

**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement. Bursa Securities has not perused the Statement before its issuance.

Shareholders should rely on their own evaluation to assess the merits and risks of the proposal as set out herein.



**KELINGTON GROUP BERHAD**

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

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

The resolution in respect of the above Proposal will be tabled as Special Businesses at Kelington Group Berhad's Twentieth Annual General Meeting to be held at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on **Friday, 10 July 2020 at 10.00 a.m.** The Notice of Twentieth Annual General Meeting and the Form of Proxy are enclosed in abridged version of the Annual Report 2019 of Kelington Group Berhad, which also can be downloaded together with this Statement at :-

<http://www.kelington-group.com/report.php>; or

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/>.

You are urged to complete and submit the Form of Proxy to the Company's Share Registrar's office at 11<sup>th</sup> Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor if in hard copy or at [Khairul.Iqram@boardroomlimited.com](mailto:Khairul.Iqram@boardroomlimited.com) if by electronic means not later than 48 hours before the time of the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 8 July 2020 at 10.00 a.m.

Date and time of the Twentieth Annual General Meeting : Friday, 10 July 2020 at 10.00 a.m.

**This Statement is dated 15 June 2020**

## DEFINITIONS

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In this Statement and the accompanying appendix, the following abbreviations shall have the following meanings unless otherwise stated:

"Act"	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
"AGM"	:	Annual General Meeting
"Board"	:	Board of Directors of Kelington
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CIMB"	:	CIMB Commerce Trustee Berhad (199401027349 (313031-A)), incorporated in Malaysia
"Director"	:	A director of Kelington Group
"EPS"	:	Earnings per share
"ESS"	:	Employees' Share Scheme
"Fortune Dragon"	:	Fortune Dragon Holding Inc. (134102), incorporated in British Virgin Islands
"Kelington" or "Company"	:	Kelington Group Berhad (199901026486 (501386-P))
"Kelington Group" or "Group"	:	Kelington and its Subsidiary Companies
"Kelington Share(s)" or "Share(s)"	:	Ordinary share(s) of Kelington
"KWAP"	:	Kumpulan Wang Persaraan (Diperbadankan) (KWAPACT6622007), incorporated in Malaysia
"LHIC"	:	Lien Hwa Industrial Holdings Corp. (11996904), a public company listed on the Taiwan Stock Exchange
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"LPD"	:	9 June 2020 being the latest practicable date prior to the issuance of this Statement
"NA"	:	Net Assets
"Palace Star"	:	Palace Star Sdn. Bhd. (200101004154 (539910-V)), incorporated in Malaysia
"Proposed Share Buy-Back" or "Proposal"	:	Proposed authority for the Company to purchase its own shares
"Purchased Shares"	:	Shares purchased by the Company pursuant to the Share Buy-Back Mandate and/or Proposed Share Buy-Back
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SC"	:	Securities Commission Malaysia
"Shareholder"	:	Shareholder of Kelington
"Substantial Shareholder"	:	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number all the voting shares included in the Company as defined under Section 136 of the Act
"Sun Lead"	:	Sun Lead International Limited (1786943), incorporated in British Virgin Islands
"Treasury Share(s)"	:	Kelington Share(s) purchased by Kelington that is/ are retained in treasury as defined under Section 127 of the Act

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

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

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

**Registered Office:**

10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3, Jalan P.Ramlee  
50250 Kuala Lumpur

15 June 2020

**Board of Directors**

Ir. Gan Hung Keng (*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 Keqin (*Non-Independent Non-Executive Director*)

Dear Shareholders of Kelington,

**PROPOSED SHARE BUY-BACK**

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**INTRODUCTION**

At the Company's Nineteenth AGM held on 13 June 2019, the shareholders of the Company had granted approval to the Company to purchase up to 10% of the total number of issued shares. In view of the 20th AGM of the Company is extended to be held on 10 July 2020, the aforesaid approval will be lapsed on 30 June 2020 in accordance with the Listing Requirements.

On 9 June 2020, the Board announced that the Company proposed to seek the approval of Shareholders for the Proposal at the forthcoming Twentieth AGM.

The purpose of this Statement is to provide you with relevant details of the Proposal and to seek your approval for the ordinary resolution pertaining to the Proposal to be tabled at the forthcoming Twentieth AGM, which will be held at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 10 July 2020 at 10.00 a.m.

**SHAREHOLDERS OF KELINGTON ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT TOGETHER WITH ITS APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSAL AT THE FORTHCOMING TWENTIETH AGM.**

## 1.0 Details of the Proposed Share Buy-Back

The Board proposes to seek approval from the Shareholders for the Company to purchase its own shares up to 10% of the total number of issued shares as quoted on Bursa Securities as at the point of purchase. As at LPD, the total number of issued shares of Kelington is 311,459,126 ordinary shares.

As an illustration, the maximum number of ordinary shares which may be purchased by the Company will be not more than 31,145,912 Kelington Shares based on the total number of issued shares of the Company as at LPD. The total number of shares purchased by the Company ("Purchased Shares") and being held as Treasury shares up to and including LPD is 1,119,900. As such, the balance that can be purchased taking into account the total cumulative treasury shares held up to LPD is 30,026,012 Shares.

The Proposed Share Buy-Back shall be effective upon passing of the resolution at the forthcoming Twentieth AGM of Kelington and shall continue to remain in force until:

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

## 2.0 Quantum and Funding

The actual number of shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on, *inter alia*, the market conditions and sentiments of the stock market, the availability of financial resources and the availability of the retained profits of the Company.

Based on the latest audited financial statements for the financial year ended 31 December 2019 and management account as at 31 March 2020, the retained profits of Kelington were as follows:-

	<b>Retained Profits (RM'000)</b>
Latest Audited Financial Statements for the Financial Year Ended 31 December 2019	7,096
Management Accounts as at 31 March 2020	6,848

The Proposed Share Buy-Back will be financed from internally generated funds and/or borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of the internally generated funds and/or bank borrowings at the time of purchase(s).

In the event that the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient financial capability to repay the bank borrowings and that the bank borrowings will not have a material impact on the cash flow of the Company.

### **3.0 Public Shareholding Spread**

The Proposed Share Buy-Back will be carried out in accordance with the prevailing rules and regulations at the time of the purchase including compliance with the 25% shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

As at LPD, the Company showed 214,071,008 shares representing 68.98% of the total number of issued shares (excluding Treasury Shares) being held by the public shareholders. Assuming that the Company purchases up to a maximum of 32,262,347 Kelington Shares from the public shareholders, representing approximately 10% of the enlarged issued and paid up share capital (assuming full grant of ESS Shares), and that Kelington Shares purchased are either retained as Treasury Shares or cancelled, the public shareholding spread is expected to be reduced to approximately 65.02% being 188,800,211 Kelington Shares.

The Company will endeavour to ensure that the Proposed Share Buy-Back will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed company being in breach of the public shareholding spread requirements as set out in Paragraph 8.02(1) of the Listing Requirements.

### **4.0 Potential Advantages and Disadvantages**

The Proposed Share Buy-Back, if implemented, is expected to have the following potential advantages and disadvantages to Kelington Group:-

#### **4.1 Potential Advantages**

- (i) Enable the Company to utilise its resources and surplus financial resources more efficiently.
- (ii) Stabilise the supply and demand of the Company's shares traded on Bursa Securities and reduce the volatility of the Company's share price. Hence, maintain investors' confidence.
- (iii) Improve the EPS and the return on equity as a result of the reduction of publicly traded shares. Consequently, if the Purchased Shares are cancelled, long term and genuine investors are expected to enjoy a corresponding increase in value of their investment in the Company.
- (iv) Purchased Shares retained as Treasury Shares provide the Board with an option to resell the Treasury Shares at a higher price therefore realising a capital gains for the Company without affecting the total issued and paid-up share capital of the Company. If the Treasury Shares are distributed as share dividends, this would serve to reward the Shareholders of the Company.
- (v) Adverse economic conditions may cause the market price of the Company's Shares being undervalued. In such circumstances, the purchase of shares by the Company may serve to stabilise the market price to its intrinsic value.
- (vi) Allow the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity.

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## 4.2 Potential Disadvantages

- (i) It will reduce the immediate financial resources. However, the financial resources of the Group may recover or even increase if the Purchased Shares are held as Treasury Shares and resold in the market at the same or higher price.
- (ii) It may result Kelington Group foregoing other better investment opportunities which may emerge in the future and/or any income that may be derived from other alternatives uses of such funds as deposit in interest bearing instruments.
- (iii) The cash flow of the Company may be affected if the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back.
- (iv) As the funds to be allocated for the Proposed Share Buy-Back must be made wholly out of the Company's retained profits, the amount available from these accounts for distribution of dividends to the shareholders of the Company may decrease accordingly.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Shareholders of the Company as well as the Group as the Proposed Share Buy-Back will be implemented only after cautious consideration of the financial resources of the Group and the consequential impacts on the Shareholders of the Company.

## 5.0 Rationale for the Proposed Share Buy-Back

The Proposed Share Buy-Back is likely to potentially benefit the Company and its shareholders in the following manners:

- (a) The Company may be able to take pre-emptive measures if need be, to stabilise the supply and demand of Kelington Shares in the open market, thereby allowing the price of Kelington Shares to better reflect its fundamental value. It will also allow the Company to utilise the financial resources which are not immediately required for use.
- (b) The Company will have the opportunity to distribute the Treasury Shares as share dividend thus benefiting the Shareholders. The Treasury Shares may also be resold at a higher price thereby realising a potential gain for the Company. Alternatively, the Treasury Shares can be transferred for purposes of or under the ESS of the Company or such other purposes as allowed under the Act.
- (c) The consolidated EPS of the Company will be improved as a result of lower number of Kelington Shares being taken into consideration in the computation. Hence, it is expected to have a positive impact on the share price of Kelington Shares.

## 6.0 Ranking and Treatment of Purchased Shares

Pursuant to Section 127 of the Act, the Directors may deal with the Purchased Shares in the following manners: -

- i) to cancel the Purchased Shares; or
- ii) to retain the Purchased Shares as Treasury Shares held by the Company; or
- iii) to retain part of the Purchased Shares as Treasury Shares and cancel the remainder; or
- iv) to distribute the Treasury Shares as dividends to the Shareholders; or
- v) to resell the Treasury Shares on Bursa Securities in accordance with the Listing Requirements; or
- vi) to transfer the Treasury Shares, or any of the Treasury Shares for the purposes of or under an ESS; or
- vii) to transfer the shares, or any of the Treasury Shares as purchase consideration; or
- viii) any combination of the above.

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

While the Purchased Shares are held as Treasury Shares, the rights attached to them as to attending or voting at meetings and any purported exercise of such rights is void and the rights to receive dividend or other distribution of the Company's assets including distribution of assets upon winding up of the Company shall be suspended and the Treasury Shares shall not be taken into account in calculating the number of percentage of Shares or of a class of Shares in the Company for any purpose including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders. The Company would buy back the shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board is of the opinion that it would be in the best interest of the Company to do so.

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

## 7.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the shares of the Company as traded on Bursa Securities for the past twelve (12) months from June 2019 to May 2020 are as follows:-

Month	High (RM)	Low (RM)
<b>2019</b>		
June	1.29	1.21
July	1.38	1.25
August	1.32	1.21
September	1.33	1.24
October	1.40	1.29
November	1.43	1.26
December	1.33	1.23
<b>2020</b>		
January	1.40	1.21
February	1.33	1.17
March	1.22	0.59
April	1.10	0.84
May	1.17	1.00

(Source: Bursa Malaysia)

The last transacted price of Kelington Shares on the LPD was RM1.00.

## 8.0 Financial Effect

### 8.1 Share Capital

The effect of the Proposed Share Buy-Back on the share capital of the Company will depend on the intention of the Board with regards to the treatment of the Purchased Shares. Assuming that 10% of the Company's total number of issued shares are purchased and cancelled, it will result in a reduction on the total issued and paid-up share capital of the Company as shown in the table below:-



	<b>Minimum Scenario After 10% Shares Purchased</b>	<b>Maximum Scenario Assuming full grant of ESS Shares offered &amp; After 10% Shares Purchased</b>
	<b>(No. of Shares)</b>	<b>(No. of Shares)</b>
Total number of issued shares as at LPD	311,459,126#	311,459,126#
Shares issued pursuant to the ESS grant	-	11,164,350*
Total number of enlarged issued shares	311,459,126	322,623,476
Assuming Kelington buy-back its shares amounting to 10% of the total number of issued shares and cancelled	(31,145,912)	(32,262,347)
<b>Resultant issued shares after cancellation of Purchased Shares</b>	<b>280,313,214</b>	<b>290,361,129</b>

# Including 1,119,900 treasury shares and assuming that 1,119,900 treasury shares are resold in the market as at LPD.

\* Total ESS Shares offered as at LPD stood at 16,000,000. 4,835,650 ESS Shares vested and awarded in years 2018 and 2019.

Conversely, if the Purchased Shares are retained as Treasury Shares, resold or distributed to the shareholders, the Proposed Share Buy-Back will not have any effect on the total number of issued shares of the Company.

## 8.2 NA

When the Company purchases its own shares, regardless of whether they are retained as Treasury Shares or a subsequently cancelled, the NA of the Company will decrease due to the creation of a treasury account if retained and a reduction in the retained earnings if cancelled.

If the Treasury Shares are sold through Bursa Securities, the NA of Kelington Group would increase if the Company realises a gain from resale, and vice versa. If the Treasury Shares are distributed as share dividends, the NA of Kelington Group would decrease by the cost of Treasury Shares.

However, the effect of the Proposed Share Buy-Back on the NA per share of Kelington will depend on the actual number of Kelington Shares purchased, the price paid for such Kelington Shares, the effective funding cost to Kelington Group to finance the purchase of such Kelington Shares, or any loss in interest income to the Group.

If all the Purchased Shares are cancelled, the Proposed Share Buy-Back will reduce the NA per share of Kelington when the purchase price per Purchased Share exceeds the NA per Kelington Share at the relevant point in time, and vice versa.

### **8.3 Working Capital**

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of Kelington Group, the quantum of which will depend on, amongst other, the purchase price of Kelington Shares and the number of Purchased Shares. The Proposed Share Buy-Back will affect the cash flow of the Group if it is wholly and/or partly financed by internally generated funds and result in a lower amount of cash reserves available for dividends to be declared to shareholders and business operations as funds are utilised to purchase shares.

### **8.4 Earnings and EPS**

The Proposed Share Buy-Back may contribute positively to the earnings and EPS of Kelington Group. The actual effect is dependent on the purchase prices of Kelington Shares, the number of Shares purchased, and the effective funding cost if any, or any loss in interest income to the Group, or the opportunity cost in relation to other investment opportunities.

### **8.5 Gearing**

The effect of the Proposed Share Buy-Back on the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of shares. Any borrowing utilised to purchase Kelington Shares may increase the gearing of the Company.

### **8.6 Dividend**

The Proposed Share Buy-Back may have an impact on the Company's dividend payment, if any, it may reduce the cash available which may otherwise be used for dividend payments. Any dividend to be declared in the immediate future will depend on the performance and cash resources of Kelington Group. However, as stated in Section 6 above, the Board may have the option to distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Share Buy-Back.

### **8.7 Shareholdings of the Directors and Substantial Shareholders of Kelington**

Based on the Register of Substantial Shareholders' Shareholdings and Directors' Shareholdings as at LPD and assuming the Proposed Share Buy-Back is implemented up to the maximum of 10% of the total number of issued shares, the Purchased Shares are from the Shareholders other than the Directors and Substantial Shareholders of Kelington and Directors, and full grant of ESS Shares to entitled employees, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of Kelington are set out below:-

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Substantial Shareholders/Directors	Existing Shareholdings as at LPD(*)				Minimum Scenario after 10% Shares Purchased and Cancelled				Maximum Scenario Assuming full grant of ESS Shares offered & after 10% Shares Purchased and cancelled			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
<b><u>Substantial Shareholders</u></b>												
Palace Star	67,533,490	21.76	-	-	67,533,490	24.09	-	-	67,533,490	23.26	-	-
Gan Hung Keng	1,228,166	0.40	67,533,490 <sup>(1)</sup>	21.76	1,228,166	0.44	67,533,490 <sup>(1)</sup>	24.09	2,348,166	0.81	67,533,490 <sup>(1)</sup>	23.26
Ong Weng Leong	1,075,900	0.35	67,533,490 <sup>(1)</sup>	21.76	1,075,900	0.38	67,533,490 <sup>(1)</sup>	24.09	2,195,900	0.76	67,533,490 <sup>(1)</sup>	23.26
Cham Teck Kuang	120,000	0.04	67,533,490 <sup>(1)</sup>	21.76	120,000	0.04	67,533,490 <sup>(1)</sup>	24.09	400,000	0.14	67,533,490 <sup>(1)</sup>	23.26
Hu Keqin	120,000	0.04	67,533,490 <sup>(1)</sup>	21.76	120,000	0.04	67,533,490 <sup>(1)</sup>	24.09	400,000	0.14	67,533,490 <sup>(1)</sup>	23.26
Soh Tong Hwa	507,766	0.16	68,868,889 <sup>(2)</sup>	22.19	507,766	0.18	68,868,889 <sup>(2)</sup>	24.57	787,766	0.27	68,868,889 <sup>(2)</sup>	23.72
Sun Lead	19,817,733	6.39	-	-	19,817,733	7.07	-	-	19,817,733	6.83	-	-
Fortune Dragon	-	-	19,817,733 <sup>(3)</sup>	6.39	-	-	19,817,733 <sup>(3)</sup>	7.07	-	-	19,817,733 <sup>(3)</sup>	6.83
LHIC	-	-	19,817,733 <sup>(4)</sup>	6.39	-	-	19,817,733 <sup>(4)</sup>	7.07	-	-	19,817,733 <sup>(4)</sup>	6.83
CIMB – Kenanga Growth Fund	16,131,000	5.20	-	-	16,131,000	5.75	-	-	16,131,000	5.56	-	-
KWAP	-	-	23,163,100 <sup>(5)</sup>	7.46	-	-	23,163,100 <sup>(5)</sup>	8.26	-	-	23,163,100 <sup>(5)</sup>	7.98
<b><u>Directors</u></b>												
Gan Hung Keng	1,228,166	0.40	67,533,490 <sup>(1)</sup>	21.76	1,228,166	0.44	67,533,490 <sup>(1)</sup>	24.09	2,348,166	0.81	67,533,490 <sup>(1)</sup>	23.26
Ong Weng Leong	1,075,900	0.35	67,533,490 <sup>(1)</sup>	21.76	1,075,900	0.38	67,533,490 <sup>(1)</sup>	24.09	2,195,900	0.76	67,533,490 <sup>(1)</sup>	23.26
Chan Thian Kiat	112,866	0.04	-	-	112,866	0.04	-	-	158,366	0.05	-	-
Tan Chuan Yong	286,166	0.09	-	-	286,166	0.10	-	-	331,666	0.11	-	-
Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman	16,500	0.00	-	-	16,500	0.00	-	-	55,000	0.02	-	-
Soo Yuit Weng	835,166	0.27	-	-	835,166	0.30	-	-	873,666	0.30	-	-
Cham Teck Kuang	120,000	0.04	67,533,490 <sup>(1)</sup>	21.76	120,000	0.04	67,533,490 <sup>(1)</sup>	24.09	400,000	0.14	67,533,490 <sup>(1)</sup>	23.26
Hu Keqin	120,000	0.04	67,533,490 <sup>(1)</sup>	21.76	120,000	0.04	67,533,490 <sup>(1)</sup>	24.09	400,000	0.14	67,533,490 <sup>(1)</sup>	23.26
Soh Tong Hwa	507,766	0.16	68,868,889 <sup>(2)</sup>	21.76	507,766	0.18	68,868,889 <sup>(2)</sup>	24.57	787,766	0.27	68,868,889 <sup>(2)</sup>	23.72

Notes:-

(1) Deemed interested under Section 8 of the Act by virtue of their direct interests in Palace Star.

(2) 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 Companies Act 2016 by virtue of shares held by his spouse and child.

(3) Deemed interested under Section 8 of the Act by virtue of its direct interests in Sun Lead.

(4) Deemed interested under Section 8 of the Act by virtue of its direct interest in Fortune Dragon.

(5) Total shareholdings managed by Kumpulan Wang Persaraan (Diperbadankan)'s Fund Managers.

(\*) Excluding 1,119,900 treasury shares.

## **9.0 IMPLICATION RELATING TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS (“the Rules”)**

Pursuant to the Rules, a person or a group of persons acting in concert will be required to make a mandatory general offer if his/their stake(s) in the Company is/are increased to beyond 33% of its total number of issued shares or if his/their existing shareholding(s) is/are more than 33% but less than 50% and it exceeds by another 2% in any six (6) months' period.

In the event that the share buy-back exercise results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining Kelington Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by SC under the Rules, subject to the affected person and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

As it is not intended for the share buy-back exercise to trigger the obligation to undertake a mandatory general offer by any of its Major Shareholders and/or parties acting in concert with them, the Company is mindful that only such number of Shares are purchased, retained as Treasury Shares, cancelled or distributed such that the Rules will not be triggered. However, in the event that an obligation to undertake a mandatory offer should arise with respect to any parties from the share buy-back exercise, the relevant parties shall make necessary application to the SC for an exemption from undertaking a mandatory offer under the Rules before a mandatory offer is triggered.

## **10.0 INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Save for the proportionate increase in the percentage of shareholdings and voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back, none of the Directors, Major Shareholders of Kelington and persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

## **11.0 DIRECTORS' RECOMMENDATION**

Having considered all aspects of the Proposed Share Buy-Back, the Board is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and the Board, therefore recommend that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Twentieth AGM.

## **12.0 APPROVAL REQUIRED AND TWENTIETH AGM**

The Proposed Share Buy-Back is subject to the approval of the Shareholders at the forthcoming Twentieth AGM to be held on Friday, 10 July 2020 at 10.00 a.m. at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan. The relevant ordinary resolution is set out in the Notice of AGM which is enclosed in the 2019 Annual Report of the Company.

## **13.0 DETAILS OF PURCHASE, RESALE, TRANSFER OR CANCELLATION OF SHARES IN THE PREVIOUS TWELVE (12) MONTHS**

The Company has not purchased any shares over the past 12 months. In addition, the Company has not resold, cancelled and/or transferred any Treasury Shares in the past 12 months.

As at LPD, the Company held a total of 1,119,900 of its own Shares, all of which were retained as Treasury Shares.

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3, Jalan P.Ramlee, 50250 Kuala Lumpur following the date of this Statement from Mondays to Fridays (except Public Holidays) during business hours up to and including the date of the Twentieth AGM :-

- (a) The Constitution of Kelington;
- (b) The audited financial statements of Kelington for the past two (2) financial years ended 31 December 2018 and 31 December 2019; and
- (c) Unaudited Quarterly Report on Consolidated Results for the financial period ended 31 March 2020.

## **EXTRACT OF NOTICE OF 20TH AGM**

### **ORDINARY RESOLUTION 12**

#### **PROPOSED AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY**

“THAT subject to the Companies Act 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

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

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

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

whichever occurs first.

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