

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

In Relation To

PART A

PROPOSED NEW ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

PART B

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Notice of the Extraordinary General Meeting of the Company which will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 14th November 2012 at 11.00 a.m. together with the Form of Proxy are enclosed in this Circular.

You are urged to complete and return the Form of Proxy in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not later than 48 hours before the time set for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy: 12th November 2012 before 11.00 a.m.

This Circular is dated 19th October 2012

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular.

Articles	:	Articles of Association of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Company or KB	:	Knusford Berhad (380100-D)
Director(s)	:	Shall have the meaning given in Section 4 of the Companies Act 1965 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company of the listed issuer or a chief executive of the listed issuer, its subsidiary or holding company.
EGM	:	Extraordinary General Meeting
Group	:	Knusford Berhad and its subsidiaries
Listing Requirements	:	Listing Requirements of Bursa Malaysia Securities Berhad
Mandated Related Party	:	As in paragraph 3.2
Major Shareholder	:	Means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company; and including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company; For the purpose of this definition, "interest in shares" shall have the meaning given in section 6A of the Companies Act 1965.
Proposed Mandate	:	Proposed New Additional Mandate for Recurrent Related Party Transaction for the Company and its subsidiaries in its normal course of business and on terms not more favourable than those generally available to the public, to enter into the transactions set out in paragraph 3.3 of this Circular (Recurrent Related Party Transaction) with person who are considered to be "related party" as defined in Chapter 10 of the Listing Requirements of the Bursa Malaysia Securities Berhad.
Related Party	:	Director, major shareholder or person connected with such director or major shareholder.
Related Party Transaction	:	A transaction entered into by the Company and/or its subsidiaries which involves the interest, direct or indirect, of a related party.
Recurrent Related Party Transaction or RRPT	:	Recurrent Related Party Transaction of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries.
RM	:	Ringgit Malaysia

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PART A- PROPOSED NEW ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

KNUSFORD BERHAD

(380100-D)

(Incorporated in Malaysia)

Registered Office:

Ground Floor, Wisma Ekovest

No. 118, Jalan Gombak

53000 Kuala Lumpur.

19th October 2012

Board of Directors:

DATUK HALIMAH BINTI MOHD SADIQUE	(Independent Non-executive Director/Chairman)
TAN SRI DATO' LIM KANG HOO	(Executive Director)
KHOO NANG SENG @ KHOO NAM SENG	(Executive Director)
DATO' LIM KANG SWEE	(Executive Director)
LIM KENG CHENG	(Executive Director/Chief Executive Officer)
AZNAM BIN MANSOR	(Non-Independent Non-executive Director)
LIM TS-FEI	(Independent Non-executive Director)
DR. WONG KAI FATT	(Independent Non-executive Director)
KANG HUI LING	(Senior Independent Non-executive Director)

To: **The Shareholders of Knusford Berhad**

Dear Sir/Madam,

PROPOSED NEW ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE.

1. INTRODUCTION

The Company had on 28th September 2012 made an announcement to Bursa Securities its intention to seek its shareholders' approval pertaining to the above mentioned Proposed Mandate.

The purpose of this Circular is to provide shareholders with details pertaining to the Proposed Mandate and to seek shareholders' approval for the resolution to be tabled at the forthcoming EGM to be convened on Wednesday, 14th November 2012 at 11.00 a.m. at the Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur.

2. APPROVAL REQUIRED

The Board proposes to seek the approval of shareholders for a Proposed Mandate for the Company and its subsidiaries in its normal course of business and on terms not more favourable than those generally available to the public, to enter into transaction set out in paragraph 3.3 below with person who is considered to be "related party" as defined in Chapter 10 of the Listing Requirements.

3. DETAILS OF THE PROPOSED MANDATE

3.1 Provisions under the Listing Requirements

Pursuant to Part E, Chapter 10.09 of the Listing Requirements, listed issuers with an issued and paid-up capital of RM60 million and above must immediately announce a Recurrent Related Party Transaction as follows:

- (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
- (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more whichever is higher.

Paragraph 2.4 of Practice Note 12 states that where a listed issuer has obtained a shareholders' mandate in respect of any Recurrent Related Party Transaction, the above disclosure obligation will not apply to the Recurrent Related Parties Transactions which are comprised in the mandate.

Accordingly, the Company proposes to seek its shareholders' approval for the Proposal to enable the Company to enter into transaction with the Related Party which are of a revenue or trading nature and necessary for its day-to-day operations, on terms not more favourable to the Related Party than those generally available to the public and is not detrimental to the minority shareholders.

If approved at the forthcoming EGM, the Proposal will take effect from the passing of the Ordinary Resolution relating thereto and will continue to be in force until:-

- i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- ii) the expiration of the period within which the next AGM of the Company after this date is required to be held pursuant to section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or
- ii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

Principal Business

The Company is primarily engaged in investment holding and property investment.

The principal activities of the subsidiaries, which are all incorporated in Malaysia, and the interest of the Company are as follows:

No.	Name of Company	Principal Activities	Effective Ownership Interest (%)
1.	Wengcon Holdings Sdn Bhd	Reconditioning, sales and rental of heavy machinery	100
2.	Wengcon Equipment Sdn Bhd	Rental of machinery and equipment, provision of transportation services and trading of building materials	100
3.	Segi Tiara Sdn Bhd	Construction	100
4.	D-Hill Sdn Bhd	Property development	100
5.	Lakaran Cahaya Sdn Bhd	Property investment and development	100

Principal Business (continued)

No.	Name of Company	Principal Activities	Effective Ownership Interest (%)
6.	Knusford Autohaus Sdn Bhd	Dormant	100
7.	Knusford Oil & Gas Sdn Bhd	Dealing in oil and gas	100
Subsidiaries of Wengcon Holdings Sdn Bhd			
8.	Wengcon Marketing Sdn Bhd	Trading in building materials	100
9.	Hi-Plus Development Sdn Bhd	Rental of machinery and equipment	100
10.	Endau Prima Sdn Bhd	Inactive	100
11.	Segi Gemilang Sdn Bhd	Rental of machinery and equipment	100
Subsidiaries of Wengcon Equipment Sdn Bhd			
12.	Radiant Seas Sdn Bhd	Sand Trading and Rental of machinery and equipment	100
13.	Yasmin Marine Technology Sdn Bhd	Rental of machinery and equipment	70

3.2 Class of Related Party

The Proposed Mandate will apply to the following class of Related Party:

No	Mandated Related Party	Place of Incorporation	Principal Activity
i.	Tebrau Teguh Berhad and its subsidiaries*	Malaysia	Investment holding

* New Mandated Related Party

Please refer to paragraph 3.4 below for details of the nature and extent of the interest.

3.3 Nature of RRPT, New Mandate on RRPT and Estimated Annual Value

The RRPT to be covered by the Proposed Mandate is as follow and such transaction is necessary for the day to day operations and is in the ordinary course of the business of the Company and its subsidiaries. The various transaction listed thereto is entered into by the said Group with the Related Party.

No	Types of transaction	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 14th November 2012 to the next AGM (RM)
				SOLD / RENTED TO RELATED PARTY
1.	Sale of machinery & equipment and building materials	Tebrau Teguh Berhad and its subsidiaries	Tan Sri Dato' Lim Kang Hoo Lim Keng Cheng Dato' Lim Kang Swee Aman Setegap Sdn Bhd Kinston Park Sdn Bhd	75,000,000
2.	Rental of machinery & equipment (Monthly basis)	Tebrau Teguh Berhad and its subsidiaries	Tan Sri Dato' Lim Kang Hoo Lim Keng Cheng Dato' Lim Kang Swee Aman Setegap Sdn Bhd Kinston Park Sdn Bhd	5,000,000

Note:

The estimated transaction values are based on the information available at the point of estimation based on projection of the business to be conducted in the coming year after taking into consideration the prevailing market rates. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above. The frequency of the transaction cannot be detailed as the transaction is ongoing and numerous.

3.4 Nature and Extent of Interest

The nature and extent of the interest of the Interested Directors and Major Shareholders as stated in the preceding table as at 28th September 2012 are as follows:-

1. Tan Sri Dato' Lim Kang Hoo is the Executive Vice Chairman and a substantial shareholder of Tebrau Teguh Berhad (TT).
2. Tan Sri Dato' Lim Kang Hoo is a director and substantial shareholder in Aman Setegap Sdn Bhd.
3. Tan Sri Dato' Lim Kang Hoo is a director and shareholder in Kinston Park Sdn Bhd.
4. Mr. Lim Keng Cheng is an Executive Director of TT.
5. Dato' Lim Kang Swee is deemed interested in TT by virtue of his brother, Tan Sri Dato' Lim Kang Hoo being a Director and shareholder in TT.

3.5 Rationale for, and the benefit to, the Group for transacting with the Mandated Related Party

The Company and its subsidiaries relationship with the Mandated Related Party

The Mandated Related Party is a new customer to the Company and its subsidiaries. The raw materials and goods provided to the Mandated Related Party are priced competitively and all transactions between the Company and its subsidiaries and the Mandated Related Party are carried out on an arm's length basis and on terms not more favourable to the related party than those generally available to the public. The Company would like to seek shareholders' approval for the Proposed Mandate between the Company and the Mandated Related Party as it is expected to continue to be of benefit to the business of the Company and its subsidiaries.

The benefit of the Proposed Mandate

The Proposed Mandate is intended to facilitate transactions in the normal course of business of the Company and its subsidiaries which are transacted from time to time with the Mandated Related Party, provided that they are carried out on arm's length and on the Company and its subsidiaries' normal commercial terms and are not prejudicial to shareholders and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

3.6 Review Methods or Procedures for RRPT

There are procedures established by the Company and its subsidiaries to ensure that RRPT is undertaken on an arm's length basis and on the Company and its subsidiaries normal commercial terms and on transaction prices and terms not more favourable to the related party than those generally available to the public, consistent with the Company and its subsidiaries usual business practices and policies, which is generally no more favourable to the Mandated Related Party than those extended to unrelated third party and are not to the detriment of the minority shareholders.

The Company will implement the following procedures to supplement existing internal procedures for general transactions to ensure that the RRPT is undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related party than those generally available to the public.

- (i) A list of Mandated Related Party will be circulated to the Company's subsidiaries to notify them that RRPT is required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not detrimental to the minority shareholders;
- (ii) All RRPT will be reviewed by a management committee comprising at least one (1) executive director and two (2) senior management staff;
- (iii) The annual internal audit plan shall incorporate a review of material RRPT entered into pursuant to the Proposed Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (iv) The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review shall be done annually together with the review of annual results;
- (v) The Board and the Audit Committee have reviewed the procedures and shall continue to review the procedures and processes on a quarterly basis;
- (vi) For items with material value quotations will be taken to gather information to compare the price quote by third party and related party for the purpose of determining the competitive market price of materials and goods. It is the Company's policy to purchase material or goods from related party when the prices are competitive with prices obtained from third party. Other factors such as reliability of supply, delivery, services and quality of materials or goods will also be taken into consideration for evaluation purposes; and
- (vii) Disclosures will be made in the annual report of the breakdown of the aggregate value of the RRPT during the financial year amongst others, based on the following information:-
 - (a) the type of the RRPT made; and
 - (b) the names of the related party involved in each type of the RRPT made and their relationship with the listed issuer.

At least 2 other contemporaneous transactions with unrelated third party for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related party are fair and reasonable and comparable to those offered to/by other unrelated third party for the same or substantially similar type of products/services and/or quantities. In the event the quotation or comparative pricing from unrelated third party cannot be obtained, the transaction price will be based on business practices and policies and on terms which are generally in line with industry norms in order to ensure that the RRPT is not detrimental to the Company or its group of companies.

There is no specific threshold however, each RRPT will be approved by the same management committee within the group of the companies as long as the value of RRPT is within the mandate approved by shareholders. The management committee comprises of at least one (1) executive director and two (2) senior management staff i.e. Senior Manager and Accountant.

3.7 Audit Committee's Statements

The Audit Committee will review the relevant RRPT and also review the established guidelines and procedures to ascertain that they have been complied with. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the RRPT will be done on the Company and its subsidiaries normal commercial terms and on terms not more favourable to the related party than those generally available to the public and will not be prejudicial to the shareholders, the Company will revert to the shareholders for a fresh mandate based on new guidelines and procedures immediately, and in any case before the next transaction is entered into.

The Audit Committee has reviewed the terms of the Proposed Mandate, and is satisfied that the review procedures for RRPT, as well as the periodic reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the RRPT will be made with the relevant classes of related party in accordance with the Company and its subsidiaries normal commercial terms and on terms not more favourable to the related party than those generally available to the public, and hence, not prejudicial to the shareholders, nor disadvantageous to the Company and its subsidiary and is not to the detriment of the minority shareholders.

The Company has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee conducts the review of these procedures and processes on a quarterly basis.

4. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS

The following are Interested Directors' Shareholding, Interested Major Shareholders and persons connected with the Directors and Major Shareholders in the Company as at 28th September 2012.

4.1 Interested Directors

Name	Direct Shareholdings	%	Indirect Shareholdings	%
1. Tan Sri Dato' Lim Kang Hoo	615,749	0.62	32,410,000(a)	32.53
2. Lim Keng Cheng	1,691,500	1.70	2,023,000(b)	2.03
3. Dato' Lim Kang Swee	8,154,000	8.18	439,000(c)	0.44

4.2 Interested Major Shareholders

Name	Direct Shareholdings	%	Indirect Shareholdings	%
1. Tan Sri Dato' Lim Kang Hoo	615,749	0.62	32,410,000(a)	32.53
2. Aman Setegap Sdn. Bhd.	30,000,000	30.11	-	-
3. Kinston Park Sdn. Bhd.	2,410,000	2.42	30,000,000(d)	30.11

- (a) Deemed interest by virtue of his shareholding in Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd.
- (b) Deemed interest by virtue of his shareholding in Fablelite Sdn Bhd, and Lim Seong Hai Holdings Sdn Bhd.
- (c) Deemed interest by virtue of his shareholding in Bidarcita Sdn Bhd.
- (d) Deemed interest by virtue their shareholdings in Aman Setegap Sdn Bhd.

4.3 Statements in relation to Interested Parties

(a) The following interested directors have abstained and will abstain at all board meetings from all deliberations and voting on the Proposed Mandate:

- i. Tan Sri Dato' Lim Kang Hoo
- ii. Lim Keng Cheng
- iii. Dato' Lim Kang Swee

The aforesaid interested directors shall accordingly also abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolution vis-à-vis the Proposed Mandate to be tabled at the forthcoming EGM.

(b) The following interested major shareholders will abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolution vis-à-vis the Proposed Mandate to be tabled at the forthcoming EGM:

- i. Tan Sri Dato' Lim Kang Hoo
- ii. Aman Setegap Sdn Bhd
- iii. Kinston Park Sdn Bhd

(c) Further the said interested directors and interested major shareholders will undertake to ensure that the persons connected with them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate at the forthcoming EGM. These persons connected and their relationship with the interested directors and interested major shareholders and their respective shareholding as at 28th September 2012 are as stated in the table below.

(d) The following connected persons will abstain from voting in respect of their direct and indirect shareholding on the ordinary resolutions vis-à-vis the Proposed Mandate to be tabled at the forthcoming EGM.

Persons Connected	Relationship	Direct Shareholding	Indirect Shareholding
Lim Sew Hua	Sister of Tan Sri Dato' Lim Kang Hoo	1,648,000	-
Sum Kwai Sang	Brother-in-law of Tan Sri Dato' Lim Kang Hoo	13,000	-
Lim Hai	Sister of Tan Sri Dato' Lim Kang Hoo	20,000	-
Lim Ah Ya	Sister of Tan Sri Dato' Lim Kang Hoo	10,000	-
Tiong Seng Yoke	Brother-in-law of Tan Sri Dato' Lim Kang Hoo	99,900	-
Lim Seong Hai Holdings Sdn Bhd	Lim Keng Cheng is a director and substantial shareholder	1,735,500	287,500
Fablelite Sdn Bhd	Lim Keng Cheng is a substantial shareholder	287,500	-
Lim Chui Hew @ Lim Bee Hua	Sister of Tan Sri Dato' Lim Kang Hoo	61,000	-

Save as disclosed above none of the directors, major shareholders and/or persons connected with them have any interest direct or indirect in the Proposed Mandate.

5. DIRECTORS' RECOMMENDATION

The Board of Directors save and except for Tan Sri Dato' Lim Kang Hoo, Mr. Lim Keng Cheng and Dato' Lim Kang Swee who are deemed interested in the transactions, having considered all aspects of the Proposed Mandate, are of the opinion that they are in the best interest of the Company and accordingly, the Directors except for Tan Sri Dato' Lim Kang Hoo, Lim Keng Cheng and Dato' Lim Kang Swee recommend that you vote in favour of the resolution pertaining to the Proposed Mandate to be tabled at the forthcoming EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, the notice of which is enclosed in this Circular, will be held on at the Grand Seasons Hotel, 72 Jalan Pahang, 53000, Kuala Lumpur on Wednesday, 14th November 2012 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Mandate.

If you are unable to attend and vote in person at the EGM, you are requested to complete and return the Proxy Form in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time set for the EGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

7. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix 1 contained in this Circular for further information.

Yours faithfully

For and on behalf of the Board of
Knusford Berhad

LIM TS-FEI

PART B - PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

KNUSFORD BERHAD

(380100-D)

(Incorporated in Malaysia)

Registered Office:

Ground Floor, Wisma Ekovest
No. 118, Jalan Gombak
53000 Kuala Lumpur.

19th October 2012

Board of Directors:

DATUK HALIMAH BINTI MOHD SADIQUE	(Independent Non-executive Director/Chairman)
TAN SRI DATO' LIM KANG HOO	(Executive Director)
KHOO NANG SENG @ KHOO NAM SENG	(Executive Director)
DATO' LIM KANG SWEE	(Executive Director)
LIM KENG CHENG	(Executive Director/Chief Executive Officer)
AZNAM BIN MANSOR	(Non-Independent Non-executive Director)
LIM TS-FEI	(Independent Non-executive Director)
DR. WONG KAI FATT	(Independent Non-executive Director)
KANG HUI LING	(Senior Independent Non-executive Director)

To: **The Shareholders of Knusford Berhad**

Dear Sir/Madam,

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

1. INTRODUCTION

The purpose of this Circular is to provide shareholders with details pertaining to the Proposed Amendments to be tabled at the forthcoming EGM to be convened on forthcoming EGM to be convened on Wednesday, 14th November 2012 at 11.00 a.m. at the Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur.

2. APPROVAL REQUIRED

The Proposed Amendments are subject to the approval of the Shareholders at the forthcoming EGM.

3. DETAILS OF THE PROPOSED AMENDMENTS

The details of the Proposed Amendments are set out in Appendix 2 of this Circular.

4. RATIONALE OF THE PROPOSED AMENDMENTS TO ARTICLES

The Proposed Amendments are made pursuant to the recent amendments to the Listing Requirements.

5. EFFECTS OF THE PROPOSED AMENDMENTS

The Proposed Amendments will not have any effect on the existing issued and paid up capital, net assets, working capital earnings, dividends and shareholdings of the Company.

6. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

None of the Directors and Major Shareholders and person connected to them has any interest in the Proposed Amendments.

7. DIRECTORS' RECOMMENDATION

The Board of Directors having considered all aspects of the Proposed Amendments, are of the opinion that the Proposed Amendments are in the best interest of the Company and accordingly, the Directors recommend that you view in favour of the resolution pertaining to the Proposed Amendments to be tabled at the forthcoming EGM.

8. EXTRAORDINARY GENERAL MEETING

The EGM, the notice of which is enclosed in this Circular, will be held on at the Grand Seasons Hotel, 72 Jalan Pahang, 53000, Kuala Lumpur on Wednesday, 14th November 2012 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Mandate.

If you are unable to attend and vote in person at the EGM, you are requested to complete and return the Proxy Form in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time set for the EGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix 1 contained in this Circular for further information.

Yours faithfully

For and on behalf of the Board of
Knusford Berhad

LIM TS-FEI

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

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

2. MATERIAL LITIGATION

Neither the Company nor its subsidiaries is engaged in any material litigation claims or arbitration, either as a plaintiff or defendant, and the Board are not aware of any proceedings, pending or threatened against the Company and its subsidiaries or any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company and its subsidiaries.

3. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor its subsidiaries has entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:

- i. On 29 February 2012, Lakaran Cahaya Sdn Bhd entered into a Sale and Purchase Agreement with Idealpalm Ventures Sdn Bhd for the purchase of all that parcel of freehold land under GRN 49797 Lot 942, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor for a cash consideration of RM14,210,000.00.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Ground Floor, Wisma Ekovest, No.118, Jalan Gombak, 53000 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- i. The Memorandum and Articles of Association of the Company.
- ii. The Audited Financial Statements of Knusford Berhad for the two (2) years ended 31 December 2010 and 31 December 2011 together with the Unaudited Quarterly Results for 3 months ended 30 June 2012.
- iii. The material contracts referred to in Paragraph 3 above.

PROPOSED AMENDMENTS

The Articles of Association of the Company be altered as follows:

Article No	Existing Articles	Proposed Amendments to Articles	Rationale
2	Definition	Definition	
	Words Meanings	Words Meanings	
	New Provision	<p>Omnibus Account Means one security account with multiple beneficial owners</p> <p>Share Issuance Scheme A new scheme involving a new issuance of shares to the employees</p>	<p>To define the words "Omnibus Account" appear in the proposed amended Article 75(2)</p> <p>To define the words "Share Issuance Scheme" appear in the proposed amended Article 4(1)(f)</p>
4(1)(f)	<p><u>Allotment of shares</u> No Director shall participate in an issue of shares to employees unless:</p> <p>(i) the members in a general meeting have approved of the specific issue or allotment of shares to be made to such Director.</p>	<p><u>Allotment of shares</u> No Director shall participate in a Share Issuance Scheme unless the members in a general meeting have approved of the specific issue or allotment of shares to be made to such Director.</p>	Pursuant to Para 7.03 of the Listing Requirements
57	<p><u>Notice of Meeting</u> Subject to the provisions of the Act relating to convening meetings to pass special resolutions, every notice convening meetings shall specify the place, the day and the hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner mentioned in these Articles to all Members and to such persons as are under the provisions of these Articles or the Act entitled to receive notice of general meetings from the Company.</p>	<p><u>Notice of Meeting</u> Subject to the provisions of the Act relating to convening meetings to pass special resolutions, every notice convening meetings shall specify the place, the day and the hour of the meeting. The notices must also include the date of the Record of Depositors, as at the latest date which is reasonably practical and in any event shall not be less than three (3) market days before the meeting for the purpose of determining whether a depositor shall be regarded as a Member entitled to attend, speak and vote at the meeting. The notices shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner mentioned in these Articles to all Members and to such persons as are under the provisions of these Articles or the Act entitled to receive notice of general meetings from the Company.</p>	Pursuant to Para 9.19(6) of the Listing Requirements

Article No	Existing Articles	Proposed Amendments to Articles	Rationale
75 (1)	<p><u>Instrument appointing proxy to be in writing</u></p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>	<p><u>Instrument appointing proxy to be in writing</u></p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. 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 speak at the meeting. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>	<p>Pursuant to Paragraph 7.21A(1) and (2) of the Listing Requirement</p>
75 (2)	<p>Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p>	<p>Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</p> <p>An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.</p>	<p>Pursuant to Paragraph 7.21(1) of the Listing Requirement</p> <p>Pursuant to Paragraph 7.21(2) of the Listing Requirement</p>

KNUSFORD BERHAD

(380100-D)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Knusford Berhad will be held at the Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 14th November 2012 at 11.00 a.m. for the purpose of considering and if thought fit, passing the following resolutions:-

ORDINARY RESOLUTION

PROPOSED NEW ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

"THAT authority be and is hereby given pursuant to Part E, Chapter 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into the New Additional Recurrent Related Party Transaction of a revenue or trading nature with the related party as stated in paragraph 3.2 of Part A of the Circular to Shareholders dated 19th October 2012 which are necessary for the day-to-day operations, in the ordinary course of business, made on an arms' length basis and on normal commercial terms which is not more favourable than those normally available to the public and is not to the detriment of the minority shareholders;

AND THAT the authority conferred by this Resolution shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:-

- i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- ii) the expiration of the period within which the next AGM of the Company after this date is required to be held pursuant to section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier."

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the proposed alterations, modifications, amendments, and/or deletions to the Articles of Association of the Company as disclosed in Appendix 2 of the Circular to Shareholders dated 19th October 2012 be and are hereby approved and adopted."

BY ORDER OF THE BOARD

Lim Thiam Wah, ACIS
Secretary
Kuala Lumpur
19th October 2012

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 31st October 2012 shall be entitled to attend and vote at the Extraordinary General Meeting.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of a proxy.
4. For 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 if holds.
5. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof

Form of proxy

KNUSFORD BERHAD

(380100-D)
(Incorporated in Malaysia)

I/We _____

of _____

being a member of the abovenamed Company hereby appoint of _____

or failing whom, _____

of _____

or the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 14th November 2012 at 11.00 a.m. and, at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION Proposed New Additional Mandate For Recurrent Related Party Transaction Of A Revenue Or Trading Nature		
SPECIAL RESOLUTION Proposed Amendments to the Articles of Association of the Company		

Dated this _____ day of _____ 2012.

Number of shares held

Signature (s) of Shareholder (s)

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 31st October 2012 shall be entitled to attend and vote at the Extraordinary General Meeting.
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6. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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AFFIX
STAMP

The Company Secretary

Knusford Berhad (380100-D)

Ground Floor, Wisma Ekovest
No. 118, Jalan Gombak
53000 Kuala Lumpur

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