

# K-Star

## K-STAR SPORTS LIMITED

(Incorporated in Singapore under the Companies Act (Chapter 50) of Singapore)

(Company Registration Number 200820976H)

(Registered as a Foreign Company in Malaysia)

[Malaysian Branch Registration 200902000042 (995214-D)]

### NOTICE OF THE ANNUAL GENERAL MEETING 2020

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting 2020 ("AGM 2020") of K-Star Sports Limited ("K-Star" or the "Company") will be held at Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 26 June 2020 at 11:00 a.m. for the following purposes:-

#### AGENDA

- As Ordinary Business:-**
- To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' Statement and Auditors' Report thereon. (refer to Note 9)
  - To re-elect Mr. Lee Yew Weng, who is retiring pursuant to Article 91 of the Company's Constitution. (Ordinary Resolution 1)
  - To re-elect Mr. Lee Choon Kwong, who is retiring pursuant to Article 91 of the Company's Constitution. (Ordinary Resolution 2)
  - To re-elect Mr. Norman Tai Lik Young, who is retiring pursuant to Article 97 of the Company's Constitution. (Ordinary Resolution 3)
  - To re-appoint Messrs. Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 4)

#### As Special Business:-

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

- ORDINARY RESOLUTION NO. 1**  
**- RETENTION OF MS. XIAO LU XI AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR** (Ordinary Resolution 5)  
"THAT Ms. Xiao LuXi would have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years from 22 May 2020 onwards, be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance."

- ORDINARY RESOLUTION NO. 2**  
**- PAYMENT OF DIRECTORS' FEES** (Ordinary Resolution 6)  
"THAT the Directors' Fees amounting to RMB430,000/- for the financial year ending 31 December 2020, be and is hereby approved for payment."

- ORDINARY RESOLUTION NO. 3**  
**- AUTHORITY TO ISSUE NEW ORDINARY SHARES PURSUANT TO SECTION 161 OF THE COMPANIES ACT (CHAPTER 50) OF SINGAPORE ("THE ACT")** (Ordinary Resolution 7)

"THAT pursuant to Section 161 of the Act and the Company's Constitution and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Section 161 of the Act to issue shares in the capital of the Company at any time until 31 December 2021, as empowered by Bursa Malaysia Securities Berhad pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations in Malaysia, notwithstanding Section 161(3) of the Act, and upon such terms and conditions and for such purposes and to such persons as the Board of Directors may, in their absolute discretion, deem fit, provided that the value of shares to be issued, when aggregated with the value of any such shares issued during the preceding twelve (12) months does not exceed 20% of the value of the issued share capital (excluding treasury shares) of the Company for the time being (hereinafter referred to as the "20% General Mandate") AND THAT the Board of Directors be and is also empowered to obtain approval for the listing of and quotation for the additional shares so issued pursuant to the 20% General Mandate on Bursa Malaysia Securities Berhad."

- SPECIAL RESOLUTION**  
**- PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY ("PROPOSED AMENDMENT")** (Special Resolution 1)  
"THAT the proposed amendment to the Constitution of the Company as contained in the Appendix A attached to the Annual Report 2019 be hereby approved."

10. To transact any other business of which due notice shall be given.

#### BY ORDER OF THE BOARD

THUM SOOK FUN

Company Secretary

Date: 28 May 2020

#### Notes:-

##### (A) Information for Shareholders/Proxies

- A Member may appoint not more than two (2) proxies to attend and vote at the same General Meeting. In any case where a form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A member of the Company entitled to attend, participate, speak and vote at a meeting of the Company, shall be entitled to appoint any person as his proxy to attend, participate, speak and vote instead of a Member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to participate and speak at the meeting.
- An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and in the case of individual, shall be signed by the appointor or his attorney. In the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy in accordance with item 5 below, failing which the instrument may be treated as invalid.
- An instrument appointing a proxy whether executed in the States of Malaysia or outside the States of Malaysia shall be attested by a solicitor, commissioner of oaths, notary public, consul or magistrate, but the Directors may from time to time waive or modify this requirement either generally or in a particular case.
- An instrument appointing a proxy must be held at the Malaysian Share Registrar of the Company situated at c/o Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
- Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SIC(DA)"), 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.
- For the purpose of determining a member who shall be entitled to attend the AGM 2020, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 51(B) of the Company's Constitution and Section 34(1) of the SIC(DA) to issue a General Meeting Record of Depositor as at 19 June 2020. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.
- Public Health Preventive Measures**
  - In light of the recent Coronavirus Disease 2019 ("COVID-19") outbreak pandemic, we would appreciate the attendees take all necessary precautions and preventive as directed by our Ministry of Health Malaysia before attending the AGM 2020.
  - Management will set-up a screening point at the entrance of the meeting room to facilitate with the body temperature screening before you entering the meeting room, as part of the preventive measures to ensure our attendees' safety. Your safety is the Company's top priority. Attendees with temperatures above 37.5°C will be prohibited from entering the Meeting Room and are highly encouraged to proceed with medical screening immediately.
  - The attendees who wish to attend the AGM 2020 are required to declare that:
    - You have not travelled to or transited through or travelled/been in contact with a person who has travelled to or transited through China, Hong Kong, Japan, South Korea, Italy or Iran over the last fourteen (14) days and you do not have symptoms of the COVID-19 include fever, cough, sore throat and shortness of breath and if you do, you are to refrain from attending the AGM 2020;
    - You are advised not to attend the AGM 2020 if you have been in physical contact with a person infected with COVID-19; and
    - To seek medical advice and obtain medical clearance before attending the AGM 2020 if you had travelled to countries affected by COVID-19 or if you have such symptoms of the COVID-19.
  - The attendees are strongly advised:-
    - To wear face mask before attending the 2020 AGM and throughout the AGM 2020.
    - To maintain a good personal hygiene and use hand sanitizer whenever required.
    - To cover your cough or sneeze with tissue, and wash your hand immediately.
  - You may consider appointing Chairman of the Meeting as your proxy to attend and vote on your behalf at the forthcoming AGM 2020.

##### (B) Audited Financial Statements for the financial year ended 31 December 2019

- This Agenda item is meant for discussion only, as the provision of Section 201(1) of the Companies Act (Chapter 50) of Singapore does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda is not put forward for voting.

##### (C) Re-election of Directors

- Article 91 of the Company's Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.  
Article 97 of the Company's Constitution states that any Director who is appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next AGM and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotations at that meeting.  
In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM 2020, the Nomination Committee ("NC") has considered the following:-
  - Evaluation on the effectiveness of the Individual Directors, the Board as a Whole and all Board Committees; and
  - For independence Non-Executive Directors ("INEDs") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.The Board has conducted a separate assessment of independence of the INEDs, the evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Report of the Company.  
The Board approved the NC's recommendation for the retiring Directors pursuant to Article 91 and 97 of the Company's Constitution, respectively. All the retiring Directors have consented to their re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NC and Board meetings, where applicable.

##### (D) Re-appointment of Auditors

- The Audit Committee ("AC") have recommended the re-appointment of Messrs. Foo Kon Tan LLP as External Auditors of the Company for the financial year ending 31 December 2020. The Board has in turn reviewed the recommendation of the AC and recommended the same to be tabled to the shareholders for approval at the forthcoming AGM 2020 of the Company under Resolution 4. The evaluation criteria adopted as well as the process of assessment by the AC and Board, respectively, have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2019 of the Company.

##### (E) Retention of Ms. Xiao LuXi as Independent Non-Executive Director

- Ordinary Resolution 5 is to seek approval from the shareholders for Ms. Xiao LuXi ("Ms. Xiao") to continue in office as an Independent Non-Executive Director ("INED") of the Company.  
In accordance with the Malaysian Code on Corporate Governance, prior approval should be obtained from the shareholders at the AGM 2020, to enable Ms. Xiao to continue in office as an INED before she reaches the nine (9) years limit on 22 May 2020.

The Board via the NC, after having assessed the independence of Ms. Xiao, who would be attaining a cumulative term of more than nine (9) years on 22 May 2020 as an INED of the Company. The Board, therefore, recommended that the approval of the shareholders be sought to retain Ms. Xiao as an INED of the Company based on the following justifications:-

- She has met the independent guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- She has been with the Company for more than nine (9) years and therefore understand the business operations of the Group;
- She actively participated and contributed to the discussions and deliberations of the Board and Board Committees Meetings. She has diligently attended all of the meetings held for the Board and Board Committees for the financial year ended 31 December 2019; and
- She has exercised due care and diligence during her tenure as the INED of the Company.

##### (F) Payment of Directors' Fees

- The Directors' fees proposed for the financial year ending 31 December 2020 are calculated based on the number of scheduled Board and Committee meetings for 2020 and assuming that all Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on a current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to additional meetings or enlarged Board Size), approval will be sought from the shareholders at the next Annual General Meeting for additional fees to meet the shortfall.

##### (G) Authority to Issue Shares pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore

- The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("the Act") at the AGM 2020 of the Company (hereinafter referred to as the "General Mandate").  
The Company had been granted a general mandate by its shareholders at the Annual General Meeting 2019 of the Company held on 28 May 2019 to issue and allot shares not exceed ten per centum (10%) of the value of the issued share capital of the Company (hereinafter referred to as the "Previous Mandate").  
Pursuant to the Previous Mandate, the Company has undertaken a private placement exercise which has been completed on 19 July 2019 where 38,695,200 new ordinary shares have been issued at an issued price of RM0.07 per placement share. The total proceeds raised from the said private placement exercise was RM2,708,664. The placement proceeds have been fully utilised as follows:-

Details of Utilisation	Proposed	Amount	Amount
	Utilisation	Utilised	Unutilised
	RM'000	RM'000	RM'000
Working capital	2,619	2,644	(25)
Expenses for the Private Placement	90	65	25
<b>Total:</b>	<b>2,709</b>	<b>2,709</b>	<b>-</b>

#### Note:

^ The amount unutilised for private placement expenses will be used for general working capital purposes.

Bursa Malaysia Securities Berhad ("Bursa Securities") has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations in Malaysia, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "20% General Mandate"). In addition, Bursa Securities has also accepted, in its abovementioned letter that the 20% General Mandate may be utilised by a listed issuer to issue new securities until 31 December 2021 ("Extended Utilisation Period").

The Board would like to procure approval of its shareholders at the AGM 2020 for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 161(3) of the Act.

The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding its business plans, future investment project(s), working capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

- The interest of the Company as well as its long term shareholders ought to be in congruence on the issue of long term sustainability of the Company as only a sustainable business operation with healthy and sufficient working capital could generate positive returns for the Company and its shareholders.
- Given the outbreak of Coronavirus Disease 2019 ("Covid-19") pandemic and the subsequent imposition of the lockdown measures by the Government of the People's Republic of China ("China") and Movement Control Order by the Malaysian Government, respectively, to contain the spread of Covid-19 pandemic, the sports footwear manufacturing industry in the China and construction industry in Malaysia, respectively, have been affected. The additional fund raising flexibility through the 20% General Mandate will enable the Company, should it required to do so, to meet its funding requirements for working capital and operational expenditures in China and/or Malaysia, expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.
- The Extended Utilisation Period accorded by Bursa Securities has provided flexibility to the cash flow planning and utilisation of the Company for up to financial year ending 31 December 2021 without burdening the shareholders with another round of fund raising exercise, should the Company requires additional funding for the execution of the business contingency plans/ transformative strategies to mitigate the financial impact of Covid-19.

##### (H) Proposed Amendment to the Constitution of the Company

- The Proposed Amendment is to streamline the Constitution of the Company with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as to enhance administrative efficiency.