOSED ALLOCATION TO SOO YUIT WENG		
8.	PROPOSED ALLOCATION TO NG LEE KUAN		
9.	PROPOSED ALLOCATION TO SOH TONG HWA		
10.	PROPOSED ALLOCATION TO CHAM TECK KUANG		
11.	PROPOSED ALLOCATION TO HU KEQIN		

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 EGM" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

Signed this.....day of.....2022

.....
Signature / Common Seal of Shareholder

Notes:

- The EGM will be conducted fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by Dvote Services Sdn Bhd via its Dvote Online website at <https://www.DigitizeVote.my>. Please follow the procedures provided in the Administrative Details for the EGM in order to register, participate and vote remotely via the RPV facilities.
- The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 59 of the Company's Constitution which require the Chairman of the EGM to be present at the main venue of the EGM. Members/proxies will not be allowed to be physically present at the Broadcast Venue.
- A member may appoint up to two (2) proxies to attend, participate, speak and vote at the EGM. 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 Kelington 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.



5. *Where a member of Kelington 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 Kelington standing to the credit of the said securities account.*
6. *Where a member of Kelington is an exempt authorised nominee which holds ordinary shares in Kelington 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.*
7. *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 EGM or any adjournment thereof:-*
 - (i) In hard copy form
To be deposited at Kelington'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
8. *For the purpose of determining who shall be entitled to attend this EGM, Kelington shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to Kelington pursuant to Clause 62 of the Constitution of Kelington, a Record of Depositors as at 24 May 2022 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this EGM.*

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AFFIX
STAMP

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

2nd Fold Here

Fold This Flap For Sealing