

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

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Share Buy-Back Statement ("**Statement**") prior to its issuance and 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.



**STATEMENT TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE BY GEORGE KENT (MALAYSIA) BERHAD ("GKM" OR "THE COMPANY") OF ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES**

Notice of the Sixty Ninth ("69<sup>th</sup>") Annual General Meeting ("AGM") of the Company to be held at George Kent Technology Centre, 1115 Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Wednesday, 29 July 2020 at 10.00 a.m., or at any adjournment thereof, together with the Form of Proxy are enclosed together with the Annual Report of the Company for the financial year ended 31 January 2020.

A member entitled to attend, speak and vote at the 69<sup>th</sup> AGM is entitled to appoint up to two (2) proxies to attend, speak and vote on his/ her behalf. In such event, the Form of Proxy should be lodged at the registered office of the Company at 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time stipulated for holding the 69<sup>th</sup> AGM, as indicated below, or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the 69<sup>th</sup> AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy ..... : Monday, 27 July 2020 at 10.00 a.m.

Date and time of the 69<sup>th</sup> AGM ..... : Wednesday, 29 July 2020 at 10.00 a.m.

This Statement is dated 30 June 2020

# **PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE BY GEORGE KENT (MALAYSIA) BERHAD OF ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES**

---

## **1. INTRODUCTION**

At the Sixty-Eighth ("68<sup>th</sup>") AGM of the Company held on 9 July 2019, approval was obtained from shareholders for the authority to the Company to purchase its own shares of up to 10% of its total number of issued shares. The aforesaid approval will continue to be in force until the conclusion of the forthcoming Sixty-Ninth ("69<sup>th</sup>") AGM of the Company which will be held on 29 July 2020, unless such shareholders' mandate is renewed by an ordinary resolution passed at this 69<sup>th</sup> AGM.

In this respect, on 11 June 2020, the Board of Directors had announced the intention to seek shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at the 69<sup>th</sup> AGM of the Company to be held on 29 July 2020.

The purpose of this Statement is to provide shareholders with the relevant details of the Proposed Renewal of Share Buy-Back Authority and to seek shareholders' approval for the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 69<sup>th</sup> AGM of the Company. The Notice of 69<sup>th</sup> AGM together with the Form of Proxy are enclosed together with the Annual Report 2020.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON ORDINARY RESOLUTION 8 UNDER SPECIAL BUSINESS TO BE TABLED AT THE FORTHCOMING 69<sup>TH</sup> AGM PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

### **2.1 Duration**

We are seeking shareholders' approval to renew the authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. The Company is duly authorised by its Constitution to purchase its own shares subject to the Companies Act, 2016 ("the Act"), Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and any prevailing laws, rules, regulations issued by the relevant authority at the time of purchase.

The authority, if renewed, would be effective immediately upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming 69<sup>th</sup> AGM and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority is passed, at which time it shall lapse unless the authority is renewed, either conditionally or unconditionally;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting of the Company,

whichever occurs first.

Shareholders' approval for the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, it will allow the Board to exercise the powers of the Company to purchase its own ordinary shares at any time within the abovementioned time period.

## **2.2 Quantum**

As at 22 June 2020 (“the LPD”), the total number of issued shares of GKM was 563,269,065 and the total number of treasury shares was 34,017,800. Assuming no new GKM Shares are issued and no GKM Shares are purchased after the LPD and until the date of the 69<sup>th</sup> AGM, a maximum of 22,309,106 GKM shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority.

However, the actual number of GKM Shares to be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority will depend on inter-alia, the market conditions and sentiments of the stock market as well as the availability of financial resources and retained profits of the Company.

## **2.3 Maximum Amount of Funds to be Allocated and the Source of Funds**

The maximum funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company. Based on the latest audited financial statements for the financial year ended (“FYE”) 31 January 2020 and the latest unaudited financial statements for the three (3) months period ended 30 April 2020, the retained profits of the Company amounted to RM213,706,000 and RM214,951,000 respectively.

The Company proposes to utilise internally generated funds and/or bank borrowings to finance the purchase of GKM shares under the Proposed Renewal of Share Buy-Back Authority. The amount of internally generated funds and/or bank borrowings to be utilised will be determined depending on the availability of internally generated funds and/or bank borrowings at the time of the purchase(s), actual number of GKM Shares to be purchased and other cost factors. Should the purchase of GKM shares under the Proposed Renewal of Share Buy-Back Authority be financed through bank borrowings, the Company will ensure that it will have sufficient funds to repay such borrowings and that such borrowings are not expected to have any material effect on the cashflow of GKM Group.

## **2.4 Treatment of Shares Purchased**

Pursuant to Section 127(4) of the Act, the Directors of the Company may deal with the GKM Shares purchased pursuant to the Proposed Share Buy-Back in the following manner:-

- (i) cancel the shares so purchased;
- (ii) retain the shares so purchased in treasury which is referred to as “treasury shares”; or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

Accordingly, based on Section 127(7) of the Act, where such shares are held as treasury shares, the Directors may, at their discretion:

- (i) distribute the shares as dividends to the shareholders, such dividends to be known as “shares 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 charged with the responsibilities for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia may by order prescribe.

Upon each purchase of the GKM Shares pursuant to the Proposed Renewal of Share Buy-Back Authority, an immediate announcement will be made to Bursa Securities in respect of the intention of the Board to either retain the Purchased Shares as treasury shares or cancel them or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale or cancellation of Shares so purchased. As at the date of this Statement, the Board has yet to make any decision with regards to the treatment of the purchased GKM Shares held as treasury shares and will take into consideration the effect of such treatment to the GKM Group in arriving at its decision.

Where the Board resolves to cancel the GKM Shares so purchased or cancel any treasury shares, the Company's issued share capital shall be diminished by the cancellation of the GKM Shares so purchased and the costs of the shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. It is pertinent to note that the cancellation of GKM Shares made pursuant to Section 127(4)(a) or Section 127(7)(e) of the Act shall not be deemed to be a reduction in share capital within the meaning of the Act.

## **2.5 Ranking**

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in other distributions or otherwise would be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of GKM Shares for any purposes including, without limiting the generality of Section 127 of the Act, the provisions of any law or requirements of the constitution of the Company or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## **2.6 Purchase Price**

Pursuant to the provision of the Listing Requirements, the Company may only purchase its own shares at a price which is not more than fifteen per cent (15%) above the weighted average market price of GKM Shares for the five (5) market days immediately preceding the date of any purchase(s).

## **2.7 Resale or Transfer Price**

In case of a resale or transfer of treasury shares, the Company may only resell or transfer the treasury shares at:-

- (a) a price which is not less than the weighted average market price of GKM Shares for five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than five per cent (5%) to the weighted average market price of GKM Shares for the five (5) market days immediately before the resale or transfer, provided that :-
  - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the GKM Shares being resold or transferred.

## **2.8 Potential Advantages and Disadvantages**

### Advantages

- (i) The Proposed Share Buy-Back, will enable the Company to stabilise the supply and demand of GKM Shares on the Bursa Securities and thereby support the Company's fundamental value;
- (ii) It provides flexibility for the Company in attaining its desired capital structure, in terms of the debt and equity composition and the size of equity;

- (iii) It allows the Company to take preventive measures against excessive speculation, particularly when the GKM Shares are undervalued which would in turn stabilise the market price of GKM Shares to enhance investors' confidence;
- (iv) The resultant reduction of share capital base (in respect of GKM Shares so purchased which are then cancelled) is expected to improve the earnings per share, and may improve the net assets per share as well as the probability of permitting the Company to declare a higher quantum of dividend in future;
- (v) The Board would have the opportunity to utilise its financial resources not immediately required for other use to purchase GKM Shares. GKM may have the opportunity for potential gains if the Purchased Shares which are retained as treasury shares are resold at prices higher than their purchase price and consequently increase the working capital and net assets of the Company; and
- (vi) In the event that the treasury shares are distributed as dividends by the Company, it may then serve to reward the Shareholders of GKM.

#### Disadvantages

- (i) The purchases may result in a reduction of the quantum of reserves available for distribution as cash dividends and/or bonus issue(s) to the shareholders if the Purchased Shares are cancelled;
- (ii) The purchase of GKM Shares will reduce the financial resources of the Company which may otherwise be retained in the business to generate further profits;
- (iii) The funds allocated for the Proposed Share Buy-Back may result in the GKM Group foregoing other investment opportunities that may emerge in the future; and
- (iv) The working capital of GKM Group may also be affected, as any purchase of GKM Shares will reduce the Group's working capital depending on the actual number of shares purchased and their purchase price. However, the working capital of the GKM Group may recover and increase upon the reselling of the Purchased Shares held as treasury shares.

The Board will be mindful of the interests of the Group and the shareholders in implementing the Proposed Renewal of Share Buy-Back Authority.

## **2.9 Public Shareholding Spread**

Based on the Record of Depositors of the Company as at the LPD, the public shareholding spread was 55.03%. The public shareholding spread of the Company is above 25%, as required under Paragraph 8.02(1) of the Listing Requirements.

Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full and all the GKM Shares so purchased are from shareholders in the open market are thereafter cancelled, the public shareholding spread of the Company is expected to reduce to 53.05%. The Company, in implementing the Proposed Renewal of Share Buy-Back Authority, will be mindful in ensuring that the minimum public shareholding spread of 25% is met and maintained.

## **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority is to permit a stabilising factor on the supply and demand as well as the price of the Shares of GKM on Bursa Securities. Consequently, the fundamental value of the Company may be preserved which may in turn have a favourable impact on the share price of the Company. It is to be carried out when the share price is transacted at levels which do not reflect the potential earnings capabilities and/or underlying asset value of the Group.

The Proposed Renewal of Share Buy-Back Authority will also enable GKM to utilise its surplus financial resources to purchase the GKM Shares as and when the Board deems fit in the interest of the Company and its shareholders during the tenure the authority granted is in effect.

In addition, the Purchased Shares may be held as treasury shares and resold on the stock market of Bursa Securities with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

#### 4. PURCHASES, RESALE AND CANCELLATION OF GKM SHARES MADE IN THE PREVIOUS 12 MONTHS

During the preceding twelve (12) months up to the LPD, the Company had purchased 9,365,900 GKM Shares and retained as treasury shares. Details of the share buy-back were as follows:-

Date	No. of GKM Shares Purchased (units)	Highest Purchase Price (RM)	Lowest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration* (RM)
25.09.19	106,000	1.0300	1.0200	1.0234	108,857.92
26.09.19	50,000	1.0500	1.0400	1.0490	52,799.32
27.09.19	50,000	1.0500	1.0500	1.0500	52,849.65
30.09.19	50,000	1.0400	1.0200	1.0280	51,742.32
01.10.19	30,000	1.0400	1.0400	1.0400	31,407.79
03.10.19	30,000	1.0200	1.0200	1.0200	30,803.80
04.10.19	40,000	1.0300	1.0200	1.0275	41,373.73
07.10.19	20,000	1.0300	1.0300	1.0300	20,737.20
08.10.19	30,000	1.0600	1.0600	1.0600	32,011.79
09.10.19	10,000	1.0300	1.0300	1.0300	10,368.60
10.10.19	10,000	1.0400	1.0400	1.0400	10,469.26
16.10.19	20,000	1.0500	1.0400	1.0405	20,948.60
31.10.19	10,000	1.0400	1.0300	1.0380	10,449.14
25.11.19	45,000	0.9950	0.9900	0.9903	44,860.29
26.11.19	70,000	0.9950	0.9900	0.9909	69,824.96
27.11.19	10,000	0.9800	0.9850	0.9815	9,880.37
28.11.19	210,000	0.9700	0.9800	0.9726	204,956.78
29.11.19	110,000	0.9650	0.9700	0.9654	106,563.55
02.12.19	200,000	0.9700	0.9600	0.9621	193,089.63
03.12.19	70,000	0.9650	0.9600	0.9615	67,753.26
04.12.19	100,000	0.9600	0.9500	0.9537	96,005.17
05.12.19	30,000	0.9600	0.9550	0.9597	28,982.76
06.12.19	40,000	0.9550	0.9550	0.9550	38,454.41
09.12.19	30,000	0.9550	0.9550	0.9550	28,840.81
11.12.19	30,000	0.9850	0.9800	0.9816	29,644.13
12.12.19	30,000	0.9700	0.9700	0.9700	29,293.81
16.12.19	20,000	0.9650	0.9600	0.9625	19,378.21
17.12.19	20,000	0.9600	0.9550	0.9588	19,303.72
18.12.19	30,000	0.9600	0.9600	0.9600	28,991.81
19.12.19	35,000	0.9450	0.9350	0.9380	33,048.65
20.12.19	60,000	0.9350	0.9250	0.9296	56,147.48
23.12.19	30,000	0.9350	0.9350	0.9350	28,236.82
24.12.19	25,000	0.9300	0.9250	0.9266	23,319.28
26.12.19	20,000	0.9300	0.9300	0.9300	18,723.88
27.12.19	20,000	0.9300	0.9250	0.9275	18,673.55
30.12.19	20,000	0.9300	0.9300	0.9300	18,723.88
31.12.19	40,000	0.9250	0.9200	0.9233	37,177.97
02.01.20	30,000	0.9300	0.9300	0.9300	28,085.81
03.01.20	30,000	0.9350	0.9300	0.9308	28,109.97
06.01.20	40,000	0.9300	0.9300	0.9300	37,447.75
07.01.20	25,000	0.9250	0.9200	0.9216	23,193.45
08.01.20	40,000	0.8950	0.8850	0.8863	35,688.11
09.01.20	10,000	0.8950	0.8900	0.8910	8,969.35
10.01.20	10,000	0.8900	0.8900	0.8900	8,959.27
13.01.20	59,900	0.8750	0.8750	0.8750	52,761.58
14.01.20	20,000	0.8800	0.8800	0.8800	17,717.22
15.01.20	20,000	0.8800	0.8750	0.8775	17,666.89
16.01.20	20,000	0.8750	0.8700	0.8741	17,598.43
17.01.20	20,000	0.8700	0.8700	0.8700	17,515.88
20.01.20	110,000	0.8650	0.8550	0.8635	95,617.60
21.01.20	55,000	0.8600	0.8600	0.8600	47,615.02

Date	No. of GKM Shares Purchased (units)	Highest Purchase Price (RM)	Lowest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration* (RM)
22.01.20	90,000	0.8600	0.8550	0.8594	77,861.13
23.01.20	20,000	0.8600	0.8600	0.8600	17,314.55
24.01.20	35,000	0.8600	0.8550	0.8583	30,240.57
28.01.20	250,000	0.8400	0.8300	0.8379	210,203.99
29.01.20	270,000	0.8381	0.8381	0.8381	227,074.48
30.01.20	311,000	0.8750	0.8350	0.8600	268,390.76
31.01.20	1,660,000	0.8800	0.8100	0.8469	1,410,746.37
03.02.20	20,000	0.8450	0.8450	0.8450	17,012.55
04.02.20	6,000	0.8450	0.8400	0.8404	5,086.32
05.02.20	65,000	0.8400	0.8350	0.8358	54,688.82
06.02.20	70,000	0.8550	0.8400	0.8529	60,100.63
07.02.20	20,000	0.8550	0.8450	0.8520	17,153.49
10.02.20	10,000	0.8500	0.8450	0.8480	8,536.48
11.02.20	10,000	0.8600	0.8500	0.8535	8,591.85
12.02.20	10,000	0.8650	0.8600	0.8620	8,677.41
17.02.20	10,000	0.9250	0.9250	0.9250	9,311.61
18.02.20	20,000	0.9050	0.9050	0.9050	18,220.55
19.02.20	10,000	0.9000	0.9000	0.9000	9,059.94
20.02.20	20,000	0.9050	0.9050	0.9050	18,220.55
25.02.20	20,000	0.8750	0.8750	0.8750	17,616.55
26.02.20	10,000	0.8750	0.8650	0.8704	8,761.97
27.02.20	70,000	0.8600	0.8550	0.8586	60,502.29
28.02.20	30,000	0.8400	0.8150	0.8217	24,815.18
03.03.20	40,000	0.8600	0.8550	0.8595	34,608.98
05.03.20	10,000	0.8400	0.8400	0.8400	8,455.94
09.03.20	125,000	0.7550	0.7450	0.7455	93,808.14
10.03.20	160,000	0.7550	0.7200	0.7469	119,919.88
11.03.20	70,000	0.7800	0.7600	0.7757	54,660.63
12.03.20	60,000	0.7300	0.7150	0.7288	44,019.23
13.03.20	480,000	0.6800	0.5900	0.6307	303,789.53
16.03.20	32,000	0.5700	0.5400	0.5470	17,619.08
17.03.20	260,000	0.5350	0.4850	0.5112	133,374.54
18.03.20	655,000	0.5100	0.4750	0.4876	320,489.44
19.03.20	440,000	0.4900	0.4350	0.4654	205,488.63
20.03.20	230,000	0.5300	0.4900	0.5168	119,277.65
23.03.20	155,000	0.4900	0.4750	0.4824	75,269.99
24.03.20	20,000	0.5100	0.4950	0.5038	10,143.12
25.03.20	25,000	0.5200	0.5000	0.5135	12,923.01
26.03.20	20,000	0.5450	0.5350	0.5390	10,851.80
27.03.20	190,000	0.5850	0.5400	0.5533	105,492.84
30.03.20	60,000	0.5400	0.5350	0.5354	32,337.94
31.03.20	51,000	0.5550	0.5400	0.5479	28,129.01
01.04.20	160,000	0.5900	0.5500	0.5696	91,742.98
02.04.20	30,000	0.5850	0.5700	0.5803	17,524.95
03.04.20	30,000	0.5800	0.5700	0.5780	17,455.49
07.04.20	25,000	0.6350	0.6300	0.6310	15,880.07
08.04.20	70,000	0.6650	0.6600	0.6639	46,782.52
13.04.20	100,000	0.6700	0.6550	0.6610	66,540.23
14.04.20	20,000	0.6650	0.6650	0.6650	13,388.58
16.04.20	20,000	0.6800	0.6750	0.6775	13,640.25
21.04.20	30,000	0.6800	0.6750	0.6772	20,451.31
22.04.20	20,000	0.6800	0.6800	0.6800	13,690.58
23.04.20	20,000	0.6750	0.6700	0.6725	13,539.58
24.04.20	30,000	0.6650	0.6600	0.6617	19,983.22
27.04.20	30,000	0.6650	0.6600	0.6647	20,073.82
30.04.20	30,000	0.6900	0.6850	0.6867	20,738.22
04.05.20	20,000	0.6700	0.6700	0.6700	13,489.24
06.05.20	30,000	0.7000	0.6950	0.6983	21,088.52
08.05.20	30,000	0.6900	0.6850	0.6867	20,738.22
14.05.20	40,000	0.6500	0.6450	0.6463	26,024.18
15.05.20	50,000	0.6550	0.6500	0.6530	32,867.45
18.05.20	20,000	0.7150	0.7150	0.7150	14,395.24
19.05.20	50,000	0.7050	0.7000	0.7030	35,384.10

Date	No. of GKM Shares Purchased (units)	Highest Purchase Price (RM)	Lowest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration* (RM)
20.05.20	40,000	0.7100	0.7000	0.7063	28,440.16
27.05.20	30,000	0.7150	0.7100	0.7133	21,541.51
28.05.20	20,000	0.7050	0.7000	0.7029	14,151.63
12.06.20	40,000	0.6950	0.6900	0.6913	27,836.16
16.06.20	20,000	0.6800	0.6800	0.6800	13,690.58
	<b>9,365,900</b>				<b>7,141,566.84</b>

\* Inclusive of transaction cost and tax, where applicable

There was no cancellation or re-sale of treasury shares in the preceding twelve (12) months.

## 5. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on the ordinary share capital, net assets, working capital, cash flow and earnings of GKM are set out below:-

### 5.1 Share Capital

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full and the ordinary shares so purchased are fully cancelled, this will result in the issued ordinary shares of GKM as at LPD to be reduced from 563,269,065 Shares to 506,942,159 Shares.

	<b>Number of GKM Shares</b>
Total number of issued ordinary shares as at LPD	563,269,065
Less : 10% of the total number of ordinary shares to be purchased and cancelled	(56,326,906)
Resultant total number of issued ordinary shares	506,942,159

### 5.2 Net Assets

The effect of the Proposed Renewal of Share Buy-Back Authority on the net assets of the Group will depend on the actual number of GKM Shares to be purchased, the purchase price of GKM Shares, the effective funding cost to the GKM Group to finance its share buy-back, if any, or any loss in interest income to the Company, and whether the GKM Shares so purchased are cancelled or retained as treasury shares.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back is likely to reduce the net assets per share of the Company if the purchase price exceeds the net assets per share at the time of purchase, and likewise, the net assets per share of the Company would be increased if the purchase price is less than the net assets per share at the time of purchase.

Should the Purchased Shares be resold, the net assets of the GKM Group will be increased if the Company realises a gain from the resale, and vice versa.

### 5.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital and cash flow of the Group, the quantum of which depends on, amongst others, the number of GKM Shares eventually purchased and the purchase price of GKM Shares. Cash flow of the Company will be affected if it is wholly and/or partly financed by internally generated funds and resulted in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase shares.



#### **5.4 Earnings and Earnings Per Share**

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of the GKM Group would depend on the purchase prices and number of GKM Shares to be purchased as well as the effective funding cost if any, or any loss in interest income to the Group.

Assuming that the Purchased Shares are retained as treasury shares and subsequently resold, the extent of the effects on the earnings of the GKM Group will depend on the actual selling price, the number of the treasury shares resold, and the effective gain or interest savings arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the earnings per share of the Group provided that the income foregone and interest expenses incurred on the Purchased Shares are less than the earnings per share prior to the Proposed Renewal of Share Buy-Back Authority.

#### **5.5 Dividends**

The Proposed Renewal of Share Buy-Back Authority may have an impact on the Company's payment of dividend for the next financial year as it will reduce the cash available which may be used for such payment. Nonetheless, the Treasury Shares may be distributed as share dividends to shareholders, if the Board so decides.

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--

## 6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Directors' Shareholding and Register of Substantial Shareholders as at LPD and assuming that the Proposed Share Buy-Back is implemented up to the maximum of 10% of the total number of issued shares, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of the Company are set out as below:-

<b>Directors</b>	<b><u>Before Proposed Share Buy-Back</u></b>				<b><u>After Proposed Share Buy-Back</u></b>			
	No. GKM Shares held as at LPD				No. of GKM Shares held			
	<u>Direct</u>	<u>%(*)</u>	<u>Indirect</u>	<u>%(*)</u>	<u>Direct</u>	<u>%(#)</u>	<u>Indirect</u>	<u>%(#)</u>
Tan Sri Dato' Tan Kay Hock	26,886,014	5.08	210,861,850 <sup>(1)</sup>	39.84	26,886,014	5.30	210,861,850 <sup>(1)</sup>	41.59
Puan Sri Datin Tan Swee Bee	43,610,247	8.24	194,137,617 <sup>(1)</sup>	36.68	43,610,247	8.60	194,137,617 <sup>(1)</sup>	38.29
Dato' Paduka (Dr.) Ir. Hj. Keizrul bin Abdullah	52,500	0.01	-	-	52,500	0.01	-	-
Ong Seng Pheow	160,000	0.03	-	-	160,000	0.03	-	-
Ooi Chin Khoon	28,125	0.01	-	-	28,125	0.01	-	-

  

<b>Substantial Shareholders</b>	<b><u>Before Proposed Share Buy-Back</u></b>				<b><u>After Proposed Share Buy-Back</u></b>			
	No. GKM Shares held as at LPD				No. of GKM Shares held			
	<u>Direct</u>	<u>%(*)</u>	<u>Indirect</u>	<u>%(*)</u>	<u>Direct</u>	<u>%(#)</u>	<u>Indirect</u>	<u>%(#)</u>
Star Wealth Investment Limited	78,999,999	14.93	-	-	78,999,999	15.58	-	-
Kin Fai International Limited	26,687,499	5.04	-	-	26,687,499	5.26	-	-
Tan Sri Dato' Tan Kay Hock	26,886,014	5.08	210,861,850 <sup>(1)</sup>	39.84	26,886,014	5.30	210,861,850 <sup>(1)</sup>	41.59
Puan Sri Datin Tan Swee Bee	43,610,247	8.24	194,137,617 <sup>(1)</sup>	36.68	43,610,247	8.60	194,137,617 <sup>(1)</sup>	38.29

**Note:** \* Excluding a total of 34,017,800 GKM Shares bought back and retained as treasury shares as at the LPD.

# Excluding a total of 56,326,906 GKM Shares assuming the entire 10% of the total number of issued shares is bought back and retained as treasury shares.

<sup>(1)</sup> Deemed interested in GKM Shares by virtue of their 100% indirect interest in Kwok Heng Holdings Limited, Kin Fai International Limited, Suncrown Holdings Limited and Star Wealth Investment Limited, and by virtue of Section 8(4) of the Act in Johan Equities Sdn Bhd, and also shares held in each other's name

## 7. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, 2016 (“THE RULES”)

As at LPD, Tan Sri Dato’ Tan Kay Hock and Puan Sri Datin Tan Swee Bee jointly control 44.92% of the total number of GKM Shares. In the event that the Company acquires the full amount of the GKM Shares authorised under the Proposed Renewal of Share Buy-Back Authority and all the GKM Shares so acquired are held as treasury shares or cancelled, the equity interest of Tan Sri Dato’ Tan Kay Hock and Puan Sri Datin Tan Swee Bee will increase to 46.89% of the total number of GKM Shares.

Pursuant to the Rules, if the equity interest of Tan Sri Dato’ Tan Kay Hock and Puan Sri Datin Tan Swee Bee increases by more than 2% in any six (6) months period, Tan Sri Dato’ Tan Kay Hock and Puan Sri Datin Tan Swee Bee, and parties acting in concert with them will be obliged to undertake a mandatory offer for GKM Shares not held by them collectively.

However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under the Rules, subject to Tan Sri Dato’ Tan Kay Hock and Puan Sri Datin Tan Swee Bee, and the parties acting in concert with them, complying with conditions stipulated in the Rules. Tan Sri Dato’ Tan Kay Hock and Puan Sri Datin Tan Swee Bee, and the parties acting in concert with them, intend to apply for the exemption from the Securities Commission if the obligation is expected to be triggered as a result of the Proposed Renewal of Share Buy-Back Authority.

## 8. HISTORICAL SHARE PRICES

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

	High RM	Low RM
<b>2019</b>		
June	1.19	1.06
July	1.27	1.13
August	1.17	1.03
September	1.10	1.00
October	1.12	1.00
November	1.07	0.96
December	1.02	0.92
<b>2020</b>		
January	0.97	0.81
February	0.99	0.82
March	0.92	0.43
April	0.74	0.54
May	0.77	0.64

Last transacted price of GKM Shares on Bursa Securities on LPD RM0.66

(Source: Investing.com)

## 9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors or major shareholders of the Company or persons connected to them has any interest, directly or indirectly, in the Proposed Share Buy-Back or resale of treasury shares.

## 10. DIRECTORS’ RECOMMENDATION

The Board of GKM, having taken into consideration all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the Ordinary Resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 69<sup>th</sup> AGM of the Company.

## **11. AGM**

The 69<sup>th</sup> AGM of the Company, the notice of which is enclosed in our Annual Report 2020 accompanying this Statement, will be held at George Kent Technology Centre, 1115 Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Wednesday, 29 July 2020 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing among others, the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority under the agenda of special business as set out in the notice of AGM.

If you are unable to attend, speak and vote in person at the 69<sup>th</sup> AGM, you are requested to complete, sign and return the Form of Proxy enclosed in our Annual Report 2020 in accordance with the instructions contained therein, to be deposited at the registered office of the Company at 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the 69<sup>th</sup> AGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the 69<sup>th</sup> AGM should you subsequently wish to do so.

## **12. FURTHER INFORMATION**

You are advised to refer to the enclosed Appendix I for further information.

Yours faithfully,  
For and on behalf of the Board  
**GEORGE KENT (MALAYSIA) BERHAD**

**TAN SRI DATO' TAN KAY HOCK**  
Chairman

Date: 30 June 2020

**FURTHER INFORMATION**

---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 11<sup>th</sup> Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur during normal business hours (except public holidays) from the date of this Share Buy-Back Statement up to and including the date of the forthcoming 69<sup>th</sup> AGM of GKM:-

- (i) the Constitution of the Company; and
- (ii) the audited consolidated financial statements of the Company for the past two (2) FYE 31 January 2019 and 2020, and the unaudited quarterly financial results for the first quarter ended 30 April 2020.

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--



**GEORGE KENT (MALAYSIA) BERHAD**  
Registration No. 195101000005 (1945-X)  
(Incorporated in Malaysia)

### **EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Sixty-Ninth Annual General Meeting of the Company will be held at George Kent Technology Centre, 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Wednesday, 29 July 2020 at 10.00 a.m. for the following purposes:-

#### ***SPECIAL BUSINESS***

As Special Business, to consider and if thought fit, pass with or without modifications the following resolutions:-

#### **8. Ordinary Resolution 8**

##### **Proposed Renewal of Share Buy-Back Authority to the Company to Purchase Its Own Shares of Up to Ten Per Cent (10%) of Its Total Number of Issued Shares**

“THAT subject always to the Companies Act, 2016, provisions of the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other applicable laws, regulations and guidelines, the Company be and is hereby authorised to allocate the maximum amount of funds not exceeding the retained profits of the Company based on the latest audited and/or unaudited financial statements (where applicable) for the purpose of purchasing such number of ordinary shares in the Company (“GKM Shares”) (“Proposed Share Buy-Back”) on the stock market of Bursa Securities at any time as may be determined by the Directors of the Company provided that the aggregate number of GKM Shares which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the total number of issued shares of the Company;

THAT the Directors be and are hereby authorised to deal with the GKM Shares so purchased, at their discretion, in the following manner:-

- (i) cancel the shares so purchased;
- (ii) retain the shares so purchased as treasury shares; or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares;

THAT where such shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion, in the following manner:-

- (i) distribute the shares as dividends to shareholders, 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 charged with the responsibilities for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia may by order prescribe;

THAT the Directors be and are hereby empowered to carry out the above and such authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

- (i) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which this resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (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 of the shareholders of the Company in a general meeting of the Company,

whichever occurs first,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all acts and things as they may deem fit, expedient and necessary in the best interest of the Company to give full effect to the Proposed Share Buy-Back contemplated and/or authorised by this resolution."

By Order of the Board

**Teh Yong Fah**

(SSM PC No.: 201908003410) (MACS 00400)

**Gan Lee Mei**

(SSM PC No.: 201908003405) (MAICSA 7057081)

Company Secretaries

Kuala Lumpur

Dated: 30 June 2020

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of him. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The instrument appointing proxy(ies) shall be in writing under the hand of the appointor or his attorney, or if such an appointor is a corporation, under its Common Seal or the hands of its attorney. A proxy need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
3. The instrument appointing proxy(ies) and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the registered office of the Company at 11<sup>th</sup> Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjourned meeting (as the case may be).
4. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

### **Explanatory Notes on Special Business**

#### **3. Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 8, if passed, will empower the Directors to purchase the Company's own shares of up to ten per cent (10%) of its total number of issued shares subject to Section 127 of the Companies Act, 2016 and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("Prevailing Laws") at the time of the purchase(s). The proposed share buy-back by the Company may be funded through internally generated funds and/or external borrowings as long as the purchase price is backed by an equivalent amount of retained profits of the Company, subject to compliance of the Prevailing Laws.

Details of the proposed renewal of authority for the Company to purchase its own shares are set out in the Share Buy-Back Statement to Shareholders dated 30 June 2020.