

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

In line with the provisions of Practice Note No. 18 on Perusal of Draft Circulars and Other Documents, Bursa Malaysia Securities Berhad has not perused this Circular as it falls under the category of Exempt Circulars outlined in the aforesaid practice note.



KECK SENG (MALAYSIA) BERHAD
Registration No. 196801000565 (8157-D)
(Incorporated in Malaysia)

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

PART B
STATEMENT TO SHAREHOLDERS
IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
FOR SHARE BUY-BACK

The resolution in respect of the above proposals will be tabled at the Fiftieth Annual General Meeting ("AGM") of the Company, which will be conducted fully virtual via live streaming from the **Broadcast Venue at Conference Room, Suite 15-01, 15th Floor, Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia** on **Thursday, 27 August 2020 at 10.00 a.m.** The Notice of Fiftieth AGM, Proxy Form, Administrative Details and this Circular/Statement are available on the Company's website at <http://my.keckseng.com/>.

Please complete and return your Proxy Form in accordance with the instructions thereon as soon as possible to the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM or at any adjournment thereof. You also have option to submit the Proxy Form electronically via TIIH Online website at <https://tiih.online> (applicable to individual shareholder only) before the Proxy Form lodgement cut-off time stated below.

Last date and time for lodging the Proxy Form : Tuesday, 25 August 2020 at 10.00 a.m.
Date and time of Fiftieth AGM : Thursday, 27 August 2020 at 10.00 a.m.

This Circular is dated 29 July 2020

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

DEFINITIONS

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

- “Act” : The Companies Act 2016, as may be amended from time to time and any-enactment thereof.
- “AGM” : Annual General Meeting.
- “Audit Committee” : Audit Committee of KSMB.
- “Board” : The Board of Directors of KSMB.
- “Bursa Securities” or “the Exchange” : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the Company, its subsidiary or holding company.
- “KSMB” or “the Company” : Keck Seng (Malaysia) Berhad [Registration No. 196801000565 (8157-D)].
- “KSMB Group” or “Group” : KSMB and its subsidiaries as defined in Section 4 of the Act. Subsidiary companies include subsidiaries, which exist as at the date of this Circular and subsidiaries which are incorporated or acquired at any time during the duration of the Proposal.
- “KSS” : Keck Seng Singapore Pte Ltd.
- “Listing Requirements” : Bursa Securities Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time.
- “Major Shareholder” : A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:-
- (a) 10% or more of the total number of voting shares in the Company;
 - or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company;
- and shall include any person who is or was within the preceding six (6) months of the date on which the terms of the transaction was agreed upon, a major shareholder of KSMB, its subsidiary or holding company.
- “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.

- “Person(s) Connected” : Persons connected to the Directors and/or Major Shareholders, who fall under any one of the following categories:-
- (i) a family member of the Directors or Major Shareholders;
 - (ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Directors or Major Shareholders, is the sole beneficiary;
 - (iii) a partner of the Directors or Major Shareholders;
 - (iv) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose direction, instructions or wishes the Directors or Major Shareholders is accustomed or is under an obligation, whether formal or informal, to act;
 - (v) a body corporate in which the Directors, Major Shareholders or persons connected with them are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (vi) a body corporate which is a related corporation of the Directors or Major Shareholders.
- “Proposal” or “Proposed Renewal of Shareholders’ Mandate” : Proposed renewal of shareholders’ mandate for the KSMB Group to enter into existing RRPTs with the related parties.
- “Recurrent Related Party Transactions” or “RRPTs” : Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are entered into by KSMB Group with the Related Parties in the ordinary course of business which involves the interest, direct or indirect, of a Related Party.
- “Related Party(ies)” : A Director, Major Shareholder or Person Connected with such Director or Major Shareholder as defined under Chapters 1 and 10 of the Listing Requirements.
- “RM” and “sen” : Ringgit Malaysia and sen respectively.
- “SC” : Securities Commission Malaysia.

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

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

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KECK SENG (MALAYSIA) BERHAD

Registration No. 196801000565 (8157-D)
(Incorporated in Malaysia)

Registered Office:-

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim

29 July 2020

Board of Directors:-

Ho Kim Swee @ Ho Kian Guan (*Executive Chairman*)
Dato' Ho Cheng Chong @ Ho Kian Hock (*Managing Director*)
Ho Eng Chong @ Ho Kian Cheong (*Non-Independent Non-Executive Director*)
Chan Lui Ming Ivan (*Executive Director*)
Lee Huee Nan @ Lee Hwee Leng (*Executive Director*)
Too Hing Yeap @ Too Heng Yip (*Senior Independent Non-Executive Director*)
Maj-Gen (R) Dato' Muhammad Bin Yunus (*Independent Non-Executive Director*)
Tai Lam Shin (*Independent Non-Executive Director*)
Mahathir Bin Mohamed Ismail (*Independent Non-Executive Director*)
Liew Foong Yuen (*Independent Non-Executive Director*)
Ho Chung Kain (He ChongJing) (*Alternate to Dato' Ho Cheng Chong @ Ho Kian Hock*)
Ho Chung Hui (*Alternate to Lee Huee Nan @ Lee Hwee Leng*)
Ho Chung Tao (*Alternate to Chan Lui Ming Ivan*)
Ho Chung Kiat, Sydney (He ChongJie, Sydney) (*Alternate to Ho Eng Chong @ Ho Kian Cheong*)

TO: OUR SHAREHOLDERS

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 30 May 2019, the Company announced that the shareholders had at the Forty-Ninth AGM held on even date, approved the resolution pertaining to the shareholders' mandate for recurrent related party transactions of a revenue or trading nature which is necessary for the KSMB Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public. The approval shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming AGM of the Company scheduled to be held on 27 August 2020 unless approval for its renewal is obtained from the shareholders of the Company at the Fiftieth AGM.

On 27 February 2020, the Board announced that the Company proposed to seek the approval of its shareholders for the Proposal at the forthcoming Fiftieth AGM of the Company.

The purpose of Part A of this Circular is to provide you with relevant details of the Proposal and to seek your approval for the proposed resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming Fiftieth AGM of the Company.

2. INFORMATION ON THE PROPOSAL

2.1 Provision under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements and Practice Note No. 12, a listed company may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1.0 million or more; or
 - (b) the percentage ratio of such Recurrent Related Party Transactions is 1% or more, whichever is the higher;
- (iii) the issuance of a circular to shareholders by the Company for the shareholders' mandate;
- (iv) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders and interested Persons Connected with a Director or Major Shareholder and where it involves the interest of the Person Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company shall make an immediate announcement to the Exchange when the actual value of the RRPTs entered into by the Company, exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Where a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements has been procured, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply.

KSMB is proposing to seek its shareholders' approval to renew the existing shareholders' mandate pursuant to and in compliance with the conditions stated in Paragraph 10.09 of the Listing Requirements and Practice Note No. 12, to enable the Group to continue entering into the RRPTs with the Related Parties.

2.2 Principal Activities of the KSMB Group

KSMB is principally an investment holding company which is also engaged in the cultivation of oil palm, processing and marketing of refined palm oil products, property development and property investment. KSMB's subsidiaries are involved in the cultivation of oil palm, property development and the operation of hotels and a golf resort.

It is anticipated that the companies within the Group would, in the ordinary course of business, enter into the related party transactions as mentioned above and which are detailed in Section 2.4. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In view of the time-sensitive and frequent nature of such related party transactions, the Board is seeking shareholders' approval for the Proposed Renewal of Shareholders' Mandate for the Group to enter into transactions in the normal course of business within the classes of related parties set out in Section 2.3, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the related party than those generally available to the public and which will not be to the detriment of the minority shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.6.

2.3 The Related Parties

The Proposed Renewal of Shareholders' Mandate will apply to transactions with KSS, which is principally involved in the marketing and distribution of crude and refined palm oil products. KSS is a private limited company incorporated in the Republic of Singapore and is wholly-owned by Ho Yeow Koon And Sons Private Limited, a major shareholder of KSMB. The direct and indirect interests of interested Directors and/or Major Shareholders of KSMB and Persons Connected with them in KSS as at 30 June 2020 are as follows:

Interested Directors and Major Shareholders ⁽¹⁾	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ho Kim Swee @ Ho Kian Guan	-	-	12,000 ⁽²⁾	100
Dato' Ho Cheng Chong @ Ho Kian Hock	-	-	12,000 ⁽²⁾	100
Ho Eng Chong @ Ho Kian Cheong ⁽³⁾	-	-	-	-
Chan Lui Ming Ivan	-	-	-	-
Ho Yeow Koon And Sons Private Limited	12,000	100	-	-

Notes:

- (1) The named persons are directors and/or major shareholders of KSMB except for Chan Lui Ming Ivan who is a director but not a major shareholder of KSMB.
- (2) Deemed interested by virtue of their interests in Ho Yeow Koon And Sons Private Limited and both are directors of KSS and Ho Yeow Koon And Sons Private Limited.
- (3) Deemed interested by virtue of being the sibling of Ho Kim Swee @ Ho Kian Guan and Dato' Ho Cheng Chong @ Ho Kian Hock.

Persons connected to Interested Directors and Major Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Aw Sock Beng ⁽¹⁾	-	-	12,000 ⁽³⁾	100
Ho Chin Chin ⁽²⁾	-	-	12,000 ⁽³⁾	100
Ho See See ⁽³⁾	-	-	12,000 ⁽³⁾	100

Notes:

- (1) Aw Sock Beng is the mother of Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong, Ho Chin Chin and Ho See See and is a director of KSS and a director and shareholder of Ho Yeow Koon And Sons Private Limited.
- (2) Ho Chin Chin and Ho See See are the siblings of Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock and Ho Eng Chong @ Ho Kian Cheong and both are directors of KSS, directors and shareholders of Ho Yeow Koon And Sons Private Limited. Ho Chin Chin is the mother of Chan Lui Ming Ivan.
- (3) Deemed interested by virtue of their interests in Ho Yeow Koon And Sons Private Limited.

The direct and indirect interests of interested Directors and/or Major Shareholders and Persons Connected with them in KSMB as at 30 June 2020 are as follows:

Interested Directors and Major Shareholders ⁽¹⁾	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	100,719,373 ⁽²⁾	28.03
Dato' Ho Cheng Chong @ Ho Kian Hock	24,899,687	6.93	100,719,373 ⁽²⁾	28.03
Ho Eng Chong @ Ho Kian Cheong ⁽³⁾	24,662,436	6.86	18,000,000 ⁽⁴⁾	5.01
Chan Lui Ming Ivan	102,000	0.03	-	-
Ho Yeow Koon And Sons Private Limited	55,986,589	15.58	21,920,512 ⁽⁵⁾	6.10

Notes:

- (1) The named persons are Directors and/or Major Shareholders of KSMB except for Chan Lui Ming Ivan who is a director but not a Major Shareholder of KSMB.
- (2) Deemed interested by virtue of their interests in Ho Yeow Koon And Sons Private Limited, Plentong Quarry (M) Sdn Bhd, Firmstead Realty Sendirian Berhad, South West Holdings Sdn Bhd and KS Ocean Inc.
- (3) Deemed interested by virtue of being the sibling of Ho Kim Swee @ Ho Kian Guan and Dato' Ho Cheng Chong @ Ho Kian Hock.
- (4) Deemed interested by virtue of his interest in Laser Ace Ventures Ltd (BVI), Liteace Management Ltd (BVI), Vuitton Assets Ltd (BVI) and Skytrax Ventures Ltd.
- (5) Deemed interested by virtue of its interest in Plentong Quarry (M) Sdn Bhd, Firmstead Realty Sendirian Berhad and South West Holdings Sdn Bhd.

Persons connected to Interested Directors and Major Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ho Chin Chin ⁽¹⁾	14,706,234	4.09	-	-
Ho See See ⁽¹⁾	11,749,969	3.27	-	-
Ho Chung Kain (He ChongJing) ⁽²⁾	470,500	0.13	-	-
Ho Chung Hui ⁽²⁾	-	-	-	-
Ho Chung Tao ⁽³⁾	-	-	-	-
Ho Chung Kiat, Sydney (He ChongJie, Sydney) ⁽⁴⁾	-	-	-	-

Notes:

- (1) Ho Chin Chin and Ho See See are the siblings of Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock and Ho Eng Chong @ Ho Kian Cheong and both are directors and shareholders of Ho Yeow Koon And Sons Private Limited. Ho Chin Chin is also the mother of Chan Lui Ming Ivan.
- (2) Ho Chung Kain (He ChongJing) and Ho Chung Hui are the sons of Dato' Ho Cheng Chong @ Ho Kian Hock.
- (3) Ho Chung Tao is the son of Ho Kim Swee @ Ho Kian Guan.
- (4) Ho Chung Kiat, Sydney (He ChongJie, Sydney) is the son of Ho Eng Chong @ Ho Kian Cheong.

KSS has no direct or indirect shareholdings in KSMB.

2.4 Information on the RRPTs

The Proposed Renewal of Shareholders' Mandate will enable KSMB to undertake transactions with KSS involving the payment of commission by KSMB to KSS in respect of services rendered by KSS to the KSMB Group for the following:

- (a) as agent in relation to the sales, marketing and distribution of crude palm oil and refined palm oil products produced by the Group; and
- (b) as agent in relation to purchases of fresh fruit bunches and crude palm oil products on behalf of the Group to be used as raw materials for processing at the Group's palm oil mill and refinery.

The estimated aggregate value of the transactions between KSMB Group and KSS to be incurred from the conclusion of the forthcoming Fiftieth AGM to the next AGM are as follows:

Transactions	Total estimated aggregate value to be incurred from Fiftieth AGM to the next AGM (RM)
Sales, marketing and distribution of crude and refined palm oil products to KSS	790,377,840
Purchases of fresh fruit bunches and crude palm oil products from KSS to be used as raw materials	846,120,000
Total Transactions	1,636,497,840
Commission Payable (0.5% of the total estimated transactions)	8,182,489

Notes:

The estimated aggregate value of the Recurrent Related Party Transaction for the period from the conclusion of the forthcoming Fiftieth AGM to the next AGM of the Company are based on the expected value of transactions estimated by the management of KSMB Group, which may be varied and are subject to changes.

The estimated value of the transactions from the Forty-Ninth AGM held on 30 May 2019 to this forthcoming AGM and the actual value transacted from the Forty-Ninth AGM up to 30 June 2020, the latest practicable date before the printing of this Circular were as follows:

Transactions	Total Estimated Value for the period from the Forty-Ninth AGM to the forthcoming AGM (RM)	Actual Value transacted from Forty-Ninth AGM up to 30 June 2020 (RM)
Sales, marketing and distribution of crude and refined palm oil products to KSS	807,916,452	574,607,883
Purchases of fresh fruit bunches and crude palm oil products from KSS to be used as raw materials	876,540,000	523,755,785
Total Transactions	1,684,456,452	1,098,363,668
Commission Payable/ paid	8,422,282*	5,491,818**

Notes:

* Estimated Commission payable is calculated based on a rate of 0.5% of the estimated value of the transactions.

** Actual Commission paid is calculated based on a rate of 0.5% of the actual value of transactions.

KSS is the related party for all the mandated transactions as set out above and the interested Directors, interested Major Shareholders of KSMB and Persons Connected to them in the Proposal are Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong, Ho Chin Chin, Ho See See, Chan Lui Ming Ivan, Ho Chung Kain (He ChongJing) and Ho Yeow Koon And Sons Private Limited. The nature of their interest in KSS is as set out in Section 2.3.

Save for the abovementioned transactions, there are no new/ additional transactions which are subjected to the shareholders' mandate.

2.5 Deviation from Mandate

There was no deviation of 10% or more between the aggregated actual value and the aggregated estimated value pursuant to Paragraph 10.12 of the Listing Requirements.

2.6 Review Procedures for the RRPTs

To ensure that the RRPTs are undertaken on an arms' length basis and on the Group's normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to shareholders, the management will ensure that the transactions with the Related Party will only be entered into after taking into account the pricing, level of service, quality of products and other related factors.

The management of KSMB will also implement the following additional procedures and guidelines to ensure that the RRPTs are conducted at arm's length and on normal commercial terms and on terms not more favorable to the Related Party than those generally available to the public and hence not detrimental to the interests of minority shareholders:

- (i) a list of Related Party will be circulated within KSMB Group and management will be notified that all RRPTs that are undertaken must be undertaken at arm's length basis and on normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders;

- (ii) records will be maintained by the Group to capture all RRPTs which will be entered into pursuant to the Proposed Renewal of Shareholders' Mandate;
- (iii) transaction prices are to be determined by the prevailing market prices for which crude palm oil, crude and refined palm oil products and fresh fruit bunches are traded at the time the transactions are entered into;
- (iv) RRPTs will be monitored through management reports tendered to the Board and Audit Committee;
- (v) the Board and the Audit Committee will review the management reports to ascertain that the guidelines and procedures established to monitor the RRPTs have been complied with; and
- (vi) at least two (2) other contemporaneous transactions with unrelated third parties for similar products/ services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

As the arrangement with KSS is based on commission basis, in the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/or service is a proprietary item), the commission rate will be based on normal commercial terms and is arrived at after taking into account the costs involved in setting up an entire marketing team for KSMB and comparison to charges imposed by other marketing agents.

The Board of KSMB and the Audit Committee have reviewed the above procedures and will continue to review the procedures as and when required. If a member of the Board of KSMB or Audit Committee has an interest in the transaction to be reviewed by the Board of KSMB or the Audit Committee as the case may be, he will not participate in the deliberation of such transaction and will abstain from any decision making by the Board or the Audit Committee in respect of that transaction.

2.7 The Threshold for the Approval of RRPTs

There is no specific threshold for approval of RRPTs within KSMB Group. However, all RRPT(s) are subject to the approval of the Board. Where any Director has an interest (direct or indirect) in any RRPTs, such Director shall abstain from deliberation and voting on the matter. If it is determined that the procedures stated in Section 2.6 of this Circular are inadequate, the Company is required to ensure that:-

- (i) RRPT(s) will be conducted at arms' length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders.

The Audit Committee shall have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

2.8 Amount due and owing to the Company by Related Parties

As at the financial year ended 31 December 2019, there is no amount due and owing to the Company by its Related Parties, which has exceeded the credit term given. The payments were made within the agreed credit terms.

2.9 Statement by Audit Committee

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit Committee also has the authority to delegate this responsibility to such individuals within the Company as it shall deem fit. The Audit Committee will

review and ascertain whether the guidelines and procedures established to monitor, track and identify RRPTs are adequate and have been complied with at least once a year.

If it is determined that the guidelines and/or procedures stated in Section 2.6 are inadequate to ensure that (i) the RRPTs will be conducted at arm's length and on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders; and (ii) such transactions are not prejudicial to the interests of the shareholders, the Company will obtain a fresh shareholders' mandate based on new guidelines and procedures.

The Audit Committee has set the threshold for the RRPTs at the estimated value of RM1,636,497,840 and the estimated commission at RM8,182,489 for the period from this Fiftieth AGM to the next AGM. With these current threshold, the Audit Committee opines that the procedures and processes stated in Section 2.6 are sufficient to monitor, track and identify the RRPT in a timely and orderly manner.

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

The Audit Committee shall also have the discretion to request for limits to be increased and for additional procedures to be followed if it considers such a request to be appropriate.

2.10 Disclosure of RRPTs

Disclosure will be made in the annual report of KSMB in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information:-

- (i) types of the RRPTs; and
- (ii) names of the Related Parties involved in each RRPT entered into and their relationship with the Company.

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

2.11 Rationale for the Proposal

The rationale for and benefits of the Proposal to the KSMB Group are as follows:-

- (i) to facilitate transactions with Related Parties which are in the ordinary course of business of the KSMB Group undertaken at arms' length, normal commercial terms and on terms which are not more favorable to the Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders;
- (ii) to enable the KSMB Group to transact with the Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations, particularly, business needs which are time sensitive in nature; and
- (iii) will eliminate the need to announce and convene separate general meetings to seek shareholders' mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channeled to attain more productive objectives.

KSS has undertaken the purchasing, marketing and distribution activities on behalf of the Group since 1977. KSS operates a regional office in Singapore with marketing and administrative staff and has an extensive network of contacts in the palm oil distribution business and having been firmly established in the business over the last forty-three years. The arrangement involves KSS purchasing of fresh fruit bunches and crude palm oil products; marketing and distribution of crude and refined palm oil products on behalf of the Group. This arrangement allows the Group to concentrate entirely on the cultivation and processing aspect of its oil palm operations and obviates

the need for the Group to incur costs in setting up its own purchasing, marketing and distribution operations. This is beneficial to the Group in reducing its fixed costs and allows it to concentrate its resources in the cultivation and processing of palm oil products.

2.12 Financial Effects of the Proposal

The Proposal will have no effect on the issued share capital and shareholdings of Major Shareholders of KSMB, the net assets per share and earnings per share of the KSMB Group.

2.13 Validity Period for the Proposal

If approved at the forthcoming Fiftieth AGM, the Proposed Renewal of Shareholders' Mandate will be subject to annual review. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:-

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

whichever is the earlier.

2.14 Interests of Directors, Major Shareholders and/or Persons Connected to them

Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong and Chan Lui Ming Ivan being the interested Directors of KSMB and Persons Connected to them as set out in Section 2.3 shall abstain from voting in respect of their direct and indirect shareholdings on the Proposal by virtue of their interests at the forthcoming AGM. The interested Directors have also undertaken that they will ensure that Persons Connected to them will abstain from voting on the resolution to be tabled at the Fiftieth AGM.

The interested Major Shareholders namely Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong and Ho Yeow Koon And Sons Private Limited shall abstain from voting at the forthcoming AGM pertaining to the resolution on the Proposed Renewal of Shareholders' Mandate.

They have also undertaken that they will ensure that Persons Connected with them as set out in Section 2.3 will abstain from voting on the said resolution to be tabled at the forthcoming Fiftieth AGM.

The interested Directors have also abstained from deliberation and voting at the Board meeting on matters pertaining to the Proposed Renewal of Shareholders' Mandate. Save as aforesaid, none of the other Directors or Major Shareholders of KSMB or Persons Connected to them have any interest in the Proposed Renewal of Shareholders' Mandate.

3. DIRECTORS' RECOMMENDATION

The Directors with the exception of Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong, Chan Lui Ming Ivan and their respective alternate, who have abstained and will abstain from all Board's deliberations, recommendations and voting on the Proposal are of the opinion that the Proposal is fair, reasonable and in the best interests of the KSMB Group and is not detrimental to the minority shareholders. Accordingly, they (save for Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong, Chan Lui Ming Ivan and their respective alternate) recommend that you vote in favour of the ordinary resolution in relation to the Proposal under the agenda of Special Business, the text of which are set out in the Notice convening the Fiftieth AGM.

4. APPROVAL REQUIRED

The Proposal is subject to approval being obtained from the shareholders of KSMB at the forthcoming AGM.

5. FIFTIETH AGM

The Fiftieth AGM of KSMB will be held fully virtual via live streaming from the Broadcast Venue at Conference Room, Suite 15-01, 15th Floor, Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Thursday, 27 August 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, to pass the resolution pertaining to the Proposal.

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Act**. Shareholders/proxy(ies) will not be allowed to attend the Fiftieth AGM in person at the Broadcast Venue on the date of the meeting.

If you are unable to participate at the AGM, you may complete, sign and return the Proxy Form in accordance with the instructions contained therein as soon as possible so as to arrive at the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the Fiftieth AGM. The Proxy Form may also be submitted electronically via TIIH Online website at <https://tiih.online> (applicable to individual shareholder only).

6. FURTHER INFORMATION

You are advised to refer to the attached appendix for further information.

Yours faithfully

On behalf of the Board of

KECK SENG (MALAYSIA) BERHAD

TOO HING YEAP @ TOO HENG YIP

Senior Independent Non-Executive Director

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

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

2. MATERIAL LITIGATION

KSMB Group is not engaged in any current material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of KSMB do not know of any proceedings pending or threatened against KSMB and/or its subsidiaries or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position and/or business of the KSMB Group.

3. MATERIAL CONTRACTS

Neither KSMB and/or its subsidiaries has entered into any material contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past two (2) years preceding the date of this Circular.

4. DOCUMENTS FOR INSPECTION

- (i) The Constitution of KSMB; and
- (ii) Audited financial statements of KSMB and KSMB Group for the past two (2) financial years ended 31 December 2018 and 31 December 2019; and
- (iii) Unaudited consolidated financial results of KSMB for the financial period ended 31 March 2020.

PART B
STATEMENT TO SHAREHOLDERS
IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS'
MANDATE FOR SHARE BUY-BACK

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this statement:-

“Act”	:	The Companies Act 2016, as may be amended from time to time and any-enactment thereof.
“AGM”	:	Annual General Meeting.
“Board”	:	The Board of Directors of KSMB.
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016 and any amendments made thereto from time to time.
“EPS”	:	Earnings per share.
“KSMB” or “the Company”	:	Keck Seng (Malaysia) Berhad [Registration No. 196801000565 (8157-D)].
“KSMB Group” or “Group”	:	KSMB and its subsidiary and associated companies, collectively.
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time.
“Major Shareholder(s)”	:	A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:- (c) 10% or more of the total number of voting shares in the Company; or (d) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company; “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
“Market Day”	:	Means a day on which the stock market of the Exchange is open for trading in securities.
“Minister”	:	Minister charged with the responsibility for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia.
“Proposed Renewal of Shareholders’ Mandate for Share Buy-Back”	:	Proposed renewal of authority to purchase of the Company’s own shares representing up to 10% of the total number of issued shares of the Company.
“Purchased Shares”	:	Shares purchased pursuant to the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back.
“RM and sen”	:	Ringgit Malaysia and sen respectively.
“Statement”	:	This share buy-back statement dated 29 July 2020 in relation to the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back.
“Substantial Shareholder(s)”	:	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 of all the voting shares in the Company.

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

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

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KECK SENG (MALAYSIA) BERHAD

Registration No. 196801000565 (8157-D)

(Incorporated in Malaysia)

Registered Office:-

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim

29 July 2020

Board of Directors:-

Ho Kim Swee @ Ho Kian Guan (*Executive Chairman*)
Dato' Ho Cheng Chong @ Ho Kian Hock (*Managing Director*)
Ho Eng Chong @ Ho Kian Cheong (*Non-Independent Non-Executive Director*)
Chan Lui Ming Ivan (*Executive Director*)
Lee Huee Nan @ Lee Hwee Leng (*Executive Director*)
Too Hing Yeap @ Too Heng Yip (*Senior Independent Non-Executive Director*)
Maj-Gen (R) Dato' Muhammad Bin Yunus (*Independent Non-Executive Director*)
Tai Lam Shin (*Independent Non-Executive Director*)
Mahathir Bin Mohamed Ismail (*Independent Non-Executive Director*)
Liew Foong Yuen (*Independent Non-Executive Director*)
Ho Chung Kain (He ChongJing) (*Alternate to Dato' Ho Cheng Chong @ Ho Kian Hock*)
Ho Chung Hui (*Alternate to Lee Huee Nan @ Lee Hwee Leng*)
Ho Chung Tao (*Alternate to Chan Lui Ming Ivan*)
Ho Chung Kiat, Sydney (He ChongJie, Sydney) (*Alternate to Ho Eng Chong @ Ho Kian Cheong*)

TO: OUR SHAREHOLDERS

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

1. INTRODUCTION

On 27 February 2020, the Company announced that it proposes to seek a renewal of the approval from the shareholders for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back at the forthcoming Fiftieth AGM to be convened on 27 August 2020.

At the Forty-Ninth AGM held on 30 May 2019, the Board obtained the shareholders' approval to allow the Company to buy-back of up to 10% of its total number of issued shares. This authority shall lapse at the conclusion of the forthcoming AGM unless it is renewed.

The purpose of this Statement is to provide you with the relevant information and to seek your approval for an ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to be tabled as Special Business at the forthcoming Fiftieth AGM.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The Board is seeking your approval for the Company to purchase and/or hold shares representing up to 10% of its total number of issued shares on Bursa Securities, subject to the Act, Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will be effective immediately upon the passing of the ordinary resolution, and will remain in effect until the conclusion of the next AGM of KSMB, or the expiry of the period within which the next AGM is required by law to be held, or revoked or varied by ordinary resolution passed by shareholders in a general meeting, whichever occurs first.

Set out below are details of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back:-

(i) Funding

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will be funded from internally generated funds. Under the Listing Requirements, the maximum funds to be utilised for the purchase of the shares shall not exceed the total retained profits of the Company. Accordingly, the Directors shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits of the Company in respect of any purchase of shares pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back. Based on the latest audited financial statements of KSMB as at 31 December 2019, the retained profits of the Company stood at approximately RM1,256,369,000 whilst the unaudited retained profits of the Company as at 31 March 2020 stood at approximately RM1,302,523,000.

The actual number of shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the prevailing equity market conditions and sentiments as well as the financial resources available to the Company at the time of the purchase(s). In the event the Company decides to utilise bank borrowings to finance the purchase of its own shares, the Board will ensure that there are sufficient funds to repay such borrowings and that such repayment will not have a material impact on the cash flow or earnings of the Company.

In addition, the Board will ensure that the Company satisfies the solvency test as stated under Section 112(2) of the Act before executing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

(ii) Treatment of Purchased Shares

In accordance with Section 127 of the Act, the Purchased Shares may be dealt with by your Directors in the following manner:-

- (a) to cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares to:-
 - (i) distribute the shares as dividends to shareholders of the Company, such dividends to be known as "share dividends";
 - (ii) resell the shares, or any of the shares in accordance with the relevant rules of Bursa Securities;
 - (iii) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
 - (iv) transfer the shares, or any of the shares as purchase consideration;
 - (v) cancel the shares or any of the shares; or
 - (vi) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe;
- (c) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

(iii) Ranking

While the Purchased Shares are held as treasury shares, Section 127 (8) and (9) of the Act states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the

result of a vote on a resolution at a meeting.

(iv) Regulatory requirements

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to compliance with Section 127 of the Act, Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

Pursuant to the Listing Requirements, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to, *inter-alia*, the following rules:-

- the public shareholding spread of 25% of its total number of issued shares is to be maintained at all times. As detailed in Section 6.7 of this Statement, the Board undertakes to purchase shares only to the extent that the public shareholding spread of KSMB shall not fall below 25% of its total number of issued shares at all times pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back;
- the purchase price of the shares shall not be more than fifteen per centum (15%) above the weighted average market price for the shares for the five (5) Market Days immediately preceding the date of the purchase(s);
- an immediate announcement will be made to Bursa Securities of any purchase or resale of shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both;
- the Company may only resell or transfer any treasury shares on Bursa Securities at:-
 - (i) a price, which is not less than the weighted average market price of shares for the five (5) Market Days immediately before the date of the resale or transfer; or
 - (ii) a discounted price of not more than five per centum (5%) to the weighted average market price of shares for the five (5) Market Days immediately before the date of the resale or transfer, provided that:-
 - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of shares being resold or transferred;
- the maximum funds to be utilised for the purchase of the shares shall not exceed the level of retained profits of the Company. As mentioned in Section 2 of this Statement, the allocation of funds for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would not exceed the aggregate sum of retained profits of the Company; and
- the Proposed Renewal of Shareholders' Mandate for Share Buy-Back shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined under the rules of Bursa Securities.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The implementation of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would enable the Company to utilise its surplus financial resources to purchase shares when appropriate, and at prices which the Board view as favourable.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back would effectively reduce the number of shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently (whether the Purchased Shares are held as treasury shares or cancelled), all else being equal, the EPS of the Company/KSMB Group may be enhanced as the earnings of KSMB/KSMB Group would be divided by a reduced number of shares.

The Purchased Shares may be cancelled at such time(s) where your Directors are of the view that there is excess share capital and wish to reduce the number of shares in circulation. If the Purchased Shares are held as treasury shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves without affecting the total issued share capital of the Company. The treasury shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

Advantages

- (i) To enable the Company to stabilise the supply and demand of shares on Bursa Securities and thereby reducing the volatility of shares.
- (ii) If the Purchased Shares are subsequently cancelled, it is expected to enhance the EPS of the Company thereby making the shares more attractive to investors.
- (iii) If the treasury shares are distributed as dividends, it may then serve to reward the shareholders.

Disadvantages

- (i) The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forego feasible investment opportunities that may emerge in the future and any income that may be derived from the deposit of funds in interest bearing instruments.
- (ii) The working capital of the Group will also be affected, as any shares purchase will reduce the Group's cash flow. However, the financial resources of the Group may increase if the shares purchased and held as treasury shares are resold at prices higher than purchase price.

The Board will be mindful of the interests of the Company and the shareholders in implementing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

5. PURCHASE OF SHARES AND RESALE OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS

The Company had not made any purchase, resale, transfer and/cancellation of its own shares in the preceding twelve (12) months up to 30 June 2020.

As at 30 June 2020, a total of 2,173,500 shares were held as treasury shares.

6. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the share capital, consolidated NA, working capital, earnings, dividends and the Substantial Shareholders' shareholdings in KSMB are set out below:-

6.1 Share Capital

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the issued share capital of KSMB will depend on the treatment of the Purchased Shares.

In the event the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the present share capital of the Company will be reduced by the number of shares so cancelled, the effect shall be as follows:-

	Number of shares
Total number of issued shares as at 30 June 2020	361,477,110*
Assuming the shares purchased are cancelled (up to 10% of the total number of issued shares)	36,147,711
Resultant share capital	325,329,399

*Included the 2,173,500 treasury shares held by KSMB as at 30 June 2020.

If the Purchased Shares are retained as treasury shares, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will not have any effect on the issued share capital of the Company. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.

6.2 Net Assets (“NA”)

The effects of the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back on the consolidated NA of KSMB would depend on the purchase price and the number of shares which the Company will buy back. The Proposed Renewal of Shareholders’ Mandate for Share Buy-Back will reduce the consolidated NA per share at the time of purchase if the purchase price exceeds the consolidated NA per share and conversely will increase the consolidated NA per share at the time of purchase if the purchase price is less than the consolidated NA per share.

Should the Purchased Shares be held as treasury shares and later resold, the consolidated NA per share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed to shareholders as share dividends, the NA per share will decrease by the cost of the treasury shares.

6.3 Working Capital

The Proposed Renewal of Shareholders’ Mandate for Share Buy-Back is likely to reduce the working capital of the KSMB Group, the quantum of which depends on the purchase price of the shares, the number of shares repurchased and any associated costs incurred in making the purchase.

6.4 Earnings

The effects of the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back on the earnings of the KSMB Group would depend on the purchase price and the number of shares to be repurchased as well as the effective funding cost to the Company in implementing the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back. The reduction in the number of shares applied in the computation of the EPS pursuant to the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back (whether the Purchased Shares are held as treasury shares or cancelled) may generally, all else being equal, have a positive impact on the EPS for the financial year when the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back is implemented.

Should the Purchased Shares be held as treasury shares and later resold, the extent of the impact to the EPS of the KSMB Group will depend on the actual selling price, the number of treasury shares resold and the effective funding cost, if any.

6.5 Dividends

Assuming the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back is implemented in full, dividends would be paid on the remaining issued share capital of KSMB (excluding the shares already purchased). The Proposed Renewal of Shareholders’ Mandate for Share Buy-Back may have an impact on the Company’s dividend policy for the financial year ending 31 December 2020 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by KSMB in the future would depend on, inter-alia, the profitability and cash flow position of the KSMB Group.

6.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back that are retained as treasury shares and/or subsequently cancelled will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company, as detailed in Section 8 below.

6.7 Public Shareholding Spread

As at 30 June 2020, the public shareholding spread of the Company was approximately 38.38%. Assuming that the Company purchases up to the maximum number of Shares as allowed under the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back, the public shareholding spread is expected to reduce to 31.95%.

The Company shall not buy-back any shares if it results in the Company being in breach of the minimum public shareholdings spread requirement of the Listing Requirements.

7. CONDITIONS OF THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK

The Proposed Renewal of Shareholders’ Mandate for Share Buy-Back is subject to the approval of the shareholders of KSMB at the forthcoming Fiftieth AGM.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage of shareholdings of the Directors, substantial shareholders and persons connected to them as a result of the effective decrease in the total number of voting shares of the Company upon the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, none of the Directors and/or Major Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

The shareholdings of the Directors and Substantial Shareholders of KSMB are as follows:

Directors	Before the Proposed Renewal of Shareholders' Mandate for Share Buy-Back				After the Proposed Renewal of Shareholders' Mandate for Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	100,719,373 ⁽¹⁾	28.03	24,395,538	7.50	100,719,373 ⁽¹⁾	30.96
Dato' Ho Cheng Chong @ Ho Kian Hock	24,899,687	6.93	100,719,373 ⁽¹⁾	28.03	24,899,687	7.65	100,719,373 ⁽¹⁾	30.96
Ho Eng Chong @ Ho Kian Cheong	24,662,436	6.86	18,000,000 ⁽²⁾	5.01	24,662,436	7.58	18,000,000 ⁽²⁾	5.53
Lee Huee Nan @ Lee Hwee Leng	88,593	0.02	-	-	88,593	0.03	-	-
Chan Lui Ming Ivan	102,000	0.03	-	-	102,000	0.03	-	-
Maj-Gen (R) Dato' Muhammad Bin Yunus	-	-	-	-	-	-	-	-
Too Hing Yeap @ Too Heng Yip	-	-	-	-	-	-	-	-
Tai Lam Shin	-	-	-	-	-	-	-	-
Mahathir Bin Mohamed Ismail	-	-	-	-	-	-	-	-
Liew Foong Yuen	-	-	-	-	-	-	-	-
Ho Chung Kain (He ChongJing) – Alternate Director to Dato' Ho Cheng Chong @ Ho Kian Hock	470,500	0.13	-	-	470,500	0.14	-	-
Ho Chung Tao – Alternate Director to Chan Lui Ming Ivan	-	-	-	-	-	-	-	-
Ho Chung Hui – Alternate Director to Lee Huee Nan @ Lee Hwee Leng	-	-	-	-	-	-	-	-
Ho Chung Kiat, Sydney (He ChongJie, Sydney) – Alternate Director to Ho Eng Chong @ Ho Kian Cheong	-	-	-	-	-	-	-	-

⁽¹⁾ Deemed interested by virtue of his interest in Ho Yeow Koon And Sons Private Limited, Plentong Quarry (M) Sdn. Bhd., Firmstead Realty Sendirian Berhad, South West Holdings Sdn. Bhd. And KS Ocean Inc.

⁽²⁾ Deemed interested by virtue of his interest in Laser Ace Venture Ltd (BVI), Liteace Management Ltd (BVI), Vuitton Assets Ltd (BVI) and Skytrax Ventures Ltd.

Substantial Shareholders	Before the Proposed Renewal of Shareholders' Mandate for Share Buy-Back				After the Proposed Renewal of Shareholders' Mandate for Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ho Yeow Koon And Sons Private Limited	55,986,589	15.58	21,920,512 ⁽¹⁾	6.10	55,986,589	17.21	21,920,512 ⁽¹⁾	6.74
Dato' Ho Cheng Chong @ Ho Kian Hock	24,899,687	6.93	100,719,373 ⁽²⁾	28.03	24,899,687	7.65	100,719,373 ⁽²⁾	30.96
Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	100,719,373 ⁽²⁾	28.03	24,395,538	7.50	100,719,373 ⁽²⁾	30.96
Ho Eng Chong @ Ho Kian Cheong	24,662,436	6.86	18,000,000 ⁽³⁾	5.01	24,662,436	7.58	18,000,000 ⁽³⁾	5.53
KS Ocean Inc	22,812,272	6.35	-	-	22,812,272	7.01	-	-
Plentong Quarry (M) Sdn. Bhd.	18,225,000	5.07	-	-	18,225,000	5.60	-	-

⁽¹⁾ Deemed interested by virtue of its interest in Plentong Quarry (M) Sdn. Bhd. Firmstead Realty Sendirian Berhad and South West Holdings Sdn. Bhd.

⁽²⁾ Deemed interested by virtue of his interest in Ho Yeow Koon And Sons Private Limited, Plentong Quarry (M) Sdn. Bhd., Firmstead Realty Sendirian Berhad, South West Holdings Sdn. Bhd. and KS Ocean Inc.

⁽³⁾ Deemed interested by virtue of his interest in Laser Ace Venture Ltd (BVI), Liteace Management Ltd (BVI), Vuitton Assets Ltd (BVI) and Skytrax Ventures Ltd.

9. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK RELATING TO THE CODE

In the event that the Company acquires the full amount of the shares authorised under the Proposed Renewal of Shareholders' Mandate for Share Buy-Back and all the shares so acquired are held as treasury shares, the equity interest of the Substantial Shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Paragraph 15(2) of the General Principle 12 of the Code and Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, an exemption will be sought from the Securities Commission Malaysia before the purchase is made.

For illustration, if the equity interest of any one of the Substantial Shareholders and their respective parties acting in concert increases to more than 33% but less than 50% of the voting shares of KSMB and such that their shareholdings of KSMB increases in a period of six (6) months from the date of purchase by more than 2%, the affected Substantial Shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining shares not held by the said affected Substantial Shareholder and parties acting in concert.

Securities Commission Malaysia may grant a waiver to undertake a mandatory offer, subject to the affected Substantial Shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The Substantial Shareholders of KSMB as disclosed in Section 8 herein have indicated that they intend to apply for the proposed exemption under Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions if the obligation is expected to be triggered as a result of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back. The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on their shareholdings are set out in Section 8 herein.

10. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of shares traded on Bursa Securities for the preceding 12 months from July 2019 to June 2020 are as follows:

	High (RM)	Low (RM)
<u>Year 2019</u>		
July	4.71	4.71
August	4.40	4.33
September	4.61	4.59
October	4.50	4.45
November	4.60	4.60
December	4.70	4.51

	High (RM)	Low (RM)
Year 2020		
January	4.58	4.50
February	4.55	4.42
March	3.59	3.57
April	3.65	3.52
May	3.69	3.58
June	3.74	3.70
Last traded price on Bursa Securities on 30 June 2020, being the latest practicable date before the printing of the Statement.		3.71

Source: KLSE Screener

11. DIRECTORS' RECOMMENDATION

After due consideration, the Board is of the opinion that the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Fiftieth AGM to give effect to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of KSMB and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made 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 in this Statement misleading.

13. FIFTIETH AGM

The Fiftieth AGM of KSMB will be held fully virtual via live streaming from the Broadcast Venue at Conference Room, Suite 15-01, 15th Floor, Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Thursday, 27 August 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, to pass the resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Act**. Shareholders/proxy(ies) will not be allowed to attend the Fiftieth AGM in person at the Broadcast Venue on the date of the meeting.

If you are unable to participate at the AGM, you may complete, sign and return the Proxy Form in accordance with the instructions contained therein as soon as possible so as to arrive at the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the Fiftieth AGM. The Proxy Form may also be submitted electronically via TIIH Online website at <https://tiih.online> (applicable to individual shareholder only).

14. DOCUMENTS FOR INSPECTION

- (i) The Constitution of KSMB; and
- (ii) Audited financial statements of KSMB and KSMB Group for the past two (2) financial years ended 31 December 2018 and 31 December 2019; and
- (iii) Unaudited consolidated financial results of KSMB for the financial period ended 31 March 2020.

Yours faithfully,
For and on behalf of the Board of Directors
KECK SENG (MALAYSIA) BERHAD

Too Hing Yeap @ Too Heng Yip
Senior Independent Non-Executive Director