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BENALEC HOLDINGS BERHAD

(Company No. 702653-V)
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT
IN RELATION TO THE
PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY**

The above proposal will be tabled as Special Business at the Thirteenth Annual General Meeting (“**13th AGM**”) of Benalec Holdings Berhad (“**Benalec**” or the “**Company**”). The Notice of the 13th AGM of the Company together with the Proxy Form, are set out in the Annual Report 2018 of the Company (“**Annual Report**”), which is dispatched together with this Statement.

The Proxy Form must be completed and deposited at the Company’s Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia not less than 48 hours before the time stipulated for holding the 13th AGM. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the 13th AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 26 November 2018 at 10.00 a.m.

Date and time of the 13th AGM : Wednesday, 28 November 2018 at 10.00 a.m.

Venue of the 13th AGM : Ballroom Selangor 3, Dorsett Grand Subang Hotel,
Jalan SS12/1, 47500 Subang Jaya, Selangor Darul
Ehsan

This Statement is dated 30 October 2018

DEFINITIONS

The following definitions shall apply throughout this Statement unless the context requires otherwise:-

Act	:	The Companies Act 2016, as amended from time to time and any re-enactment
AGM	:	Annual General Meeting
Benalec or Company	:	Benalec Holdings Berhad (Company No. 702653-V)
Benalec Group or Group	:	Benalec and its subsidiaries, collectively
Benalec Share(s) or Share(s)	:	Ordinary share(s) in Benalec
Board of Directors or Board	:	Board of Directors of Benalec
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
By-Laws	:	The rules, terms and conditions of the Share Issuance Scheme as may be modified, varied and/or amended from time to time
Constitution	:	The Constitution of Benalec
Eligible Person(s)	:	The employee or Director of Benalec who meets the criteria of eligibility for participation in the Share Issuance Scheme as stipulated in the By-Laws
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending, as the case may be
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendment thereto which may be made from time to time
LPD	:	1 October 2018, being the latest practicable date prior to the printing of this Statement
MFRS 2	:	Malaysian Financial Reporting Standard 2 on Share Based Payment as issued by the Malaysian Accounting Standards Board
NA	:	Net assets
Oceancove	:	Oceancove Sdn Bhd (Company No. 863187-T)
Oceanview Cove	:	Oceanview Cove Sdn Bhd (Company No. 898867-V)
Offer	:	A written offer made by the Option Committee to an Eligible Person(s) in the manner provided in the By-Laws
Options	:	The right of a Eligible Person(s) which may be conditional or unconditional to subscribe for new Shares upon acceptance of an Offer under the Scheme
Option Committee	:	A committee appointed by the Board to administer the Scheme

DEFINITIONS (continued)

Proposed RCSB Issue	:	Proposed issuance by Benalec of up to RM200,000,000 nominal value of 7-year redeemable convertible secured bonds as set out in the Statement to Shareholders of the Company dated 8 December 2014
Proposed Renewal of the Share Buy-Back Authority	:	Proposed renewal of the authority for the Proposed Share Buy-Back
Proposed Share Buy-Back or Proposal	:	Proposed purchase(s) by the Company of its own Shares of up to ten percent (10%) of its total number of issued Shares pursuant to Section 127 of the Act
Purchased Shares	:	Benalec Shares to be purchased by the Company pursuant to the Proposed Renewal of the Share Buy-Back Authority
RCSB	:	Redeemable Convertible Secured Bonds
RM and Sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 as amended from time to time and any re-enactment thereof
SC	:	Securities Commission Malaysia
Scheme or SIS	:	Share Issuance Scheme implemented by Benalec on 17 January 2011
Statement	:	This Statement dated 30 October 2018
Substantial Shareholders	:	Has the meaning given in Section 136 of the Act
Treasury Shares	:	The Purchased Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 127 of the Act
WAMP	:	Weighted average market price

Words incorporating the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporation(s), 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 day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

TABLE OF CONTENTS

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY

	<u>PAGE</u>
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY	2
3. FUNDING	2
4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK	3
5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK	3
6. EFFECTS OF THE PROPOSED SHARE BUY-BACK	4
7. HISTORICAL SHARE PRICES	8
8. PURCHASE, RESALE OR CANCELLATION OF SHARES MADE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2018	8
9. PUBLIC SHAREHOLDING SPREAD	8
10. IMPLICATION OF THE RULES	9
11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	9
12. APPROVAL REQUIRED	9
13. DIRECTORS' STATEMENT AND RECOMMENDATION	9
14. FURTHER INFORMATION	9

APPENDICES:

APPENDIX I - FURTHER INFORMATION	10
APPENDIX II - FULL TEXT OF THE ORDINARY RESOLUTION 7 EXTRACTED FROM THE NOTICE OF THE 13 TH AGM DATED 30 OCTOBER 2018	11



BENALEC HOLDINGS BERHAD

(Company No. 702653-V)
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

30 October 2018

Board of Directors

Datuk Aznam bin Mansor (Chairman, Independent Non-Executive Director)
Dato' Leaw Seng Hai (Group Managing Director/Chief Executive Director)
Koo Hoong Kwan (Senior Independent Non-Executive Director)
Wong Yoke Nyen (Independent Non-Executive Director)
Leaw Ai Lin (Executive Director)

To: The Shareholders of Benalec Holdings Berhad

Dear Sir / Madam,

PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the 12th AGM of the Company held on 22 November 2017, the Board obtained shareholders' approval for the authority to purchase its own Shares of up to a maximum of 10% of the total number of issued Shares of the Company. This authority which took effect upon passing of the ordinary resolution, will expire at the conclusion of the forthcoming 13th AGM of the Company unless it is renewed.

The Board proposes to seek renewal of the authority to purchase up to 10% of the issued Shares of the Company as quoted on Bursa Securities at the point of purchase, subject to compliance with the provisions of the Act, Listing Requirements and/or any other relevant authorities.

The renewal of the share buy-back authority, if approved by the shareholders at the forthcoming 13th AGM, will be effective immediately upon the passing of the ordinary resolution proposed at the forthcoming 13th AGM and the authority conferred shall only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that general meeting, the authority is renewed either unconditionally or subject to conditions; or
- (ii) the expiration of the period within the next AGM after that date is required by law to be held pursuant to Sections 340(1) and (2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first.

Thereafter, approval from the shareholders will be sought for the subsequent renewals of the Proposal at each subsequent AGM.

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

	No. of Shares
As at the LPD, the details of the issued Shares of Benalec are as follows:	
Issued Shares of the Company	831,802,500*
10% of the issued Shares	83,180,250
Less: number of Treasury Shares held as at the LPD	(12,715,400)
Balance available to be purchased under the Proposal	<u>70,464,850</u>
<i>Note:-</i>	
<i>* Inclusive of the 12,715,400 Benalec Shares that have been purchased and retained as Treasury Shares as at the LPD.</i>	

The Purchased Shares held as Treasury Shares may be distributed as share dividends to shareholders of the Company and/or subsequently cancelled and/or resold on the market of Bursa Securities as may be determined from time to time by the Board.

The Purchased Shares shall be at prices not exceeding 15% above the WAMP of the Purchased Shares from five (5) market days immediately prior to the purchase and will be purchased from the open market through Bursa Securities.

The Treasury Shares arising from the share buy-back, including those Purchased Shares shall be resold on the market, if so determined by the Board, at:-

- a) a price which is not less than the WAMP of the Purchased Shares for five (5) market days immediately before the resale; or
- b) a discounted price of not more than 5% to the WAMP of the Purchased Shares for five (5) market days immediately before the resale provided that:-
 - (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

The Board will, at its discretion, deal with the Purchased Shares in the following manner:-

- a) cancel the Purchased Shares; or
- b) retain the Purchased Shares as Treasury Shares; or
- c) retain part of the Purchased Shares as Treasury Shares and cancel the remainder of the shares; or
- d) such other manner as allowed by the Act and Bursa Securities from time to time.

3. FUNDING

In accordance with the Listing Requirements, the maximum funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or latest management accounts of the Company available (where applicable). Based on the latest audited financial statements of the Company for the FYE 30 June 2018, the retained profits of the Company was RM13,798,346.

The funding of the Proposal will be financed by internally generated funds and/or external borrowings and the proportion of which to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds at the time of purchase(s). The actual number of Shares that may be purchased will depend on, amongst others, the prevailing market condition and the sentiment of the overall stock market.

In the event that the Company purchases its own Shares using external borrowings, the Board will ensure that there are sufficient funds to repay the external borrowings and repayment would not be expected to have any material effect on the cash flow of the Group.

4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is expected to benefit the Company and its shareholders in the following manner:

- a) Benalec is able to utilise its surplus financial resources which are not immediately required for other usage to purchase its own shares from the open market;
- b) where the Purchased Shares are retained as Treasury Shares, the Board would have an option to distribute the Purchased Shares as share dividends to reward shareholders of the Company;
- c) the Purchased Shares may be held as Treasury Shares and resold in the open market to reap potential capital appreciation of the Shares without affecting the total issued Shares of the Company;
- d) the Company may be able to reduce any unwarranted volatility of its Shares and assist to stabilise the supply, demand and price of its Shares in the open market, thereby supporting the fundamental value of its Shares; and
- e) where the Board resolves to cancel the Purchased Shares, the Group's EPS is expected to be enhanced as a result of the reduction in the issued Shares of the Company, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company.

5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

5.1 Potential Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:-

- a) It allows the Company to take preventive measures against excessive speculation, particularly when the Shares are undervalued which would in turn stabilise the market price of the Shares to enhance investors' confidence and may also assist in facilitating future fund raising via the equity market;
- b) It allows the flexibility for the Group in attaining its desired capital structure, in terms of the debt and equity composition and the size of equity;
- c) The resultant reduction in the total numbers of issued Shares (in respect of Shares so purchased are then cancelled) is expected to improve the EPS and the NA per Share of the Group as well as the probability of declaring a higher quantum of dividends in future;
- d) To stabilise any downward trend in the market price of the Shares;
- e) Opportunities for potential gains from the resale of Treasury Shares at prices higher than the purchase prices when the market price of the Shares improves and consequently increase the working capital and NA of the Group; and
- f) In the event the Treasury Shares are distributed as share dividends by the Company, it may then serve to reward shareholders of the Company.

5.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- a) The purchase(s) may result in a reduction of the amount of reserves available for distribution as dividends and/or bonus issue(s) to shareholders if the Shares so purchased are cancelled;
- b) The purchase(s) of existing Shares will reduce the financial resources of the Group and may result in the Group foregoing other investment opportunities that may emerge in the future;

- c) The purchase(s) may result in the Group having to forego any income that may be derived from the deposit of such funds in interest bearing instruments; and
- d) In the event the purchase(s) of existing Shares are funded by bank borrowings, the net cash flow of the Group may decline to the extent of the interest costs associated with the said borrowings.

Nevertheless, the Board will be mindful of the interests of the Company and its shareholders in exercising any decision to purchase its own Shares.

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the share capital, EPS, NA, working capital, dividends and shareholdings of Benalec are as set out below:-

6.1 Share Capital

The effect of the Proposed Share Buy-Back on the share capital of the Company will depend on whether the Shares purchased are cancelled or retained as Treasury Shares. The Proposal will result in a reduction of the issued Shares of the Company if the Shares purchased are cancelled.

On the assumption that the Proposed Share Buy-Back is carried out in full and the Shares so purchased are fully cancelled, the Proposal will result in the issued shares of Benalec as at the LPD to be reduced as shown below:-

Minimum Scenario	<i>Assuming no additional exercise of Options and conversion of RCSB as at the LPD, prior to the implementation of the Proposed Share Buy-Back.</i>
Maximum Scenario	<i>Assuming full exercise of Options and conversion of RCSB as at the LPD, prior to the implementation of the Proposed Share Buy-Back. Full conversion of the nominal value of RCSB (RM200 million) at the conversion price of RM0.705 represents a premium of approximately 16.3% over the 5-day WAMP of Benalec Shares, up to and including 2 January 2015, of RM0.6061 per Benalec Share.</i>

	MINIMUM SCENARIO		MAXIMUM SCENARIO	
	No. of Shares	RM#	No. of Shares	RM#
Issued Shares as at the LPD	831,802,500*	207,950,625	831,802,500*	207,950,625
<u>To be issued upon the:</u> Exercise of all Options outstanding as at the LPD	-	-	25,771,000	6,442,750
Conversion of all outstanding RCSB as at the LPD	-	-	283,687,943	70,921,986
Total issued Shares	831,802,500	207,950,625	1,141,261,443	285,315,361
Maximum number of Benalec Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(83,180,250)	(20,795,063)	(114,126,144)	(28,531,536)
Resultant issued Shares after cancellation of Benalec Shares purchased under the Proposed Share Buy-Back	748,622,250	187,155,563	1,027,135,299	256,783,825

Notes:-

* *Inclusive of 12,715,400 Benalec Shares which have been purchased and retained as Treasury Shares as at the LPD.*

Not inclusive of amounts standing to the credit of the share premium account of RM157,537,902 which has been transferred to the share capital account of the Company pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the share premium amount for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Proposed Share Buy-Back will not have any effect on the issued Shares of the Company if the Purchased Shares are retained as Treasury Shares.

Pursuant to the Act, if the Purchased Shares are treated as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distribution and 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 in the Company for any purpose including, without limiting the generality of this provision, the provisions of any law or requirements of the Constitution 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.

6.2 EPS

The effects of the Proposed Share Buy-Back on the earnings and EPS of the Group will depend on the purchase price(s) of the Shares, the quantum of Shares to be purchased and the effective funding cost to the Group to finance the Purchased Shares or any loss in interest income to the Group. Where the Shares so purchased are to be cancelled, the EPS of the Group will generally, all else being equal, increase as a result of the reduction in the issued Shares of the Company.

6.3 NA

The Proposed Share Buy-Back, if carried out, may increase or decrease the NA per Share of the Group depending on the purchase price(s) of the Shares to be purchased. The NA per Share will increase if the purchase price is less than the audited NA per Share but will decrease if the purchase price exceeds the audited NA per Share at the time the Shares are purchased.

If the Treasury Shares are resold on Bursa Securities, the NA per Share of the Group would increase if the Company realises a gain from the resale and vice versa.

6.4 Working Capital

The Proposed Share Buy-Back, if carried out, will reduce the working capital of the Group. The quantum of the reduction of the working capital of the Group would depend on the purchase price(s), number of Purchased Shares and the effective funding cost thereof.

However, upon resale of the Treasury Shares, the working capital of the Group will increase. Again, the quantum of increase in the working capital will depend on the number of Treasury Shares resold and the selling price.

6.5 Dividends

The Proposed Share Buy-Back, if carried out, may have an impact on the Company's dividend policy as it may reduce the cash available, which may otherwise be used as dividend payment. However, the Treasury Shares so purchased may also be distributed as dividends to shareholders of the Company if the Board so decides.

6.6 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

For illustration purposes only, assuming the Proposed Share Buy-Back is carried out in full by the Company and the Purchased Shares are cancelled, the effects of the Proposal on the shareholdings of the directors and substantial shareholders based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' as at the LPD are as follows:-

Minimum Scenario (Assuming no additional exercise of Options and conversion of RCSB as at the LPD)

Directors	As at the LPD (after taking into account the Shares purchased and held as Treasury Shares)				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Aznam bin Mansor	-	-	-	-	-	-	-	-
Dato' Leaw Seng Hai	444,100	0.05	334,780,400 ⁽¹⁾	40.87	444,100	0.06	334,780,400 ⁽¹⁾	44.72
Koo Hoong Kwan	270,000	0.03	-	-	270,000	0.04	-	-
Wong Yoke Nyen	-	-	-	-	-	-	-	-
Leaw Ai Lin	-	-	-	-	-	-	-	-

Substantial Shareholders	As at the LPD (after taking into account the Shares purchased and held as Treasury Shares)				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ocean Cove	334,780,400	40.87	-	-	334,780,400	44.72	-	-
Dato' Leaw Seng Hai	444,100	0.05	334,780,400 ⁽¹⁾	40.87	444,100	0.06	334,780,400 ⁽¹⁾	44.72
Datuk Leaw Ah Chye	1,000	0.00	334,780,400 ⁽¹⁾	40.87	1,000	0.00	334,780,400 ⁽¹⁾	44.72
Oceanview Cove	-	-	334,780,400 ⁽²⁾	40.87	-	-	334,780,400 ⁽²⁾	44.72

Notes:-

⁽¹⁾ Deemed interest by virtue of his direct interest in Ocean Cove and indirect interest in Ocean Cove via Oceanview Cove pursuant to Section 8(4) of the Act.

⁽²⁾ Deemed interest by virtue of its direct interest in Ocean Cove pursuant to Section 8(4) of the Act.

Maximum Scenario (Assuming full exercise of Options and conversion of RCSB as at the LPD)

Directors	As at the LPD (after taking into account the Shares purchased and held as Treasury Shares)				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Aznam bin Mansor	400,000*	0.04	-	-	400,000*	0.04	-	-
Dato' Leaw Seng Hai	5,244,100#	0.46	334,780,400 ⁽¹⁾	29.66	5,244,100#	0.51	334,780,400 ⁽¹⁾	32.59
Koo Hoong Kwan	670,000*	0.06	-	-	670,000*	0.07	-	-
Wong Yoke Nyen	400,000*	0.04	-	-	400,000*	0.04	-	-
Leaw Ai Lin	-	-	-	-	-	-	-	-

Substantial Shareholders	As at the LPD (after taking into account the Shares purchased and held as Treasury Shares)				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ocean Cove	334,780,400	29.66	-	-	334,780,400	32.59	-	-
Dato' Leaw Seng Hai	5,244,100#	0.46	334,780,400 ⁽¹⁾	29.66	5,244,100#	0.51	334,780,400 ⁽¹⁾	32.59
Datuk Leaw Ah Chye	1,000	0.00	334,780,400 ⁽¹⁾	29.66	1,000	0.00	334,780,400 ⁽¹⁾	32.59
Oceanview Cove	-	-	334,780,400 ⁽²⁾	29.66	-	-	334,780,400 ⁽²⁾	32.59

Notes:-

⁽¹⁾ Deemed interest by virtue of his direct interest in Ocean Cove and indirect interest in Oceanview Cove pursuant to Section 8(4) of the Act.

⁽²⁾ Deemed interest by virtue of its direct interest in Ocean Cove pursuant to Section 8(4) of the Act.

Assuming shareholding includes the outstanding 4,800,000 Options for Dato' Leaw Seng Hai which are exercised under the Scheme as at the LPD.

* Assuming shareholding includes the outstanding 400,000 Options each for Datuk Aznam bin Mansor, Koo Hoong Kwan and Wong Yoke Nyen which are exercised under the Scheme as at the LPD.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Benalec Shares as traded on the Main Market Bursa Securities for the preceding twelve (12) months from October 2017 to September 2018 are as follows:-

Year	Month	Highest (RM)	Lowest (RM)
2017	October	0.440	0.405
	November	0.450	0.375
	December	0.410	0.370
2018	January	0.430	0.380
	February	0.405	0.360
	March	0.390	0.325
	April	0.330	0.285
	May	0.325	0.265
	June	0.285	0.255
	July	0.320	0.245
	August	0.310	0.270
	September	0.270	0.235

(Source: Investing.com)

The last transacted price of Benalec Shares on the LPD was RM0.240.

8. PURCHASE, RESALE OR CANCELLATION OF SHARES MADE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2018

During the financial year ended 30 June 2018, Benalec has made purchases as listed below from the open market. The Shares purchased were retained as Treasury Shares. As at 1 October 2018, being the LPD prior to the printing of this Statement, Benalec held a total of 12,715,400 Treasury Shares.

Date	Total No. of shares purchased	Price (RM)		Total Consideration (RM)
		Lowest	Highest	
30 August 2017	10,000	0.42	0.42	4,248.74

There were no resale or cancellation of shares made by the Company during the financial year ended 30 June 2018.

9. PUBLIC SHAREHOLDING SPREAD

As at the LPD, the public shareholding spread of the Company is 59.04%.

9.1 Under the Minimum Scenario:

The public shareholding spread is expected to be reduced to 55.19% assuming the Proposed Share Buy-Back is implemented in full and all the Shares so purchased are cancelled assuming no additional exercise of Options and conversion of RCSB as at the LPD.

9.2 Under the Maximum Scenario:

The public shareholding spread is expected to be increased to 66.75% assuming the Proposed Share Buy-Back is implemented in full and all the Shares so purchased are cancelled assuming full exercise of Options and conversion of RCSB as at the LPD.

In implementing the Proposed Share Buy-Back, the Board will be mindful of maintaining a public shareholding spread of at least 25% pursuant to Paragraph 8.02(1) of the Listing Requirements.

10. IMPLICATION OF THE RULES

The Proposed Share Buy-Back is not expected to trigger any obligation to undertake a mandatory general offer pursuant to the Rules as a result of the Proposal.

It is the intention of Benalec to implement the Proposal in a manner that will not result in any of the shareholders of Benalec having to undertake a mandatory take-over offer pursuant to the Rules.

11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors or Substantial Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of the Share Buy-Back Authority.

12. APPROVAL REQUIRED

The Proposed Renewal of the Share Buy-Back Authority is subject to the approval being obtained from shareholders of the Company at the forthcoming 13th AGM of Benalec.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Directors, having taken into consideration of the Proposed Renewal of the Share Buy-Back Authority, is of the opinion that the Proposed Renewal of the Share Buy-Back Authority is in the best interest of the Company and its shareholders. The Directors recommend shareholders to vote in favour of the resolution in respect of the Proposed Renewal of the Share Buy-Back Authority at the forthcoming 13th AGM of Benalec.

14. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices set out in this Statement for further information.

Yours faithfully

For and on behalf of the Board of
BENALEC HOLDINGS BERHAD

KOO HOONG KWAN
Senior Independent Non-Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of Benalec who collectively and individually accept full responsibility for the accuracy and correctness 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 in this Statement false or misleading.

2. MATERIAL LITIGATION

Save as disclosed in the Annual Report 2018 of the Company, as at the LPD, the Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group.

3. MATERIAL CONTRACTS

Save as disclosed in the Annual Report 2018 of the Company, the Board is not aware of any 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 Statement.

4. MATERIAL COMMITMENTS

Save as disclosed in the Annual Report 2018 of the Company, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group.

5. CONTINGENT LIABILITIES

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

Corporate guarantee of RM24,346,114 is given to banks for credit facilities granted to its subsidiary companies.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit 30-01 Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during office hours from Mondays to Fridays (except public holidays) from the date of this Statement until the date of the 13th AGM:

- (i) The Constitution; and
- (ii) The audited consolidated financial statements of Benalec for the past two (2) financial years ended 30 June 2017 and 30 June 2018.

**FULL TEXT OF THE ORDINARY RESOLUTION 7
EXTRACTED FROM THE NOTICE OF THE 13TH AGM DATED 30 OCTOBER 2018**

ORDINARY RESOLUTION 7

PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

“THAT, subject always to the Companies Act 2016 (“the Act”), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- a. the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- b. the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and
- c. the Directors of the Company may decide to:-
 - i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or
 - ii. cancel the shares so purchased; and/or
 - iii. retain part of the shares so purchased as treasury shares and cancel the remainder in the manner as allowed by the Act.

THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

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

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Act, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

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