

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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**KNUSFORD BERHAD**  
Registration No. 199601007754 (380100-D)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

**PART A**

**PROPOSED DISPOSAL BY KNUSFORD BERHAD ("KNUSFORD") OF A FREEHOLD LAND TOGETHER WITH THE BUILDINGS ERECTED THEREON HELD UNDER HSD 51799, PT 43447, MUKIM AND DISTRICT OF KLANG, SELANGOR WITH A PROVISIONAL LAND AREA OF 25,625.48 SQUARE METRES BEARING POSTAL ADDRESS OF NO. 8, JALAN KECAPI 33/2, TAMAN PERINDUSTRIAN ELITE, SEKSYEN 33, 40350 SHAH ALAM, SELANGOR DARUL EHSAN TO EMERALD PLAN SDN BHD FOR A CASH CONSIDERATION OF RM28.0 MILLION ("PROPOSED DISPOSAL")**

**PART B**

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF KNUSFORD IN RELATION TO THE PROPOSED DISPOSAL**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

***Independent Adviser for Part B***

**think<sup>®</sup>**

**Thinkat Advisory Sdn Bhd**  
Registration No. 201701005337 (1219502-A)

The notice of the Extraordinary General Meeting ("**EGM**") of Knusford, which will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities via the online meeting platform at <https://web.vote2u.my> on Friday, 28 June 2024 at 11.00 a.m., or at any adjournment thereof, together with the Proxy Form is enclosed herewith.

A member entitled to attend and vote at the EGM may appoint a proxy/proxies to attend and vote on his/ her behalf. The Proxy Form must be deposited at the Registered Office of Knusford at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor not less than forty-eight (48) hours before the time set for holding the EGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM if you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 26 June 2024 at 11.00 a.m.

Date and time of the EGM : Friday, 28 June 2024 at 11.00 a.m.

This Circular is dated 7 June 2024

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## DEFINITIONS

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

"Act"	: Companies Act 2016
"Board"	: Board of Directors of Knusford
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Circular"	: This circular dated 7 June 2024 in relation to the Proposed Disposal
"Datuk Jaifuddin"	: Datuk Mohamad Jaifuddin Bin Bujang Mohidin
"Director(s)"	: Director(s) of Knusford and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and per Paragraph 10.02(c) of the Listing Requirements includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Disposal were agreed upon: -  (i) a Director of Knusford, its subsidiaries or holding company; and  (ii) a chief executive of Knusford, its subsidiaries or holding company
"Disposal Consideration"	: Cash consideration of RM28.0 million for the disposal of the Property
"DYAM Tunku Ismail"	: DYAM Tunku Ismail Ibni Sultan Ibrahim
"EGM"	: Forthcoming Extraordinary General Meeting of Knusford
"EPS"	: Earnings per share
"EPSB" or the "Purchaser"	: Emerald Plan Sdn Bhd
"Existing Charge"	: The existing charge over the Property by Knusford in favour of AmBank (M) Berhad registered on 30 March 2022
"FYE"	: Financial year ended/ending, as the case may be
"Improved Land"	: The developed portion of the Property, comprising of a one and a half-storey detached factory, three-storey office building, single-storey guard house and a refuse chamber
"Interested Directors"	: DYAM Tunku Ismail, Datuk Jaifuddin, Lim Sew Hua, Lim Chen Heng and Lim Chen Thai, collectively
"Interested Major Shareholders"	: DYAM Tunku Ismail, Tan Sri Dato' Lim Kang Hoo, Dato' Lim Kang Swee, Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd, collectively
"Interested Parties"	: Interested Directors and Interested Major Shareholders, collectively
"Knusford" or the "Company" or the "Vendor", collectively	: Knusford Berhad
"Knusford Group" or the "Group"	: Knusford and its subsidiaries, collectively
"Knusford Shares" or "Shares"	: Ordinary shares in Knusford
"Laurelcap" or the "Valuer"	: Laurelcap Sdn Bhd

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**DEFINITIONS (CONT'D)**

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"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	31 May 2024, being the latest practicable date prior to the printing and despatch of this Circular
"NA"	:	Net assets attributable to the owners of Knusford
"NBV"	:	Net book value
"Property"	:	A freehold land together with the buildings erected thereon held under HSD 51799, PT 43447, Mukim and District of Klang, Selangor
"Proposed Disposal"	:	Proposed disposal by Knusford of the Property to EPSB for a cash consideration of RM28.0 million
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPT"	:	Related party transaction pursuant to Paragraph 10.08(2) of the Listing Requirements
"SPA"	:	Conditional sale and purchase agreement dated 27 March 2024 entered into between Knusford and EPSB for the Proposed Disposal
"sq. ft"	:	square feet
"sqm"	:	square metres
"Thinkat" or the "Independent Adviser"	:	Thinkat Advisory Sdn Bhd
"TSDLKH"	:	Tan Sri Dato' Lim Kang Hoo
"Unimproved Land"	:	The vacant land portion of the Property
"Valuation Certificate"	:	Valuation certificate by Laurelcap dated 15 March 2024

All references to "**we**", "**us**", "**our**" and "**ourselves**" are made to Knusford, and where the context requires, shall include our subsidiaries.

All references to "**you**" or "**your(s)**" in this Circular are made to our shareholders, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting the singular shall, where applicable include the plural and vice versa and words denoting the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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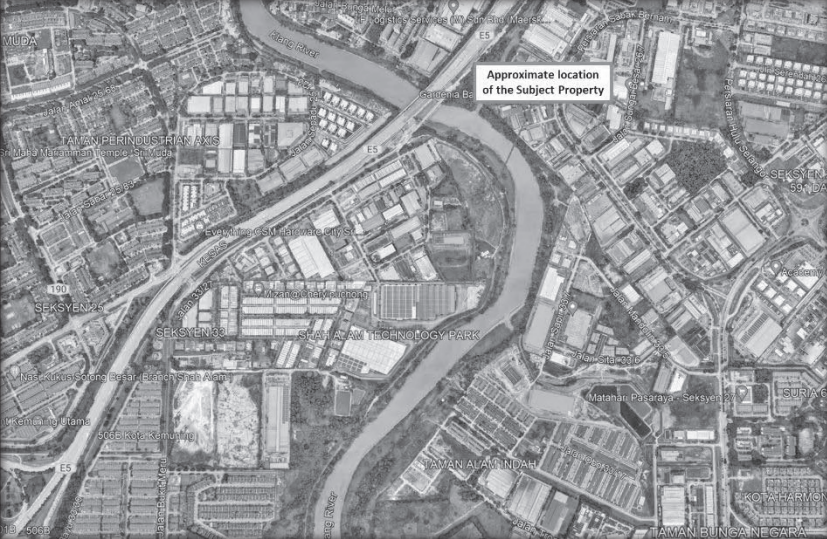
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## EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Disposal before voting at the EGM.

Key information	Description	Reference to Circular
<b>Summary</b>	<p>Proposed disposal by Knusford of the Property to EPSB for a cash consideration of RM28.0 million.</p> <p>The Proposed Disposal is deemed a RPT pursuant to Paragraph 10.08(2) of the Listing Requirements.</p>	Section 1
<b>Information on the Property</b>	<p>The Property is a piece of freehold land situated along Jalan Kecapi 33/2 within Taman Perindustrian Elite, Seksyen 33, Shah Alam, Selangor Darul Ehsan.</p>  <p>Title land area (provisional) : 25,625.48 sqm (275,832.67 sq. ft)            Category of land use : Industrial            Tenure : Freehold            Market value/ Date of valuation : RM28,000,000.00/ 15 March 2024            Existing use : The Improved Land is currently tenanted to BJ Services (M) Sdn Bhd</p>	Section 2.1
<b>Mode of settlement</b>	<p>The Disposal Consideration of RM28.0 million will be satisfied entirely in cash.</p>	Section 2.3

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Rationale</b>	<ul style="list-style-type: none"><li>• Knusford has the opportunity to unlock the value of its investment on the Property at a fair valuation as well as monetise its non-core asset</li><li>• Knusford is expected to record a net gain on disposal of approximately RM11.66 million, thus realising the increase in value of its investment property</li><li>• Knusford may pare down its bank borrowings and replenish its working capital for operations with the funds raised from the Proposed Disposal</li></ul>	Section 3
<b>Risk factor</b>	<p>The Proposed Disposal is subject to, amongst others, the fulfilment of the conditions precedent within the stipulated timeframe and there is no assurance that the Proposed Disposal can be completed within the time period permitted under the SPA.</p> <p>After the Proposed Disposal is completed, the Property will no longer generate rental income for the Group, potentially impacting its financial results.</p>	Section 5
<b>Interested parties</b>	Save for the Interested Parties, none of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, direct or indirect, in the Proposed Disposal.	Section 9
<b>Approvals required</b>	<p>The Proposed Disposal is subject to approval being obtained from the shareholders of the Company at the EGM.</p> <p>The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by the Company.</p>	Section 8
<b>Board's recommendation</b>	The Board, save for the Interested Directors, recommends that you vote <b>in favour</b> of the ordinary resolution pertaining to the Proposed Disposal at the EGM.	Section 12

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**PART A**

**CIRCULAR TO SHAREHOLDERS OF KNUSFORD IN RELATION  
TO THE PROPOSED DISPOSAL**



**KNUSFORD BERHAD**  
Registration No. 199601007754 (380100-D)  
(Incorporated in Malaysia)

**Registered Office**

#C-G-03, Blok C, Tropez Residen  
Persiaran Danga Perdana  
80200 Johor Bahru  
Johor Darul Takzim

7 June 2024

**Board of Directors**

DYAM Tunku Ismail Ibni Sultan Ibrahim (*Chairman & Non-Independent Non-Executive Director*)  
Lim Chen Heng (*Executive Director*)  
Lim Chen Thai (*Executive Director*)  
Lim Sew Hua (*Executive Director*)  
Bernard Hilary Lawrence (*Senior Independent Non-Executive Director*)  
Dato' Avinderjit Singh A/L Harjit Singh (*Independent Non-Executive Director*)  
Lee Wai Kuen (*Independent Non-Executive Director*)  
Lim Foo Seng (*Independent Non-Executive Director*)  
Mohd Salleh Bin Othman (*Independent Non-Executive Director*)  
Datuk Mohamad Jaifuddin Bin Bujang Mohidin (*Alternate Director to DYAM Tunku Ismail Ibni Sultan Ibrahim*)

**To: Our shareholders**

Dear Sir/ Madam,

**PROPOSED DISPOSAL**

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**1. INTRODUCTION**

On 27 March 2024, Knusford announced that it had entered into a conditional SPA with EPSB for the Proposed Disposal for a cash consideration of RM28.0 million.

The Proposed Disposal is deemed a RPT pursuant to Paragraph 10.08(2) of the Listing Requirements. Details of the Interested Parties are set out in Section 9 of this Circular. Thinkat had been appointed on 6 March 2024 as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A OF THIS CIRCULAR AND THE INDEPENDENT ADVICE LETTER IN PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE EGM.**



## 2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal of the Property by Knusford to the Purchaser on an “as is where is” basis, free from all liens, charges and encumbrances (including caveats) but otherwise subject to the existing category of land use and express condition as well as the terms and conditions contained within the SPA.

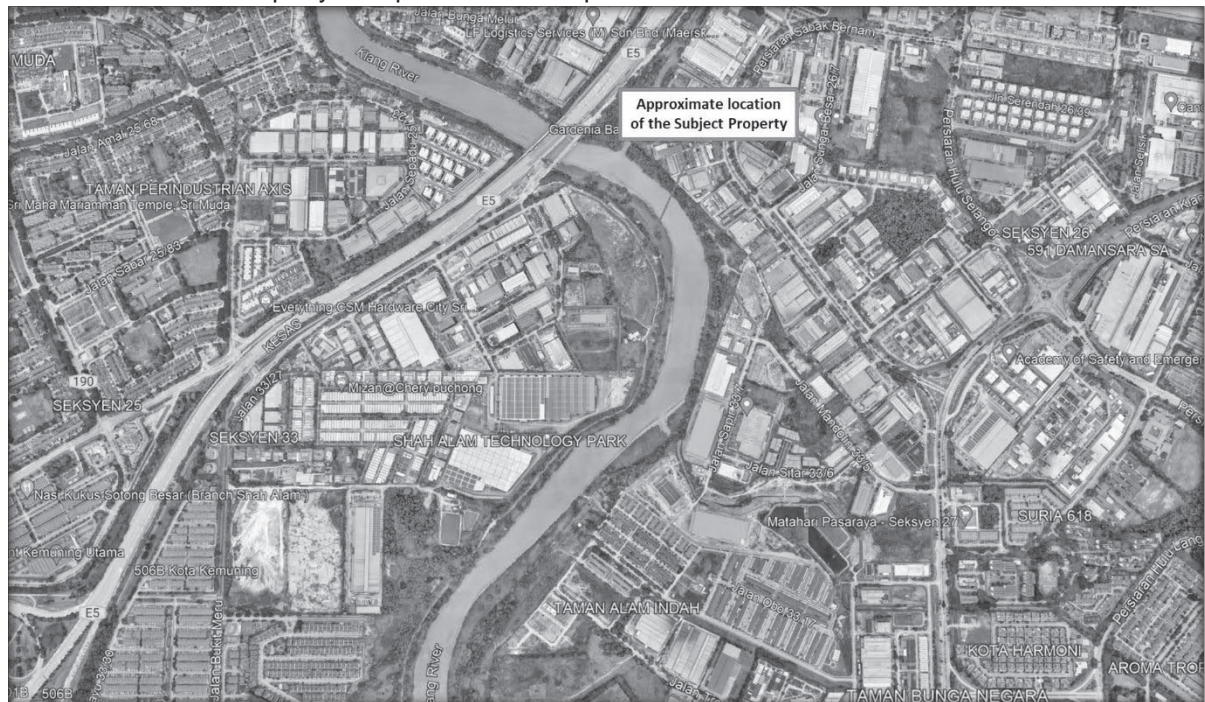
Please refer to Appendix I of this Circular for the salient terms of the SPA.

### 2.1 Information on the Property

The Property is a piece of freehold land situated along Jalan Kecapi 33/2 within Taman Perindustrian Elite, Seksyen 33, Shah Alam, Selangor Darul Ehsan. It boasts a strategic location, situated near the Konsortium Expressway Shah Alam Selangor (KESAS Highway), ensuring convenient access and connectivity. It is situated approximately 35 kilometres due south-west of Kuala Lumpur City Centre and about 20 kilometres due south-east of Klang Town respectively.

The Property is accessible from Kuala Lumpur City Centre via Jalan Tun Razak towards Lebuhraya Kuala Lumpur – Seremban, continuing onto the direction towards Shah Alam, turning onto KESAS Highway and then exiting onto Seksyen 33 and finally onto Jalan Kecapi 33/2 leading to where the Property is located.

The location of the Property is depicted in the map below: -



Further details of the Property are summarised in the table below: -

**Description of the Property :** A piece of freehold land held under HSD 51799, PT 43447, Mukim and District of Klang, Selangor Darul Ehsan together with a one and a half-storey detached factory, three-storey office building, single-storey guard house and a refuse chamber erected thereon.

The factory is constructed of steel portal framework with reinforced concrete floors, supporting steel trusses and laid over with a flat metal deck roofing sheet.

The office building and refuse chamber are constructed of reinforced concrete framework with plastered brick walls, reinforced concrete floors and reinforced concrete flat roof.

The guard house is constructed of reinforced concrete framework with plastered brick walls, reinforced concrete floors with ceramic tiles and reinforced concrete flat roof.

Postal address	:	No. 8 Jalan Kecapi 33/2, Taman Perindustrian Elite, Seksyen 33, 40350 Shah Alam, Selangor Darul Ehsan
Title land area (provisional)	:	25,625.48 sqm ( $\approx$ 275,832.67 sq. ft), comprising the Improved Land of approximately 8,459.57 sqm ( $\approx$ 91,063.12 sq. ft) of which the factory, office building, guard house and refuse chamber is situated on and the remaining approximately 17,165.51 sqm (184,769.55 sq. ft) of Unimproved Land
Estimated built-up area	:	46,277 sq. ft
Category of land use	:	Industrial
Express condition	:	“Perusahaan”
Encumbrances	:	The Property is presently charged to AmBank (M) Berhad vide charge presentation no. 001SC32229 /2022 registered on 30 March 2022
Existing use	:	The Improved Land is currently tenanted by a sole tenant i.e., BJ Services (M) Sdn Bhd pursuant to a tenancy agreement dated 1 December 2013 (and various addendums thereto) with the latest extended tenancy term commencing from 1 December 2022 and expiring on 30 November 2025  The gross annual rental is RM1.02 million
Restriction in interest	:	Nil
Audited NBV	:	RM14.69 million, based on the latest available audited financial statements of Knusford for the FYE 31 March 2023
Age of buildings	:	Approximately 19 years
Date and original cost of investment	:	20 June 2007, RM15.49 million.  The Company also incurred approximately RM0.67 million in incidental costs such as renovation and upgrading works of the buildings on the Property, from 2013 up to the LPD

## 2.2 Information on the Purchaser

EPSB was incorporated in Malaysia on 10 July 2014 as a private limited company under the Companies Act 1965 with its principal activity being properties investment. EPSB has a total issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares. The directors and shareholders together with their respective shareholdings in EPSB are as follows:

<b>Director and shareholder</b>	<b>Nationality</b>	<b>No. of shares</b>	<b>%</b>
Tan Sri Dato’ Lim Kang Yew	Malaysian	20,000	20.00
Dato’ Lim Kang Poh	Malaysian	10,000	10.00
Dato’ Lim Hoe	Malaysian	20,000	20.00
Lim Sew Hua	Malaysian	20,000	20.00
Lim Hai	Malaysian	20,000	20.00
Lim Guan Shiun	Malaysian	10,000	10.00
<b>Total</b>		<b>100,000</b>	<b>100.00</b>

EPSB does not have any subsidiaries or associated companies.

## 2.3 Basis and justifications for the Disposal Consideration

The Disposal Consideration of RM28.0 million was arrived at on a “willing-buyer willing-seller” basis between Knusford and EPSB, after taking into consideration, among others, the following:

- (i) the market value of the Property of RM28.0 million as appraised by Laurelcap, an independent valuation firm registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, via its Valuation Certificate using the Cost Approach as the primary approach and Income Approach by way of “Investment Method” as the secondary approach. The Cost Approach determines the value of the property through the summation of the value components of the land, building and fixtures. The Income Approach derives the value of the property from an estimate of the market rental for which an interest in real property should be leased/tenanted and after deducting outgoings or operating expenses, such as quit rent, assessment and fire insurances.

Please refer to Appendix II for further information on the Valuation Certificate;

- (ii) the estimated net gain on disposal of approximately RM11.66 million to be derived from the Proposed Disposal; and
- (iii) the rationale of the Proposed Disposal as set out in Section 3 of this Circular.

## 2.4 Liabilities remaining with the Company

There are no liabilities, contingent liabilities and guarantees which will remain with and/or to be assumed by Knusford Group pursuant to the Proposed Disposal.

## 2.5 Cash company or PN17 issuer

The Proposed Disposal will not result in Knusford becoming a cash company or PN17 issuer as defined in the Listing Requirements.

## 3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal provides an opportunity for Knusford to unlock the value of its investment in the Property at a fair valuation as well as monetise a non-core asset. Currently, the Property is not occupied by the Group and generates only rental income. Through the Proposed Disposal, Knusford is expected to record a net gain on disposal of approximately RM11.66 million, thus realising the increased value of its investment property which has been held since 2007. In addition, the funds raised from the Proposed Disposal will enable Knusford to reduce its bank borrowings and replenish working capital for its operations as mentioned in Section 4 of this Circular.

Premised on the above, the Board, save for the Interested Directors, is of the opinion that the Proposed Disposal is in the best interest of the Company.

## 4. UTILISATION OF PROCEEDS

The proceeds from the Proposed Disposal are intended to be used as follows:

<b>Utilisation</b>	<b>Estimated timeframe for utilisation from the date of receipt of proceeds</b>	<b>Amount (RM'000)</b>	<b>%</b>
Repayment of bank borrowings <sup>(1)</sup>	Within 3 months	12,207	43.60
Working capital <sup>(2)</sup>	Within 12 months	14,143	50.51
Estimated expenses for the Proposed Disposal <sup>(3)</sup>	Within 6 months	1,650	5.89
<b>Total</b>		<b>28,000</b>	<b>100.00</b>

**Notes:**

- (1) The Property is presently charged to AmBank (M) Berhad via the Existing Charge for a revolving credit facility of which RM12.21 million is outstanding and carries an interest rate of 6.19% per annum. The entire outstanding amount will be repaid from the proceeds received in order to discharge the Existing Charge. Once repaid, the Company will be able to enjoy interest savings of approximately RM0.76 million per annum.
- (2) Part of the proceeds from the Proposed Disposal will be used for the Group's general working capital purposes in day-to-day operations which include, amongst others, the payment of staff expenses, payment to suppliers and sub-contractors, overhead expenses and utilities.

Premised on the above, the Group intends to utilise up to approximately RM14.14 million for working capital purposes, the indicative breakdown of which is set out as below:

<b>Purpose</b>	<b>RM'000</b>
Payment of staff expenses	2,000
Payment to suppliers and sub-contractors	10,143
Overhead expenses and utilities	2,000
<b>Total</b>	<b>14,143</b>

The actual utilisation may vary and is dependent on the Group's working capital requirements at the relevant point in time and as such the proceeds earmarked for working capital purposes may be reallocated accordingly.

- (3) The estimated expenses relating to the Proposed Disposal include real property gains tax, professional fees, fees payable to the relevant authorities, expenses to convene the EGM and other ancillary expenses. If there is a shortfall or excess in proceeds allocated for these purposes, adjustments will be made from/to the proceeds earmarked for working capital.
- (4) As at the LPD, the total borrowings of the Group amounted to approximately RM60.22 million.

**5. RISKS OF THE PROPOSED DISPOSAL**

The completion of the Proposed Disposal is subject to the SPA's conditions precedent or terms being fulfilled. In the event that any one or more of the conditions precedent and/ or terms is/are not fulfilled by the parties involved within the stipulated time frames set out in the SPA, or either party commits any breach of the representations or warranties or fails to perform any covenant or agreement pursuant to the SPA, the Proposed Disposal may be delayed or terminated. As such, there can be no assurance that the conditions precedent can be fulfilled and the Proposed Disposal can be completed within the time period permitted under the SPA.

Furthermore, in the event of a delay or non-completion of the Proposed Disposal, Knusford may not be able to realise the investment gain from the Property as well as the resulting benefits from the proposed utilisation of proceeds as disclosed in Section 4 of this Circular.

Notwithstanding the foregoing, Knusford shall endeavour to ensure that the condition(s) precedent is fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

After the Proposed Disposal is completed, the Property will no longer generate rental income for the Group, potentially impacting its financial results. Currently, the Property yields a gross annual rental income of RM1.02 million. Upon deduction of expected expenses such as quit rent, assessment and insurance totalling approximately RM0.11 million, alongside interest charges of RM0.76 million, the anticipated profit before tax would decrease by approximately RM0.15 million, before considering any potential unexpected expenses associated with the property.

## 6. EFFECTS OF THE PROPOSED DISPOSAL

### 6.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital of Knusford and shareholdings of Knusford's substantial shareholders as the Proposed Disposal does not involve any issuance of new Knusford Shares.

### 6.2 NA and gearing

Based on the latest audited consolidated financial statements of Knusford as at 31 March 2023, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing of Knusford are as follows:

	Audited as at 31 March 2023 RM'000	Pro forma I After the Proposed Disposal RM'000
Share capital	122,338	122,338
Translation reserve	7	7
Retained earnings	97,001	108,662 <sup>(1)</sup>
<b>Shareholders' funds/ NA</b>	<b>219,346</b>	<b>231,007</b>
No. of Shares in issue ('000)	99,645	99,645
NA per Share (RM)	2.20	2.32
Borrowings (including lease liabilities)	55,941	43,734 <sup>(2)</sup>
Gearing ratio (times)	0.26	0.19 <sup>(2)</sup>

#### Notes:

(1) After including the estimated gain on disposal of approximately RM13.31 million, estimated real property gains tax of RM1.30 million and estimated expenses of RM0.35 million arising from the Proposed Disposal as illustrated below:

	RM'000
Disposal Consideration	28,000
Less: Audited NBV of the Property as at 31 March 2023	(14,689)
<b>Gross gain on disposal of the Property</b>	<b>13,311</b>
Less: Estimated expenses in relation to the Proposed Disposal	(350)
Less: Estimated real property gains tax in relation to the Proposed Disposal of 10% in view that the Company has owned the Property for more than 5 years	(1,300)
<b>Estimated net gain on disposal of the Property</b>	<b>11,661</b>

(2) After repayment of borrowings of RM12.21 million from the proceeds raised

### 6.3 Earnings and EPS

Assuming the Proposed Disposal was completed at the start of the last audited consolidated financial statements of Knusford for FYE 31 March 2023, the pro forma effects of the Proposed Disposal on the loss of the Knusford Group and earnings per Share are as follows:

	RM'000
Loss after tax for the FYE 31 March 2023	(2,336)
(-) Rental received for the year	(1,020)
(+) Cost incurred on the management of the property	114
(+) Tax paid on the gross rental income	245
(+) Estimated gain on disposal of the Property	11,661
(-) Estimated expenses for the Proposed Disposal	(350)
(-) Estimated real property gains tax	(1,300)
<b>Pro forma profit after tax for the FYE 31 March 2023</b>	<b>7,014</b>
No. of Shares in issue ('000)	99,645
<b>Pro forma EPS (sen)</b>	<b>7.04</b>

## 7. HIGHEST PERCENTAGE RATIO

Based on the latest audited consolidated financial statements of the Company for the FYE 31 March 2023, the highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 12.77% which is calculated based on the Disposal Consideration of RM28.0 million over the consolidated NA of the Group of approximately RM219.35 million as at 31 March 2023.

## 8. APPROVALS REQUIRED AND INTER-CONDITIONALITY

The Proposed Disposal is subject to the following approvals being obtained:

- (i) The shareholders of Knusford for the Proposed Disposal at an EGM to be convened by the Company; and
- (ii) Any other relevant authorities/ parties, if required.

On 27 October 2023, the Company had announced the execution of a Heads of Merger Agreement between the Company and Ekovest Berhad ("**HOM Agreement**"). Please refer to the announcement dated 27 October 2023 and 27 May 2024 for further details on the HOM Agreement.

The Proposed Disposal is separate from and is not conditional upon the HOM Agreement or any other proposals undertaken or to be undertaken by the Company.

## 9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Company's directors, major shareholders, chief executive and/ or persons connected with them have any interest, direct and/ or indirect in the Proposed Disposal:

- (i) TSDLKH, a major shareholder of Knusford, is deemed interested in the Proposed Disposal in view that he is a sibling of Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Dato' Lim Hoe, Lim Sew Hua and Lim Hai who are the shareholders and directors of EPSB;
- (ii) Dato' Lim Kang Swee, a major shareholder of Knusford, sibling of Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Dato' Lim Hoe, Lim Sew Hua and Lim Hai, who are the shareholders and directors of EPSB, is deemed interested in the Proposed Disposal;
- (iii) Lim Sew Hua, an Executive Director and shareholder of Knusford, sibling of Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Dato' Lim Hoe and Lim Hai who are the shareholders and directors of EPSB is deemed interested in the Proposed Disposal in view that she is also a major shareholder and director of EPSB;
- (iv) Lim Chen Heng, an Executive Director of Knusford, is deemed interested in the Proposed Disposal in view that he is a person connected to TSDLKH by virtue of him being a son of TSDLKH;
- (v) Lim Chen Thai, an Executive Director and shareholder of Knusford, is deemed interested in the Proposed Disposal in view that he is a person connected to TSDLKH by virtue of him being a son of TSDLKH;
- (vi) Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd, who are both major shareholders of Knusford, are deemed interested in the Proposed Disposal in view that TSDLKH is a director and major shareholder of both companies;

- (vii) DYAM Tunku Ismail, the Chairman, Non-Independent Non-Executive Director and major shareholder of Knusford, is deemed interested in the Proposed Disposal in view that he is a person connected to TSDLKH by virtue of his directorship and shareholdings in Aman Setegap Sdn Bhd; and
- (viii) Datuk Jaifuddin, the alternate director to DYAM Tunku Ismail in Knusford, is deemed interested in the Proposed Disposal in view that he is a person connected to TSDLKH.

The Proposed Disposal is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the relationship between the major shareholders of Knusford, namely TSDLKH and Dato' Lim Kang Swee, and the directors and shareholders of EPSB, namely Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Dato' Lim Hoe, Lim Sew Hua and Lim Hai.

Save as disclosed below, the persons connected namely Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Dato' Lim Hoe and Datuk Jaifuddin (being an Interested Director) do not have any direct or indirect shareholdings in Knusford. As at the LPD, the direct and indirect shareholdings of the Interested Parties in Knusford are as set out below:

Interested Parties	Shareholdings as at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
DYAM Tunku Ismail	-	-	<sup>(1)</sup> 30,000,000	30.11
Lim Sew Hua	1,283,000	1.29	-	-
Lim Chen Herng	-	-	-	-
Lim Chen Thai	58,300	0.06	-	-
TSDLKH	615,749	0.62	<sup>(2)</sup> 32,410,000	32.53
Dato' Lim Kang Swee	10,614,354	10.65	<sup>(3)</sup> 439,000	0.44
Kinston Park Sdn Bhd	2,410,000	2.42	<sup>(4)</sup> 30,000,000	30.11
Aman Setegap Sdn Bhd	30,000,000	30.11	-	-
Lim Hai	20,000	0.02	-	-

**Notes:**

- (1) Deemed interested by virtue of his shareholdings in Aman Setegap Sdn Bhd.
- (2) Deemed interested by virtue of his shareholdings in Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd.
- (3) Deemed interested by virtue of his shareholdings in WCM Ventures Sdn Bhd.
- (4) Deemed interested by virtue of its shareholdings in Aman Setegap Sdn Bhd.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at Board meetings in relation to the Proposed Disposal. Further, the Interested Directors together with the Interested Major Shareholders shall abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, and shall ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Disposal at the EGM.

## 10. TRANSACTIONS WITH RELATED PARTY(IES) FOR THE PRECEDING 12 MONTHS

Save for the Proposed Disposal, there were no transactions between Knusford and EPSB during the preceding twelve (12) months from the date of this Circular.

## 11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Knusford, after having considered all aspects of the Proposed Disposal, including its rationale, financial effects and risk factors, as well as the opinion of the Independent Adviser, is of the view that the Proposed Disposal is:

- (i) in the best interest of the Company;

- (ii) fair, reasonable and on normal commercial terms;
- (iii) the Proposed Disposal is at arm's length and on terms no more favourable to the related parties than those generally available to the public; and
- (iv) not detrimental to the interest of the minority shareholders of Knusford.

In forming its views, the Audit Committee of Knusford has taken into consideration, amongst others, the following:

- (i) the rationale for the Proposed Disposal;
- (ii) the salient terms of the SPA;
- (iii) the basis and justification for arriving at the Disposal Consideration; and
- (iv) the effects of the Proposed Disposal.

## 12. DIRECTORS' STATEMENT

After having considered all aspects of the Proposed Disposal including but not limited to the terms of the SPA, rationale and effects of the Proposed Disposal, valuation of the Property by the Valuer, as well as the opinion of the Independent Adviser, the Board (save for the Interested Directors who have abstained from deliberating and voting in respect of the Proposed Disposal at the relevant Board meetings) is of the opinion that the Proposed Disposal is in the best interest of Knusford.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposed Disposal to be table at the EGM of the Company.

## 13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals/consents being obtained, the Proposed Disposal is expected to be completed by the 3<sup>rd</sup> quarter of 2024. The tentative timetable for the implementation of the Proposed Disposal is set out below:

<b>Tentative date</b>	<b>Events</b>
28 June 2024	EGM held for the Proposed Disposal
September 2024	Completion of the Proposed Disposal

## 14. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted fully on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities via the online meeting platform at <https://web.vote2u.my> on Friday, 28 June 2024 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the enclosed Proxy Form in accordance with the instructions provided thereon so as to arrive at the Company's Registered Office at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.



**15. FURTHER INFORMATION**

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board  
**KNUSFORD BERHAD**

Lim Foo Seng  
Independent Non-Executive Director

**PART B**

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED  
SHAREHOLDERS OF KNUSFORD IN RELATION TO THE  
PROPOSED DISPOSAL**

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## EXECUTIVE SUMMARY

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ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE “DEFINITIONS” SECTION AND CONTEXT OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THE INDEPENDENT ADVICE LETTER (“IAL”).

THIS EXECUTIVE SUMMARY ONLY HIGHLIGHTS PERTINENT INFORMATION ON THE PROPOSED DISPOSAL. NON-INTERESTED SHAREHOLDERS OF KNUSFORD ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THE IAL IN ITS ENTIRETY FOR FURTHER INFORMATION AND RECOMMENDATIONS FROM THINKAT ADVISORY SDN BHD, THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED DISPOSAL. THE IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL AT THE FORTHCOMING EGM.

### 1. INTRODUCTION

On 27 March 2024, Knusford announced that it had entered into the SPA with EPSB for the Proposed Disposal for the Disposal Consideration of RM28.0 million.

In view of the interests of the Interested Major Shareholders and Interested Directors in the Proposed Disposal as set out in Section 9 of Part A of the Circular, the Proposed Disposal is deemed as a RPT pursuant to Paragraph 10.08(2) of the Listing Requirements.

Pursuant thereto, on 6 March 2024, Thinkat was appointed as Independent Adviser to advise the non-interested Directors and non-interested shareholders of Knusford in respect of the Proposed Disposal.

The purpose of this IAL is to provide the non-interested Directors and non-interested shareholders of Knusford with an independent evaluation on the fairness and reasonableness of the Proposed Disposal. The IAL also opines whether the Proposed Disposal is to the detriment of the non-interested shareholders together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein. The non-interested shareholders of Knusford should nonetheless rely on their own evaluation of the merits of the Proposed Disposal before deciding on the course of action to be taken.

### 2. EVALUATION OF THE PROPOSED DISPOSAL

#### 2.1 Rationale for the Proposed Disposal

##### 2.1.1 Unlock value on investment and monetise non-core asset

The Property was originally acquired by the Company in 2007 at a purchase consideration of RM15.49 million. The Proposed Disposal provides an opportunity for Knusford to unlock the value of its investment in the Property at a fair valuation and is expected to result in a net gain on disposal of approximately RM11.66 million. In addition, the Proposed Disposal also allows the Company to monetise a non-core asset and increase its cash balances by RM14.14 million.

##### 2.1.2 Interest savings from the repayment of bank borrowings

Pursuant to the utilisation of proceeds arising from the Proposed Disposal, Knusford will be able to enjoy interest savings of RM0.76 million per annum from the repayment of bank borrowings of RM12.21 million which carry an interest rate of 6.19% per annum. In addition, we note that the net rental yield of the Improved Land and building is approximately 4.56% per annum, which is lower than the interest rate charged on the facility of which the Property is charged for of 6.19%. While we also note that the low net rental yield is because only the Improved Land portion is tenanted while the said yield is calculated based on the original cost of investment for the entire Property, we view the Proposed Disposal positively due to the underperforming rental yield as compared to the interest rate charged.

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**EXECUTIVE SUMMARY (Cont'd)**

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We are of the opinion that the rationale for the Proposed Disposal is reasonable and not detrimental to the non-interested shareholders of Knusford.

Please refer to Section 7.1 of this IAL for further details on our comments on the rationale for the Proposed Disposal.

## **2.2 Basis and justification for the Disposal Consideration**

The Disposal Consideration for the Proposed Disposal was arrived at on a “willing buyer-willing seller” basis after taking into consideration the market value of RM28.0 million for the Property as appraised by the Valuer using the Cost Approach as the primary approach and Income Approach by way of “Investment Method” as the secondary approach. The Disposal Consideration is equivalent to the market value ascribed by the Valuer to the Property. We are of the opinion that the 2 valuation approaches adopted by the Valuer is appropriate and sufficient. We are of the opinion that the Disposal Consideration is fair.

Please refer to Section 7.2 of this IAL for our comments on the evaluation of the Disposal Consideration.

## **2.3 Utilisation of proceeds**

Knusford intends to utilise the proceeds raised from the Proposed Disposal for the following purposes:

- (i) Repayment of bank borrowings;
- (ii) Working capital; and
- (iii) Estimated expenses for the Proposed Disposal.

We are of the opinion that the utilisation of proceeds is reasonable.

Please refer to Section 7.3 of this IAL for our comments on the evaluation of the utilisation of proceeds.

## **2.4 Salient terms of the SPA**

We are of the opinion that the terms set out in the SPA are reasonable and not detrimental to the non-interested shareholders of Knusford.

Please refer to Section 7.4 of this IAL for further details on our comments on the salient terms of the SPA.

## **2.5 Effects of the Proposed Disposal**

A summary of the financial effects of the Proposed Disposal are as follows:

<b>Parameter</b>	<b>Financial effects</b>
Issued share capital and substantial shareholders' shareholdings	- The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company as it does not involve any issuance of Shares.
NA per Share and gearing	- Upon completion of the Proposed Disposal, the NA per Share will increase from RM2.20 to RM2.32 due to the estimated net gain on disposal of the Property. - The gearing level of the Group is expected to decrease from 0.26 times to 0.19 times due to the decrease in bank borrowings after the repayment from the proceeds raised and the increase of the Group's NA as mentioned.

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**EXECUTIVE SUMMARY (Cont'd)**

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<b>Parameter</b>	<b>Financial effects</b>
Earnings and EPS	- Assuming the Proposed Disposal was completed on 31 March 2023, the Group would show a pro forma profit after tax of approximately RM7.01 million along with a pro forma EPS of 7.04 sen as compared to a loss after tax of approximately RM2.34 million and a loss per Share of 2.34 sen.

Premised on the above, we are of the opinion that the financial effects of the Proposed Disposal are reasonable and not detrimental to the non-interested shareholders of Knusford.

Please refer to Section 7.5 of this IAL for our comments on the effects of the Proposed Disposal.

## **2.6 Risk of the Proposed Disposal**

We have considered the risk factors in relation to the Proposed Disposal as disclosed in Section 5 of Part A of the Circular.

In addition, we have noted the Valuation Report has highlighted that part of the Improved Land's boundary has been extended over and encroaches into the adjoining property categorised as river reserve. As the cost of remedying this encroachment is minimal and the impact to the market value of the Property is immaterial, the Valuer had excluded the impact of the encroachment from its valuation exercise. Nonetheless, we wish to highlight that the Company may be subject to fines or compounds as the existing owner of the Property by the relevant authorities due to this non-compliance.

We wish to highlight that whilst efforts and measures may be taken by the Board and management of Knusford to mitigate the risks associated with the Proposed Disposal, no assurances can be given that one or a combination of risks as stated in Section 5 of Part A of the Circular or the paragraphs above will not occur and give rise to material and adverse impact on the business and operations of Knusford, its financial performance, financial position or prospects thereon.

Please refer to Section 7.6 of this IAL for further details on our comments on the risk of the Proposed Disposal.

## **3. CONCLUSION AND RECOMMENDATION**

Premised on our overall assessment of the Proposed Disposal, we are of the opinion that the Proposed Disposal is **FAIR** and **REASONABLE** and not detrimental to the non-interested shareholders of Knusford.

Accordingly, we recommend that the non-interested shareholders of Knusford **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of Knusford.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders. We recommend that any non-interested shareholders who require advice in relation to the Proposed Disposal in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

**NON-INTERESTED SHAREHOLDERS OF KNUSFORD ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.**

Date: 7 June 2024

**To: The non-interested shareholders of Knusford Berhad**

Dear Sir/Madam,

**KNUSFORD BERHAD**

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF KNUSFORD BERHAD IN RELATION TO THE PROPOSED DISPOSAL**

*This IAL is prepared for inclusion in the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.*

## **1. INTRODUCTION**

On 27 March 2024, Knusford announced that it had entered into the SPA with EPSB for the Proposed Disposal for the Disposal Consideration of RM28.0 million.

In view of the interests of the Interested Major Shareholders and Interested Directors in the Proposed Disposal as set out in Section 9 of Part A of the Circular, the Proposed Disposal is deemed as a RPT pursuant to Paragraph 10.08(2) of the Listing Requirements.

Pursuant thereto, on 6 March 2024, Thinkat was appointed as Independent Adviser to advise the non-interested Directors and non-interested shareholders of Knusford in respect of the Proposed Disposal.

The purpose of this IAL is to provide the non-interested Directors and non-interested shareholders of Knusford with an independent evaluation on the fairness and reasonableness of the Proposed Disposal. The IAL also opines whether the Proposed Disposal is to the detriment of the non-interested shareholders together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein. The non-interested shareholders of Knusford should nonetheless rely on their own evaluation of the merits of the Proposed Disposal before deciding on the course of action to be taken.

Other than for this intended purpose, this IAL should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our express written consent.

**NON-INTERESTED SHAREHOLDERS OF KNUSFORD ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. DETAILS OF THE PROPOSED DISPOSAL**

Details of the Proposed Disposal are set out in Section 2 of Part A of the Circular and should be read in its entirety.

### 3. SOURCES OF INFORMATION

In preparing this IAL, Thinkat has relied upon the following sources of information and documents:

- (i) the announcement made by the Company on 27 March 2024 in relation to the Proposed Disposal;
- (ii) the information contained in Part A of the Circular and the appendices attached thereto;
- (iii) the SPA;
- (iv) the valuation report dated 15 March 2024 prepared by the Valuer ("**Valuation Report**");
- (v) Knusford's Annual Report for the FYE 31 March 2023 and the latest unaudited quarterly report for the FYE 31 March 2024;
- (vi) other relevant information, documents, confirmations and representations furnished to us by the management of Knusford; and
- (vii) other publicly available information.

### 4. LIMITATIONS TO THE EVALUATION OF THE PROPOSED DISPOSAL

We were not involved in any formulation, deliberation or negotiation on the terms and conditions of the Proposed Disposal. The terms of reference of our appointment as the Independent Adviser to the non-interested Directors and non-interested shareholders of Knusford in relation to the Proposed Disposal are in accordance with Paragraphs 10.08(2) and (3) of the Listing Requirements.

Our scope is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Disposal insofar as the non-interested shareholders are concerned based on the following information and documents made available to us as mentioned in Section 3 of this IAL. Our role as Independent Adviser does not extend to expressing an opinion on the commercial merits of the Proposed Disposal which are solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Disposal.

We have made all reasonable enquiries and have relied on the Board and management of Knusford to exercise due care to ensure that relevant facts, information and representations provided for our evaluation of the Proposed Disposal have been fully disclosed to us and that such information is accurate, reasonable, complete, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. This included carrying out reasonableness checks and corroborating information against publicly available documents and/or documents prepared by and/or signed off by independent parties where possible.

We have not undertaken an independent investigation into the business of Knusford and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. We have also assumed that the Proposed Disposal will be implemented based on the terms as set out in the SPA without material waiver or modification.

The Board has individually and collectively confirmed to us that:

- (i) they have seen this IAL and that all relevant material facts and information relevant to the evaluation of the Proposed Disposal have been disclosed to us and accept full responsibility for the accuracy of the information provided to us; and
- (ii) 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 IAL incomplete, false and/or misleading.

In rendering our advice, we have taken note of pertinent factors, which we believe are necessary and important to our assessment of the Proposed Disposal and therefore of general concern to the non-interested shareholders of Knusford. As such:

- (i) the scope of Thinkat's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposed Disposal as well as other implications of the said Proposed Disposal only. Comments or points of consideration which may be commercially oriented are included for our overall evaluation as we deem necessary for disclosure purposes to enable the non-interested shareholders of Knusford to consider and form their views thereon;
- (ii) Thinkat's views and recommendation as contained in the IAL only cater to the non-interested shareholders of Knusford at large and not to any individual non-interested shareholder. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (iii) we recommend that any individual non-interested shareholder or group of non-interested shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Disposal in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, to consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately. We shall not be liable for any damages or loss sustained or suffered by any individual shareholder or any group of shareholders.

We are satisfied with the disclosure from the Board and the management of Knusford and that sufficient information has been provided. After making all reasonable enquiries and to the best of our knowledge and belief, we believe that the information used in this IAL is reasonable, accurate, complete and free from material omission. Our evaluation and recommendations expressed herein are based on prevailing economic, market and other conditions which may change over a short period of time. Accordingly, our evaluation and recommendations expressed herein do not take into account any changes in information, events or conditions arising after the LPD.

We will notify the non-interested shareholders of Knusford if, after despatch of this IAL and until the date of the EGM, we become aware that the IAL:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) has omitted any material information.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of Knusford.

## **5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE**

We confirm that there is no situation of conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser in connection to the Proposed Disposal. Save as disclosed below, we have not had any professional relationship with Knusford, and their related parties in the past 2 years:

- (i) Appointed by Knusford as Independent Adviser for the proposed acquisition by Knusford Resources Sdn Bhd of a parcel of freehold vacant land held under Geran Hakmilik No. 90571, Lot No. 726, Mukim of Pulai, District of Johor Bahru, State of Johor from Success Straits Sdn Bhd for a purchase consideration of RM53.24 million of which RM50,764,575.38 will be satisfied via a set-off arrangement and the balance RM2,475,424.62 will be satisfied in cash ("**Proposed Acquisition and Settlement**"). Our independent advice letter was issued on 7 November 2022.



In addition to the abovementioned appointment as Independent Adviser for Knusford's Proposed Acquisition and Settlement, Thinkat's experience as Independent Adviser within the past 2 years includes the appointment by BTM Resources Berhad ("BTM") as Independent Adviser for the i) sublease of a secondary forest land measuring approximately 2,255.33 hectares located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman, ii) renounceable rights issue of up to 1,183,929,204 rights shares together with up to 394,643,068 warrants-C, iii) diversification of the business activities of BTM group into the renewable energy business including the construction and operations of biomass power plant and iv) lease of a piece of vacant leasehold industrial land measuring a total of 80 acres in the Mukim of Hulu Cukai, District of Kemaman, Terengganu Darul Iman for total lease consideration of RM15,863,677. Our independent advice letter was issued on 8 August 2022.

Premised on the above, we believe Thinkat has the necessary experience and expertise to effectively and satisfactorily carry out this engagement and is capable and competent in carrying out our role and responsibilities as Independent Adviser to advise the non-interested Directors and non-interested shareholders of Knusford in relation to the Proposed Disposal.

## 6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors or major shareholders and/ or persons connected to them have any interest, direct and/ or indirect in the Proposed Disposal as at the LPD.

Interested Parties	Director / Shareholder	Direct Shares		Indirect Shares	
		('000)	%*	('000)	%*
TSDLKH <sup>(1)</sup>	Major shareholder of Knusford	616	0.62	<sup>(5)</sup> 32,410	32.53
Dato' Lim Kang Swee <sup>(1)</sup>	Major shareholder of Knusford	10,614	10.65	<sup>(6)</sup> 439	0.44
Lim Sew Hua <sup>(2)</sup>	Executive Director and shareholder of Knusford and director and major shareholder of EPSB	1,283	1.29	-	-
Lim Chen Heng <sup>(3)</sup>	Executive Director of Knusford	-	-	-	-
Lim Chen Thai <sup>(3)</sup>	Executive Director of Knusford	58	0.06	-	-
Kinston Park Sdn Bhd	Major shareholder of Knusford	2,410	2.42	<sup>(7)</sup> 30,000	30.11
Aman Setegap Sdn Bhd	Major shareholder of Knusford	30,000	30.11	-	-
DYAM Tunku Ismail <sup>(4)</sup>	Chairman, Non-Independent Non-Executive Director and major shareholder of Knusford	-	-	<sup>(7)</sup> 30,000	30.11
Datuk Jaifuddin	Alternate Director to DYAM Tunku Ismail	-	-	-	-

Interested Parties	Director / Shareholder	Direct Shares		Indirect Shares	
		('000)	%*	('000)	%*
Lim Hai <sup>(2)</sup>	Shareholder of Knusford and director and major shareholder of EPSB	20	0.02	-	-

**Notes:**

- \* Based on total issued shares of 99,645,002 Shares as at the LPD.
- (1) TSDLKH and Dato' Lim Kang Swee are deemed interested in the Proposed Disposal in view that they are siblings of Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Dato' Lim Hoe, Lim Sew Hua and Lim Hai who are shareholders and directors of EPSB.
  - (2) Lim Sew Hua and Lim Hai are deemed interested in the Proposed Disposal in view that they are major shareholders with 20% equity interest each and directors of EPSB. In addition, they are siblings of Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh and Dato' Lim Hoe who are also shareholders and directors of EPSB.
  - (3) Lim Chen Heng and Lim Chen Thai are deemed interested in the Proposed Disposal in view that they are persons connected to TSDLKH by virtue of them being sons of TSDLKH.
  - (4) DYAM Tunku Ismail is deemed interested in the Proposed Disposal in view that he is a person connected to TSDLKH by virtue of his directorship and shareholdings in Aman Setegap Sdn Bhd.
  - (5) Deemed interested by virtue of his shareholdings in Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd.
  - (6) Deemed interested by virtue of his shareholdings in WCM Ventures Sdn Bhd.
  - (7) Deemed interested by virtue of their shareholdings in Aman Setegap Sdn Bhd.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at Board meetings in relation to the Proposed Disposal. The Interested Directors, together with the Interested Major Shareholders, will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the EGM. In addition, the Interested Directors and Interested Major Shareholders have also undertaken that they will ensure persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the EGM.

## 7. EVALUATION OF THE PROPOSED DISPOSAL

In arriving at our opinion and recommendation as Independent Adviser to the non-interested shareholders of Knusford in relation to the Proposed Disposal, we have considered the following:

- (i) Rationale for the Proposed Disposal;
- (ii) Basis and justifications for the Disposal Consideration;
- (iii) Utilisation of proceeds from the Proposed Disposal;
- (iv) Salient terms of the SPA;
- (v) Effects of the Proposed Disposal; and
- (vi) Risks of the Proposed Disposal.

The views expressed by Thinkat in this IAL are based on, amongst others, current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of Knusford should take note of any announcements relevant to their consideration of the Proposed Disposal which may be released after the LPD.

### 7.1 Rationale for the Proposed Disposal

We have set out below our comments on the rationale for the Proposed Disposal as stated in Section 3 of Part A of the Circular.

### 7.1.1 Unlock value on investment and monetise non-core asset

The Property was originally acquired by the Company in 2007 at a purchase consideration of RM15.49 million. Presently, the Property is not occupied by the Group and is only generating rental income. The Proposed Disposal provides an opportunity for Knusford to unlock the value of its investment in the Property at a fair valuation and is expected to result in a net gain on disposal of approximately RM11.66 million as illustrated below:

	<b>RM'000</b>
Disposal Consideration	28,000
Less: Audited net book value of the Property as at 31 March 2023	(14,689)
<b>Gross gain on disposal of the Property</b>	<b>13,311</b>
Less: Estimated expenses in relation to the Proposed Disposal	(350)
Less: Estimated real property gains tax in relation to the Proposed Disposal	(1,300)
<b>Estimated net gain on disposal of the Property</b>	<b>11,661</b>

In addition, the Proposed Disposal also allows the Company to monetise a non-core asset and increase its cash balances by RM14.14 million as illustrated below:

	<b>RM'000</b>
Disposal Consideration	28,000
Less: Estimated expenses in relation to the Proposed Disposal	(350)
Less: Estimated real property gains tax in relation to the Proposed Disposal	(1,300)
Less: Repayment of bank borrowings	(12,207)
<b>Estimated increase to the cash balances of the Company</b>	<b>14,143</b>

Premised on the above, we note that the Proposed Disposal will contribute positively to the profitability and cashflow of the Company. In addition, we note that the Valuer has indicated in the Valuation Report that the Property is situated in a flood prone zone where water levels have been recorded to exceed danger levels, most notably during the December 2021 and November 2022 flood crisis, and as such may have a negative impact on the value of the Property should floods continue to recur. As such, we are of the opinion that the Proposed Disposal represents an opportunity for the Company to monetise its property which may become problematic in the future due to potential damages caused by future flooding and reduced saleability resulting therefrom.

### 7.1.2 Interest savings from the repayment of bank borrowings

We note that the Property is currently charged to AmBank (M) Berhad via the Existing Charge for a revolving credit facility of which RM12.21 million is outstanding and carries an interest rate of 6.19% per annum. The entire outstanding amount will be repaid from the proceeds received in order to discharge the Existing Charge. Following thereto, the Company will be able to enjoy interest savings of approximately RM0.76 million per annum.

In addition to the interest savings, we have conducted an analysis of the Property's rental yield in comparison to the interest cost on the abovementioned revolving credit facility. The current rental yield of the Property is illustrated below:

	<b>RM</b>
Monthly rental income	85,000
Gross rental per annum	1,020,000
Less: Estimated outgoings (Quit rent, assessment and fire insurance)	(90,214)
Sub-total	929,786
Less: Estimated tax payable based on corporate tax rate of 24%	(223,149)
<b>Net rental per annum</b>	<b>706,637</b>
Original cost of investment	15,490,000
<b>Net rental yield</b>	<b>4.56%</b>

Based on the above illustration, we note that the net rental yield of approximately 4.56% per annum is lower than the interest rate charged on the facility of 6.19% per annum. While we also note that the low net rental yield is because only the Improved Land portion is tenanted while the said yield is calculated based on the original cost of investment for the entire Property, we view the Proposed Disposal positively due to the underperforming rental yield as compared to the interest rate charged.

As mentioned above, the Property comprises the Improved Land portion, which is tenanted, and the Unimproved Land, which is not tenanted. As such, we have not compared the net rental yield against the rental yields of other properties due to the lack of information on similar properties (comprising a tenanted industrial building with a non-tenanted vacant land) in the vicinity of the Property as mentioned in the Valuation Report.

**Premised on Sections 7.1.1 and 7.1.2 above, we are of the opinion that the rationale for the Proposed Disposal is reasonable and not detrimental to the non-interested shareholders of Knusford.**

## **7.2 Basis and justification of arriving at the Disposal Consideration**

The basis and justification of arriving at the Disposal Consideration for the Property are set out in Section 2.3 of Part A of the Circular.

The Disposal Consideration was arrived at on a “willing buyer-willing seller” basis after taking into consideration, amongst others, the market value of RM28.0 million for the Property as appraised by the Valuer. As such, we note that there is no premium or discount to the Disposal Consideration as compared to the market value appraised by the Valuer.

### **Thinkat’s comments:**

The Disposal Consideration was arrived at after taking into consideration the market value of the Property as appraised by Laurelcap. In order to derive the value of the Property, Laurelcap has taken into consideration the Property comprises the Improved Land and Unimproved Land using the following approaches:

<b>Valuation approach</b>	<b>Definition based on the Valuation Report</b>
Cost Approach	The determination of the Property’s market value through the summation of the value components of the land, building and fixtures. The market value of the Property’s land is analysed and compared using the Comparison Approach, in which dissimilarities are identified and adjustments are made. In determining the value of the buildings, current estimates on construction costs to erect equivalent buildings are adopted, appropriate adjustments are then made for factors of obsolescence and existing physical condition of the buildings.
Income Approach by way of “Investment Method”	The determination of the Property’s market value from an estimate of the market rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses are then deducted from the annual rental income. The net annual rental income is capitalised at an appropriate current market yield to arrive at its indicative market value.

We are of the view that the abovementioned valuation methods for the Disposal Consideration are appropriate and sufficient. We note that the Cost Approach has taken into consideration the Property being made up of the Improved Land and Unimproved Land portions. In deriving the market value of the Improved Land, the Valuer adopted the Comparison Approach by taking into consideration transactions of similar industrial properties and deducting the estimate value of the buildings to derive the land's market value. Further thereto, a discount based on the estimated cost of improvement was implied on the Improved Land's market value to derive the market value of the Unimproved Land. To complete the Cost Approach, the Valuer derived the building's market value based on construction cost estimates of similar industrial buildings and the gross floor area available at the Property. We also note that the Valuers adopted the Income Approach by way of "Investment Method" as a secondary approach. This method was used as a cross check to the Cost Approach and was derived based on capitalisation of estimated net annual rental income derived on the Property at an appropriate market yield.

We have reviewed the following key parameters adopted under both approaches adopted by Laurelcap in arriving at the market value of the Property:

### **Cost Approach**

From our understanding, the Cost Approach seeks to determine the value of the Property through the summation of the value components of land, building and fixtures.

#### Improved Land

In determining the market value of the Improved Land, we note that the Valuer has adopted the Comparison Approach. Due to the lack of transactions of vacant industrial lands within the vicinity of the Property, we note that the Valuer has selected 3 comparable transactions of detached factories, 2 of which are along the same street as the Property and another in a neighbouring industrial estate, to determine the per sq ft ("**psf**") market value of industrial land and building. Following thereto, the building value of the said comparable properties were deducted to derive the market value of the Improved Land. We also note that the Valuer made adjustments for value affecting factors such as time, location, accessibility, tenure, shape, size, zoning, frontage and terrain of the properties referred to in the comparable transactions.

We note that the Valuer considered the following transactions as set out in the Valuation Report:

<b>Property</b>	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Description</b>	Single storey detached factory cum five storey office building	Single storey detached factory cum single storey office building	Single storey detached factory cum four storey office building
<b>Title details</b>	HS(D) 51798, Lot No. 43446, Mukim and District of Klang, Selangor Darul Ehsan	HS(D) 63693, Lot No. 696, Pekan Hicom, District of Petaling, Selangor Darul Ehsan	HS(D) 51800, Lot No. 43448, Mukim and District of Klang, Selangor Darul Ehsan
<b>Land area</b>	11,548.30 sq.m. (124,305.93 sq.ft. or 2.85 acres)	4,449.68 sq.m. (47,896.38 sq.ft. or 1.10 acres)	5,415.03 sq.m. (58,287.38 sq.ft. or 1.34 acres)
<b>Tenure</b>	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
<b>Gross floor area<sup>(1)</sup></b>	96,000 sq. ft	24,000 sq. ft	51,440 sq. ft
<b>Transaction date</b>	10 May 2021	7 April 2023	20 July 2023
<b>Consideration</b>	RM 27,300,000.00	RM 9,100,000.00	RM 19,500,000.00

<b>Property</b>	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Estimated construction cost<sup>(2)</sup></b>	RM170.00 psf	RM170.00 psf	RM220.00 psf
<b>Total depreciation<sup>(3)</sup></b>	10%	15%	5%
<b>Estimated building value psf</b>	RM153.00 psf	RM144.50 psf	RM209.00 psf
<b>Analysed land value psf</b>	RM101.46 psf	RM117.59 psf	RM150.10 psf
<b>Total adjustments<sup>(4)</sup></b>	-19.0%	-35.0%	-38.0%
<b>Adjusted land value psf</b>	<b>RM84.65 psf<sup>(5)</sup></b>	RM77.20 psf	RM93.99 psf

**Notes:**

- (1) Based on external inspection.
- (2) Based on external inspection and taking into consideration the construction costing range for factories ranging between RM170.00 psf and RM218.78 psf and for standard low-rise offices ranging between RM148.64 psf and RM316.80 psf as quoted in the Juru Ukur Bahan Malaysia (JUBM) & Arcadis Cost Hand Book 2022 and Building Cost Information Services Malaysia (BCISM) Costbook 2022 (“**Construction Costing Range Estimates**”).
- (3) Depreciation was estimated by the Valuer based on their external inspection of the state of maintenance, refurbishment and renovation of the buildings on the properties of the comparable transactions.
- (4) Total adjustments include adjustments made for time since the date of transaction of the comparables as well as the location, accessibility, tenure, size, type and flood proneness.
- (5) Comparable 1 was adopted as the best comparable by Laurelcap. As such, Laurelcap has adopted a rate of RM84.65 psf as the basis of calculation for the market value of the Improved Land.

We concur with the Valuer’s view that Comparable 1 is the most appropriate comparable as it has the lowest percentage adjustments and is located adjacent to the Property. As such, we consider the Valuer’s decision to adopt RM84.65 psf as the market value of the Improved Land reasonable.

Unimproved Land

Based on the Valuation Report, the difference between improved and unimproved lands lies in the planning and construction undertaken, as well as the approvals obtained from various authorities, along with the preliminary and infrastructure costs required for land development. We note that the Valuer has adopted a 10% discount on the market value of the Improved Land to derive the market value of the Unimproved Land. The discount was derived from the percentage of the costs incurred during the planning construction and approval stages over total development cost as per industry standards, of which the Valuer estimated to range between 8.88% and 14.47%.

We note the Valuer’s adoption of a 10% discount as mentioned above is reasonable as it has taken into consideration that the Property is partially developed and improved, which indicates the risk of obtaining approvals from the relevant authorities have been eliminated and partial preliminary costs have been paid. As such, we consider the Valuer’s decision to adopt RM76.18 psf as the market value of the Unimproved Land reasonable.

Building value

In determining the value of the building on the Improved Land, we note that the Valuer takes into consideration the current estimation on construction costs to construct similar buildings as per the literature for the Construction Costing Range Estimates mentioned above and has adopted a construction cost of RM170.00 psf after considering that the specifications of the buildings on the Property are that of a generic industrial factory. We also note that the Valuer has applied a depreciation of 20% based on physical deterioration of the building which we find reasonable. This is because we note that the Valuer has taken into consideration the average lifespan of buildings of 60 years equivalent to approximately 1.67% per annum, the approximate building age of 19 years as well as the renovation and physical condition of the building with limited wear and tear as periodic upkeeping of the Property was done satisfactorily resulting in minimal wear and tear. As such, we consider the Valuer’s decision reasonable to adopt RM170.00 psf as the market value on the gross floor area of the building of 46,277.14 sq. ft.

Based on the above, the Valuer has ascribed a market value of RM28.0 million to the Property using the Cost Approach.

**Income Approach by way of “Investment Method”**

We note that in obtaining the market value pursuant to this method, the Valuer derived the estimated rental value of the Property by determining the estimated rental value of the Improved Land and building as well as the Unimproved Land separately. To derive the rental value, we note the Valuer has derived the annual rental income by comparing the monthly asking rental of comparable properties, making adjustments for location, accessibility and size and flooding factors.

We note that the Valuer considered the following properties available for rent for the estimated rental value of the Improved Land and building as set out in the Valuation Report:

<b>Property</b>	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Description</b>	Industrial building	Industrial building	Industrial building
<b>Location</b>	Bukit Kemuning Industrial Park, Shah Alam, Selangor	Bukit Kemuning Industrial Park, Shah Alam, Selangor	Kota Kemuning Industrial Park, Kota Kemuning, Selangor
<b>Build-up area</b>	104,561.00 sq. ft	125,000 sq. ft	38,260.00 sq. ft
<b>Tenure</b>	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
<b>Posted date</b>	25 March 2024	19 March 2024	25 March 2024
<b>Asking rental</b>	RM180,000.00	RM220,000.00	RM80,000.00
<b>Asking rental psf</b>	RM1.72 psf	RM1.76 psf	RM2.09 psf
<b>Total adjustments<sup>(1)</sup></b>	+6.0%	+8.0%	-4.0%
<b>Adjusted asking rental psf</b>	RM1.82 psf	RM1.90 psf	RM2.01 psf

**Notes:**

- (1) Total adjustments include adjustments made for location, accessibility, size and flood proneness.
- (2) Laurelcap adopted a market rental rate for the Improved Land and building of RM1.90 psf, being the average adjusted asking rental psf of RM1.91, rounded down.

In addition to the above, we note that the Valuer considered the following properties available for rent for the estimated rental value of the Unimproved Land as set out in the Valuation Report:

<b>Property</b>	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Description</b>	Industrial land	Industrial land	Industrial land
<b>Location</b>	Taman Perindustrian Subang, Subang Jaya, Selangor	Kemuning Utama, Shah Alam, Selangor	Bukit Kemuning Shah Alam, Selangor
<b>Land area</b>	120,000.00 sq. ft	217,800.00 sq. ft	98,010.00 sq. ft
<b>Tenure</b>	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
<b>Posted date</b>	8 January 2024	20 March 2024	22 March 2024
<b>Asking rental</b>	RM30,000.00	RM43,560.00	RM28,000.00
<b>Asking rental psf</b>	RM0.25 psf	RM0.20 psf	RM0.29 psf
<b>Total adjustments<sup>(1)</sup></b>	-16.0%	+2.0%	-10.0%
<b>Adjusted asking rental psf</b>	RM0.21 psf	<b>RM0.20 psf<sup>(2)</sup></b>	RM0.26 psf

**Notes:**

- (1) Total adjustments include adjustments made for location, accessibility, size and flood proneness.
- (2) Comparable 2 was adopted as the best comparable by Laurelcap as it has the lowest percentage adjustments. As such, Laurelcap has adopted a rate of RM0.20 psf as the market rental rate for the Unimproved Land.

Premised on the above analysis of the market rental rates, we consider the Valuer's decision to adopt a market rental rate of RM1.90 psf for the Improved Land and building and RM0.20 psf for the Unimproved Land as reasonable.

Laurelcap has also adopted the following key basis and assumptions in deriving the market value of the Property via the Income Approach by way of "Investment Method":

<b>Key basis and assumptions</b>	<b>Thinkat's opinion / assessment</b>
(i) The valuation is segregated into 3 parts, namely the Improved Land and building during the term of the existing rental, the Improved Land and building after the expiry of the existing rental into perpetuity and the Unimproved Land into perpetuity.	This is reasonable as this approach takes into consideration the existing ongoing tenancy of the building and Improved Land as well as the current vacant status of the Unimproved Land.
(ii) Outgoings based on the existing quit rent, assessment and fire insurance premiums paid on the Property.	This is reasonable as it is in line with the existing costs incurred by the Company.



<b>Key basis and assumptions</b>	<b>Thinkat's opinion / assessment</b>
(iii) The valuation has taken into consideration a void period of 10% to cater for possible future vacancies and rent-free periods in the transition of exchanging tenants.	This appears reasonable as while the Property is located within an established industrial area in the Klang Valley, it is considered a flood prone zone and additional time may be required to secure future tenancies in the event of a non-renewal. In addition, this has been adopted after taking into consideration the general void period for industrial properties at a rate of between 8.33% to 11.11% for a common lease term of 3 years as mentioned in the Valuation Report.
(iv) An additional void period of 6 months on the Unimproved Land to secure a suitable tenant as this portion of the Property has been vacant for a long period of time.	This appears reasonable as while the Unimproved Land appears to have road markings, it is covered with vegetation overgrowth. As such, 6 months seems a reasonable timeframe for the Unimproved Land to be made suitable for tenancy.

In addition to the above, Laurelcap has adopted an annual discount rate of 5.50% to derive the present value of the rental income for the Improved Land and building during the term of the existing rental as well as the abovementioned additional void period of 6 months on the Unimproved Land as mentioned. Laurelcap has also adopted an annual discount rate of 6.25% to derive the present value of the rental income for the Improved Land and building after the expiry of the existing rental. We have compared the said annual discount rates against the weighted average cost of capital (“WACC”) of Knusford as extracted from Bloomberg as at the close of business on the LPD of 6.20%. We believe that the difference in the annual discount rates adopted by the Valuer compared to the WACC of Knusford is not significant with our views as follows:

<b>Annual discount rate</b>	<b>Thinkat's opinion / assessment</b>
(i) 5.50% to derive the present value of the rental income for the Improved Land and building during the term of the existing rental as well as the abovementioned additional void period of 6 months on the Unimproved Land as mentioned	This is reasonable as the rental income for the Improved Land and building during the term of the existing rental carries a lower risk in view that it is an ongoing tenancy based on a valid tenancy agreement.  In addition, the Unimproved Land carries a lower risk profile as compared to the Improved Land as it does not have risk of unsatisfactory building maintenance and upkeep.
(ii) 6.25% to derive the present value of the rental income for the Improved Land and building after the expiry of the existing rental	This is reasonable as a higher discount rate has been adopted as compared to the above item due to potential structural repair and maintenance due to usage. The discount rate adopted is also higher than the WACC of Knusford as at the LPD.

Laurelcap has also adopted an annual yield to perpetuity rate of 6.0% for the Improved Land and building and 2.5% for the Unimproved Land. We are of the opinion that this is reasonable as it is in line with the annual yield rates of similar properties within the surrounding areas.

Based on the above, the Valuer has ascribed a market value of RM29.0 million to the Property using the Income Approach by way of “Investment Method”.

We concur with the Valuer's view that the best approach to determine the market value of the Property is the Cost Approach as it is a reflection of the replacement cost of the Property taking into consideration actual market transactions and standards based on related literature. We also agree that the Income Approach by way of "Investment Method" is only suitable to serve as a secondary approach considering that the data used by the Valuer is based on asking rental rates instead of actual market rental rates transacted due to the lack of available data.

**We are of the opinion that the Disposal Consideration for the Property is fair as the said Disposal Consideration is equivalent to the market value ascribed by the Valuer for the Property of RM28.0 million based on the Cost Approach.**

### 7.3 Utilisation of proceeds

The utilisation of proceeds raised from the Proposed Disposal are set out in Section 4 of Part A of the Circular.

<b>Utilisation</b>	<b>Estimated timeframe for utilisation from the date of receipt of proceeds</b>	<b>Amount (RM'000)</b>	<b>%</b>
Repayment of bank borrowings	Within 1 month	12,207	43.60
Working capital	Within 12 months	14,143	50.51
Estimated expenses for the Proposed Disposal	Within 6 months	1,650	5.89
<b>Total</b>		<b>28,000</b>	<b>100.00</b>

Knusford intends to utilise RM12.21 million or approximately 43.60% of the Disposal Consideration to pare down its existing revolving credit facility of which the Property is presently charged for via the Existing Charge. This is in line with the SPA as the Property is to be disposed free from encumbrances. Knusford is expected to benefit from interest cost savings of approximately RM0.76 million per annum based on the interest rate of 6.19% per annum on the said revolving credit facility. This will allow the Group to reduce its bank borrowings from approximately RM60.22 million as at the LPD to approximately RM48.01 million. The proceeds from the Proposed Disposal used for repayment of bank borrowings will also provide financial flexibility to the Group where funds allocated for repayment can now be reallocated for other business purposes.

In addition, RM14.14 million or approximately 50.51% of the Disposal Consideration has been allocated for working capital requirements. We note that Knusford's audited cash and bank balances had decreased from RM17.89 million as at 31 March 2022 to RM16.62 million as at 31 March 2023. This further decreased to RM1.70 million based on the unaudited FYE 31 March 2024. The proceeds raised from the Proposed Disposal would allow Knusford to replenish its cash and bank balances to RM15.84 million, after taking into consideration the proceeds earmarked for working capital purposes. The utilisation of proceeds to finance the day-to-day operations of the Group is expected to improve the Group's financial flexibility in managing the operating cashflow of the Group.

The remaining RM1.65 million or approximately 5.89% of the Disposal Consideration has been earmarked to defray estimated expenses relating to the Proposed Disposal which is mainly attributable to real property gains tax.

**We note that the utilisation of proceeds from the Proposed Disposal is primarily for the repayment of bank borrowings and working capital requirements which will benefit the Group's business. We are of the view that the utilisation of proceeds is reasonable.**

**7.4 Evaluation of the salient terms of the SPA**

Our comments on the salient terms of the SPA extracted from Appendix I of the Circular are as follows:

<b>Salient terms</b>	<b>Details</b>	<b>Thinkat's comment</b>
Basis of sale	The Property is sold on an "as is where is" basis and free from encumbrances and with legal possession.	This term is reasonable as it sets out the manner in which the Property will be transacted. Knusford will utilise a portion of the Disposal Consideration to discharge the Existing Charge prior to transferring the legal ownership to the Purchaser.
Payment of Disposal Consideration	<p>The Disposal Consideration shall be paid in accordance with the following manner: -</p> <p>(a) a sum of RM2,800,000.00 has been paid by the Purchaser to the Vendor upon execution of the letter of offer dated 22 February 2024.</p> <p>(b) the Purchaser shall pay a sum of RM25,200,000.00 being the balance Disposal Consideration to the Vendor's Solicitors as stakeholder within three (3) months from the date the Vendor fulfils the condition precedent ("Payment Deadline"). If the Purchaser shall be unable to pay the balance Disposal Consideration by the Payment Deadline, the Payment Deadline shall be automatically extended for a period of one (1) month commencing from the day after the Payment Deadline ("Extended Payment Deadline") provided that the Purchaser pays to the Vendor interest on the balance Disposal Consideration then outstanding at the rate of eight per centum (8%) per annum calculated on a daily basis from the first day of the Extended Period until the Completion Date, in any event no later than the Extended Payment Deadline.</p>	This term is reasonable as it sets out the mode of settlement of the Disposal Consideration pursuant to the Proposed Disposal. In addition, the late payment interest of 8% that Knusford is allowed to charge is higher than its interest cost of 6.19% on the bank borrowings which has been earmarked to be repaid from the proceeds raised.
Condition precedent	<p>The sale and purchase of the Property shall be conditional upon the Vendor obtaining at its own cost and expense the approval from its shareholders in a general meeting for the disposal of the Property to the Purchaser ("Condition Precedent") within three (3) months from the date of the SPA.</p> <p>If the Condition Precedent is not fulfilled or not obtained for any reason whatsoever within the abovementioned period, in the absence of a mutual agreement in writing for a further extension of time, either party may elect to terminate SPA forthwith by written notice to the other party.</p>	This term is reasonable as it provides for the required approval to facilitate the Proposed Disposal within a reasonable timeframe. Provisions are made for termination in the event of non fulfilment of the condition precedent.

<b>Salient terms</b>	<b>Details</b>	<b>Thinkat's comment</b>
Default	<p>(a) Default by Purchaser</p> <p>If the Purchaser shall fail to pay the balance Disposal Consideration or defaults in any provisions of the SPA and such failure or breach has not been remedied by the Purchaser within fourteen (14) business days after receipt of the Vendor's written notice, then the Vendor shall be entitled to take such action to enforce the SPA by specific performance and/or shall be entitled to terminate the SPA by giving written notice to the Purchaser and forfeit absolutely as liquidated damages a sum representing ten per cent (10%) of the Disposal Consideration.</p> <p>The Purchaser shall return to the Vendor or the Vendor's Solicitors the documents of title and memorandum of transfer with the Vendor's interest remaining intact, re-deliver legal possession of the Property and withdraw all private caveats lodged. Thereafter the Vendor shall within fourteen (14) days refund to the Purchaser the balance of all other moneys paid by the Purchaser, if any, free of interest.</p> <p>(b) Default by Vendor</p> <p>If the Vendor shall fail to complete the sale under the SPA or defaults in any provisions of the SPA and such failure or breach has not been remedied by the Purchaser within fourteen (14) business days after receipt of the Purchaser's written notice, then the Purchaser shall be entitled to take such action to enforce the SPA by specific performance and/or shall be entitled to terminate the SPA by giving written notice to the Vendor.</p> <p>The Vendor shall within fourteen (14) days of the Vendor's receipt of the Purchaser's termination notice, pay and procure to be paid, as the case may be, to the Purchaser's Solicitors as stakeholders a sum equal to ten percent (10%) of the Disposal Consideration as agreed liquidated damages and all monies received by the Vendor or the Vendor's Solicitors for the Vendor's account as part of the Disposal Consideration, free of interest.</p> <p>The Purchaser shall return to the Vendor or the Vendor's Solicitors the documents of title and memorandum of transfer with the Vendor's interest as registered proprietor of the Property remaining intact, re-deliver legal possession of the Property and withdraw all private caveats lodged. Thereafter the Purchaser's Solicitors are authorised to release the monies held by them to the Purchaser.</p>	<p>These terms are reasonable as it protects Knusford and EPSB in the event of default or termination of the SPA by either party pursuant to the Proposed Disposal as well as setting out processes for both parties to unwind the transaction.</p>

**Premised on the above, we are of the opinion that the abovementioned salient terms of the SPA are reasonable and are not detrimental to the non-interested shareholders of Knusford.**

## **7.5 Effects of the Proposed Disposal**

We have considered the financial effects of the Proposed Disposal as detailed in Section 6 of Part A of the Circular and our comments are as follows:

### **7.5.1 Share capital and substantial shareholders' shareholdings**

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Group as it does not involve any issuance of Knusford Shares.

For further information, please refer to Section 6.1 of Part A of the Circular.

### **7.5.2 NA and gearing**

The Proposed Disposal will result in the increase of the Group's NA from RM219.35 million to RM231.01 million and the increase of the Group's NA per Share from RM2.20 to RM2.32 due to the estimated net gain on disposal of the Property. In addition, the Group's gearing ratio is expected to decrease from 0.26 times to 0.19 times due to the decrease in bank borrowings after the repayment from the proceeds raised and the increase of the Group's NA as mentioned.

For further information, please refer to Section 6.2 of Part A of the Circular.

### **7.5.3 Earnings and EPS**

Assuming the Proposed Disposal was completed on 31 March 2023, the Group would show a pro forma profit after tax of approximately RM7.01 million along with a pro forma EPS of 7.04 sen as compared to a loss after tax of approximately RM2.34 million and a loss per Share of 2.34 sen.

For further information, please refer to Section 6.3 of Part A of the Circular.

**Premised on the above, we are of the opinion that the effects of the Proposed Disposal are reasonable and not detrimental to the non-interested shareholders of Knusford.**

## **7.6 Risks of the Proposed Disposal**

We take note of the risks disclosed in Section 5 of Part A of the Circular.

We note that the Proposed Disposal will not result in any new forms of business risk faced by Knusford as there are no changes to the operations of Knusford arising from the Proposed Disposal.

In addition to the above, we note that the Valuation Report has highlighted that part of the Improved Land's boundary has been extended over and encroaches into the adjoining property categorised as river reserve. The extended portion is approximately 624 sqm or 6,717 sq. ft and is paved with cement, utilised as an open storage area for industrial cabins and equipment by the existing tenant with no permanent structures. We also note that the Valuer has indicated that appropriate re-fencing arrangements and relocation of the temporary structures will be sufficient to restore the site boundaries as per the certified plan in the land title. As the cost of remedying this encroachment is minimal and the impact to the market value of the Property immaterial, the Valuer has excluded the impact of the encroachment from its valuation exercise. Nonetheless, we wish to highlight that the Company may be subject to fines or compounds as the existing owner of the Property by the relevant authorities due to this non-compliance.

**In evaluating the Proposed Disposal, the non-interested shareholders of Knusford are advised to carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolution pertaining to the Proposed Disposal at the forthcoming EGM. The non-interested shareholders of Knusford should also note that the risk factors mentioned therein are not meant to be exhaustive.**

Notwithstanding the above, we are of the view that risks such as a delay or non-completion due to non-fulfilment or non-waiver of the conditions precedent are a common aspect of any investment or business venture.

We wish to highlight that whilst efforts and measures are being taken by Knusford to mitigate the risks associated with the Proposed Disposal, no assurance can be given that the risk factors as stated in Section 5 of Part A of the Circular or the paragraphs above will not occur and give rise to material and adverse impact on the business and operations of the Knusford, its financial performance, financial position or prospects thereon should it happen.

## 8. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposal and have set out our evaluation in this IAL. We summarise the potential advantages and disadvantages of the Proposed Disposal as follows:

<b>Potential advantages</b>	<b>Potential disadvantages</b>
(i) Opportunity to unlock the investment value of the Property and monetise a non-core asset at a fair value.	(i) Foregoing a steady stream of rental income in exchange for the Disposal Consideration.
(ii) Enjoy interest savings of RM 0.76 million per annum.	(ii) The returns to be derived from the utilisation of the proceeds raised may not be able to match the current returns derived from the rental income.
(iii) Reduction in bank borrowings and replenish working capital.	

We have taken cognisance of the rationale for the Proposed Disposal, basis and justification of arriving at the Disposal Consideration for the Property, utilisation of proceeds, the salient terms of the SPA, effects of the Proposed Disposal and risks of the Proposed Disposal. Based on our evaluation and comments on the Proposed Disposal, we are of the opinion that the Proposed Disposal is **FAIR** and **REASONABLE** and **NOT DETRIMENTAL** to the non-interested shareholders of Knusford.

Accordingly, we recommend that the non-interested shareholders of Knusford **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

Before arriving at the decision to vote on the ordinary resolution pertaining to the Proposed Disposal, it is pertinent that the non-interested shareholders of Knusford consider the issues and implications raised in this IAL as well as other considerations as set out in Part A of the Circular carefully and the Directors' (save for the Interested Directors) statement and recommendation with respect of the Proposed Disposal as set out in Section 12 of Part A of the Circular.

Yours faithfully,  
For and on behalf of  
**THINKAT ADVISORY SDN BHD**

Karl Fredericks  
Director

Terence Yei  
Director

**APPENDIX I – SALIENT TERMS OF THE SPA**

<b>Salient Terms</b>	<b>Details</b>
Basis of Sale	The Property is sold on an “as is where is” basis and free from encumbrances and with legal possession.
Payment of Disposal Consideration	<p>The Disposal Consideration shall be paid in accordance with the following manner: -</p> <p>(a) a sum of RM2,800,000.00 has been paid by the Purchaser to the Vendor upon execution of the letter of offer dated 22 February 2024.</p> <p>(b) the Purchaser shall pay a sum of RM25,200,000.00 being the balance Disposal Consideration to the Vendor’s Solicitors as stakeholder within three (3) months from the date the Vendor fulfils the condition precedent (“Payment Deadline”). If the Purchaser shall be unable to pay the balance Disposal Consideration by the Payment Deadline, the Payment Deadline shall be automatically extended for a period of one (1) month commencing from the day after the Payment Deadline (“Extended Payment Deadline”) provided that the Purchaser pays to the Vendor interest on the balance Disposal Consideration then outstanding at the rate of eight per centum (8%) per annum calculated on a daily basis from the first day of the Extended Period until the Completion Date, in any event no later than the Extended Payment Deadline.</p>
Condition Precedent	<p>The sale and purchase of the Property shall be conditional upon the Vendor obtaining at its own cost and expense the approval from its shareholders in a general meeting for the disposal of the Property to the Purchaser (“Condition Precedent”) within three (3) months from the date of the SPA.</p> <p>If the Condition Precedent is not fulfilled or not obtained for any reason whatsoever within the abovementioned period, in the absence of a mutual agreement in writing for a further extension of time, either party may elect to terminate SPA forthwith by written notice to the other party.</p>
Default	<p>(a) Default by Purchaser</p> <p>If the Purchaser shall fail to pay the balance Disposal Consideration or defaults in any provisions of the SPA and such failure or breach has not been remedied by the Purchaser within fourteen (14) business days after receipt of the Vendor’s written notice, then the Vendor shall be entitled to take such action to enforce the SPA by specific performance and/or shall be entitled to terminate the SPA by giving written notice to the Purchaser and forfeit absolutely as liquidated damages a sum representing ten per cent (10%) of the Disposal Consideration.</p> <p>The Purchaser shall return to the Vendor or the Vendor’s Solicitors the documents of title and memorandum of transfer with the Vendor’s interest remaining intact, re-deliver legal possession of the Property and withdraw all private caveats lodged. Thereafter the Vendor shall within fourteen (14) days refund to the Purchaser the balance of all other moneys paid by the Purchaser, if any, free of interest.</p> <p>(b) Default by Vendor</p> <p>If the Vendor shall fail to complete the sale under the SPA or defaults in any provisions of the SPA and such failure or breach has not been remedied by the Purchaser within fourteen (14) business days after receipt of the Purchaser’s written notice, then the Purchaser shall be entitled to take such action to enforce the SPA by specific performance and/or shall be entitled to terminate the SPA by giving written notice to the Vendor.</p>

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**APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)**

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	<p>The Vendor shall within fourteen (14) days of the Vendor's receipt of the Purchaser's termination notice, pay and procure to be paid, as the case may be, to the Purchaser's Solicitors as stakeholders a sum equal to ten percent (10%) of the Disposal Consideration as agreed liquidated damages and all monies received by the Vendor or the Vendor's Solicitors for the Vendor's account as part of the Disposal Consideration, free of interest.</p> <p>The Purchaser shall return to the Vendor or the Vendor's Solicitors the documents of title and memorandum of transfer with the Vendor's interest as registered proprietor of the Property remaining intact, re-deliver legal possession of the Property and withdraw all private caveats lodged. Thereafter the Purchaser's Solicitors are authorised to release the monies held by them to the Purchaser.</p>
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**Laurel Cap**

Trust | Integrity | Expertise

**VALUATION CERTIFICATE**

Date : 15 March 2024  
Our Ref No. : LC/VAL/24/016751/CRL

**PRIVATE & CONFIDENTIAL**

**BOARD OF DIRECTORS  
KNUSFORD BERHAD**

1<sup>st</sup> Floor, Wisma Ekovest,  
No. 118, Jalan Gombak,  
53000 Kuala Lumpur

Dear Sirs,

**VALUATION CERTIFICATE OF A SINGLE STOREY DETACHED FACTORY WITH A MEZZANINE AND A THREE (3) STOREY OFFICE BUILDING ANNEXED ERECTED ON AN INDUSTRIAL LAND BEARING POSTAL ADDRESS NO. 8, JALAN KECAPI 33/2, TAMAN PERINDUSTRIAN ELITE, SEKSYEN 33, 40350 SHAH ALAM, SELANGOR DARUL EHSAN HELD UNDER TITLE NO. HS(D) 51799, LOT NO. PT 43447, MUKIM AND DISTRICT OF KLANG, STATE OF SELANGOR DARUL EHSAN (HEREINAFTER REFERRED TO AS THE "SUBJECT PROPERTY")**

We refer to the instructions by **Knusford Berhad ("KB" or "Company")** to provide an opinion on the **Market Value** of the abovementioned **Subject Property** for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and for inclusion in the circular to shareholders in respect of the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") in respect of the proposed disposal of the Subject Property by KB to Emerald Plan Sdn Bhd ("**EPSB**").

The Subject Property was inspected on 15 March 2024. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. 15 March 2024.

The Valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined by the MVS to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation Certificate should be read in conjunction with the full Report (Ref No: LC/VAL/24/016751/CRL) prepared by Laurelcap Sdn. Bhd. for submission to Bursa Securities which detailed the basis under which the valuations have been prepared.

**Laurelcap Sdn. Bhd.**

200801005326 (806610-U)

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- Registered Valuers
- Property Managers
- Estate Agents
- Development Consultants
- Project Managers
- Researchers



**IDENTIFICATION OF THE SUBJECT PROPERTY**

<b>Subject Property</b>																																	
<b>Address:</b>	No. 8, Jalan Kecapi 33/2, Taman Perindustrian Elite, Seksyen 33, 40350 Shah Alam, Selangor Darul Ehsan																																
<b>Type of Property:</b>	A single storey detached factory with a mezzanine and a three (3) storey office building annexed erected on an industrial land																																
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<b>Title Particulars:</b>	<table border="0"> <tr> <td><b>Title No.</b></td> <td>HS(D) 51799</td> </tr> <tr> <td><b>Lot No.</b></td> <td>PT 43447</td> </tr> <tr> <td><b>Land Area (sq.m.)</b></td> <td>25,625.48 sq.m.</td> </tr> <tr> <td><b>Land Area (sq.ft.)</b></td> <td>275,832.67 sq.ft.</td> </tr> <tr> <td><b>Land Area (acres)</b></td> <td>6.332 acres</td> </tr> <tr> <td><b>Mukim</b></td> <td>Mukim Klang</td> </tr> <tr> <td><b>District</b></td> <td>Klang</td> </tr> <tr> <td><b>State</b></td> <td>Selangor Darul Ehsan</td> </tr> <tr> <td><b>Tenure</b></td> <td>Grant in perpetuity</td> </tr> <tr> <td><b>Quit Rent</b></td> <td>RM 36,030.00 per annum</td> </tr> <tr> <td><b>Category of Land Use</b></td> <td>"Industri"</td> </tr> <tr> <td><b>Express Condition</b></td> <td>"Perusahaan"</td> </tr> <tr> <td><b>Restriction of Interest</b></td> <td>"Tiada"</td> </tr> <tr> <td><b>Registered Owner(s)</b></td> <td>Knusford Berhad (1/1 share)</td> </tr> <tr> <td><b>Charge/Encumbrances</b></td> <td>One charge to AmBank (M) Berhad vide Presentation No. 001SC32229/2022 registered on 30 March 2022</td> </tr> <tr> <td><b>Endorsements</b></td> <td>Nil</td> </tr> </table>	<b>Title No.</b>	HS(D) 51799	<b>Lot No.</b>	PT 43447	<b>Land Area (sq.m.)</b>	25,625.48 sq.m.	<b>Land Area (sq.ft.)</b>	275,832.67 sq.ft.	<b>Land Area (acres)</b>	6.332 acres	<b>Mukim</b>	Mukim Klang	<b>District</b>	Klang	<b>State</b>	Selangor Darul Ehsan	<b>Tenure</b>	Grant in perpetuity	<b>Quit Rent</b>	RM 36,030.00 per annum	<b>Category of Land Use</b>	"Industri"	<b>Express Condition</b>	"Perusahaan"	<b>Restriction of Interest</b>	"Tiada"	<b>Registered Owner(s)</b>	Knusford Berhad (1/1 share)	<b>Charge/Encumbrances</b>	One charge to AmBank (M) Berhad vide Presentation No. 001SC32229/2022 registered on 30 March 2022	<b>Endorsements</b>	Nil
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<b>Land Area:</b>	<p>25,625.48 sq.m. or about 275,832.67 sq.ft. or 6.332 acres</p> <p>We note that the Subject Property comprises the developed portion (factory building with infrastructure) and the vacant land portion referred to herein as ("<b>Improved Area</b>") and ("<b>Unimproved Area</b>") respectively.</p> <p>The breakdown of the areas is as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Total Land Area</th> <th style="text-align: center;">Improved Area</th> <th style="text-align: center;">Unimproved Area</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">25,625.48 sq.m. (about 275,832.67 sq.ft or 6.33 acres)</td> <td style="text-align: center;">Approximately 8,459.57 sq.m. (about 91,063.12 sq.ft or 2.09 acres)</td> <td style="text-align: center;">Approximately 17,165.51 sq.m. (about 184,769.55 sq.ft. or 4.24 acres)</td> </tr> </tbody> </table>	Total Land Area	Improved Area	Unimproved Area	25,625.48 sq.m. (about 275,832.67 sq.ft or 6.33 acres)	Approximately 8,459.57 sq.m. (about 91,063.12 sq.ft or 2.09 acres)	Approximately 17,165.51 sq.m. (about 184,769.55 sq.ft. or 4.24 acres)																										
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<b>Location:</b>	<p>The Subject Property is situated along Jalan Kecapi 33/2 within the prominent industrial area of Taman Perindustrian Elite. It is situated approximately 35 kilometres due south-west of Kuala Lumpur City Centre and about 20 kilometres due south-east of Klang Town respectively. The Subject Property is accessible from Kuala Lumpur City Centre via Jalan Jalan Tun Razak towards Lebuhraya Kuala Lumpur – Seremban, continuing onto the direction towards Shah Alam, turning onto KESAS Highway and then exiting onto Seksyen 33 and finally onto Jalan Kecapi 33/2 leading to where the Subject Property is located.</p> <p>The Subject Property is strategically located in the well-developed region of Seksyen 33, Shah Alam, Selangor Darul Ehsan. It boasts a strategic location, situated near The Konsortium Expressway Shah Alam Selangor (KESAS Highway), ensuring convenient access and excellent connectivity.</p>																																

<b>Subject Property</b>																		
<b>Description of the Property:</b>	<p>The physical terrain of the site is generally flat and lies slightly above the frontage road of Jalan Kecapi 33/2. The boundaries of the Subject Property are demarcated with corrugated metal hoardings and chain-linked fencing.</p> <p>The Subject Property comprises of two main areas namely the office building and the factory. The single storey detached factory with a mezzanine which consists of a ground floor and a mezzanine floor, is mainly used as production area is constructed of steel portal framework with reinforced concrete floors, supporting steel trusses and laid over with a flat metal deck roofing sheet. The three (3) storey office building annexed is constructed of reinforced concrete framework with plastered brick walls, reinforced concrete floors and reinforced concrete flat roof.</p> <p>Ancillary buildings such as guard house and refuse chamber were noted on the site. They are both constructed of reinforced concrete framework with plastered brick walls, reinforced concrete floors/or with ceramic tiles finishes and reinforced concrete flat roof</p> <p>During the course of our inspection, the building is in a good state of decorative repair and maintenance. Vertical access to the upper level is facilitated by multiple reinforced concrete stair cases finished with ceramic tiles and metal handrails as well as mild steel staircases strategically located in different areas of the office and factory.</p>																	
<b>Building Certification:</b>	The building has been issued with the Certificate of Fitness of Occupation (CFO) vide Reference No. 00690 dated 16 November 2005 issued by Majlis Bandaraya Shah Alam (MBSA).																	
<b>Gross Floor Area:</b>	<p>We have conducted on-site measurements in accordance with the "Uniform Method Of Measurements Of Buildings" Section 8.2.2 (f) by the Royal Institution of Surveyors Malaysia (RISM) as required by the Malaysian Valuation Standards (Standard 8 – Inspection and Referencing of property). We have then compared the measurements to the Approved Building Plans vide Ref No. MPSA/B/PC/SEK : 33/234-2000 provided to us.</p> <p>During the course of our inspection, We have noted that the on-site measurements were within the allowable margin of error thus, for the purpose of this valuation exercise we have adopted the on-site measurements in arriving at the Market Value.</p> <p>The breakdown of the GFA of the Subject Property is shown in the table below:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2" style="text-align: left;"><i>Particulars</i></th> <th colspan="2" style="text-align: center;"><b>Gross Floor Area</b></th> </tr> <tr> <th style="text-align: center;"><i>Sq.M.</i></th> <th style="text-align: center;"><i>Sq.Ft.</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><b>Office Area</b></td> <td style="text-align: center;"><b>1,830.74 sq.m.</b></td> <td style="text-align: center;"><b>19,706.07 sq.ft.</b></td> </tr> <tr> <td style="text-align: left;"><b>Factory Area</b></td> <td style="text-align: center;"><b>1,618.18 sq.m.</b></td> <td style="text-align: center;"><b>17,418.07 sq.ft.</b></td> </tr> <tr> <td style="text-align: left;"><b>Ancillary Floor Area</b></td> <td style="text-align: center;"><b>850.34 sq.m.</b></td> <td style="text-align: center;"><b>9,153.01 sq.m.</b></td> </tr> <tr> <td style="text-align: left;"><b>Total Gross Floor Area</b></td> <td style="text-align: center;"><b>4,299.25 sq.m.</b></td> <td style="text-align: center;"><b>46,277.14 sq.ft.</b></td> </tr> </tbody> </table>	<i>Particulars</i>	<b>Gross Floor Area</b>		<i>Sq.M.</i>	<i>Sq.Ft.</i>	<b>Office Area</b>	<b>1,830.74 sq.m.</b>	<b>19,706.07 sq.ft.</b>	<b>Factory Area</b>	<b>1,618.18 sq.m.</b>	<b>17,418.07 sq.ft.</b>	<b>Ancillary Floor Area</b>	<b>850.34 sq.m.</b>	<b>9,153.01 sq.m.</b>	<b>Total Gross Floor Area</b>	<b>4,299.25 sq.m.</b>	<b>46,277.14 sq.ft.</b>
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<b>Occupancy Status:</b>	<p>During the course of our inspection, the Subject Property is tenanted to BJ Services (M) Sdn. Bhd. for a term of three(3) years, from 1 December 2022 and due to expire on 30 November 2025. Current rental is as follows:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Lease Year</th> <th>Annual Rate</th> <th>Monthly Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">RM 900,000.00</td> <td style="text-align: center;">RM 75,000.00</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">RM 1,020,000.00</td> <td style="text-align: center;">RM 85,000.00</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">RM 1,020,000.00</td> <td style="text-align: center;">RM 85,000.00</td> </tr> </tbody> </table>	Lease Year	Annual Rate	Monthly Rate	1	RM 900,000.00	RM 75,000.00	2	RM 1,020,000.00	RM 85,000.00	3	RM 1,020,000.00	RM 85,000.00					
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<b>Planning Details:</b>	The Subject Property is located within an area designated for industrial use.																	

**METHOD OF VALUATION**

In arriving at the Market Value of the Subject Property, we have adopted the **Cost Approach** and **Income Approach by way of "Investment Method"** as the primary and secondary approaches respectively.

**Cost Approach**

The Cost Approach of Valuation seeks to determine the value of the property through the summation of the value components of the land, building and fixtures. Nevertheless, due to the existence of two(2) recent and relevant transactions of detached factories along the same street as the Subject Property, coupled with the dearth of vacant industrial lands in the same location, we have selected the aforesaid factories as comparables, and thereafter deducting the building value from those to arrive at the improved land value. The apportionment value attributable to the land is analysed and compared using the Comparison Approach, in which dissimilarities are identified and adjustments are made. In determining the value of the buildings, current estimates on construction costs to erect equivalent buildings are adopted, appropriate adjustments are then made for factors of obsolescence and existing physical condition of the buildings.

**Income Approach by way of "Investment Method"**

The Market Value is derived from an estimate of the Market Rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as quit rent, assessment and fire insurances are then deducted from the annual rental income. The net annual rental income is capitalized at an appropriate current market yield to arrive at its indicative market value.

**COST APPROACH**

**Cost Approach (Land Value)**

The recent transactions of industrial properties within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Description	Single storey detached factory cum five storey office building	Single storey detached factory cum single storey office building	Single storey detached factory cum four storey office building
Address	No. 6, Jalan Kecapi 33/2, Elite Industrial Area, Selangor Darul Ehsan	1, Jalan Perepat 27/95, Seksyen 27, Shah Alam, Selangor Darul Ehsan	No. 1, Jalan Kecapi 33/2, Elite Industrial Area, Selangor Darul Ehsan
Transaction Date	10/5/2021	7/4/2023	20/7/2023
Category of land use	Industrial	Industrial	Industrial
Zoning	Industrial	Industrial	Industrial
Vendor	Bayangan Sepadu Sdn Bhd	Kobakin (M) Sdn Bhd	Hasmiza Binti Othman
Purchaser	Global Healthcare Logistics (M) Sdn Bhd	Victron Manufacturing Sdn Bhd	Polygon Enterprise (K.L) Sdn Bhd
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	11,548.30 sq.m. (124,305.93 sq.ft. or 2.85 acres)	4,449.68 sq.m. (47,896.38 sq.ft. or 1.10 acres)	5,415.03 sq.m. (58,287.38 sq.ft. or 1.34 acres)
Gross Floor Area	8,918.62 sq.m. (96,000.00 sq.ft.)	2,229.65 sq.m. (24,000.00 sq.ft.)	4,778.89 sq.m. (51,440.00 sq.ft.)
Estimated Building Value*	RM14,688,000.00	RM3,468,000.00	RM10,750,960.00
Consideration	RM 27,300,000.00	RM 9,100,000.00	RM 19,500,000.00
Land Value Analysis <sup>^</sup>	<b>RM 104.50 psf</b>	<b>RM 118.76 psf</b>	<b>RM 150.10 psf</b>
Adjustments	General adjustments are made for time and various factors inclusive of location, accessibility, tenure, size, frontage, shape and other factors.		
Adjusted Price psf	<b>RM 84.65 psf</b>	<b>RM 77.20 psf</b>	<b>RM 93.99 psf</b>

\* Based on the condition of the comparables during our inspection and building value analysis below.

<sup>^</sup> After excluding the estimated building value based on external inspection.



Due to the dearth of industrial land transactions within Taman Perindustrian Elite, Seksyen 33, Shah Alam, we have taken into consideration recent transactions of detached factories within close proximity for a comparison analysis. The building value of the comparables were estimated based on the condition of the comparables during our inspection and deducted from the consideration price to arrive at the respective land values.

It is noted that the approximate industrial land prices of Comparables 1, 2, and 3, were hovering between RM 101.46 psf and RM 150.10 psf. Adjustments were made to reflect the differences between the Subject Property and the Comparables (i.e. time, location, accessibility, tenure, shape, size, zoning, frontage and terrain) to arrive at a final adjusted price of RM 77.20 psf to RM 93.99 psf. The total adjustments between the comparable ranges from -19.00% to -38.00%.

Taking into consideration of the differences of the Subject Property and the comparables, we have adopted Comparable 1 as the most appropriate comparable due to the following characteristics:-

- a) It is the lowest percentage adjustment among the three comparables applied;
- b) Both are freehold in tenure;
- c) The transaction is considered recent in view of the lack of transactions within Taman Perindustrian Elite;  
and
- d) The Subject Property and Comparable 1 are located adjacent to each other

From the above analysis, we have adopted a price psf after adjustments of **RM 84.65 psf**. However, the aforementioned land analysis interprets the price per square foot as reflective of improved land. Improved lands are in general equipped with infrastructure and utilities, including sewerage, drainage, water pipes, telecommunication, and electricity, all readily connected and available on site. Therefore, it is more valuable as compared to an unimproved vacant land. As a consideration that a portion of the Subject Site is unoccupied and unimproved, we have made a downward adjustment of 10% to the unimproved area on site.

#### Unimproved Area Analysis

In general, the difference between improved and unimproved lands lies in the planning and construction undertaken, as well as the approvals obtained from various authorities, along with the preliminary and infrastructure costs required for land development. Going by industry standards, statutory charges/ certain contributions/ land related charges ranges in approximate of 2% - 3%. Similarly, preliminaries & Infrastructure costs ranges from RM 300,000.00/acre (6.88%) to RM 500,000.00/acre (11.47%), with variations depending on the specific characteristics of the land.

Based on the our analysis, we have noted that the cost of improvement is approximately 8.88% to 14.47%. Taking into consideration that the Subject Property is already partially developed and improved, the risk of obtaining approvals from the relevant authorities have been eliminated whilst some preliminaries costs have been paid. Henceforth, we have applied a discount of 10% to arrive at value of RM 76.18 psf for the vacant land portion of the Subject Property. Taking into consideration that the Subject Property is already partially developed and improved, the risk of obtaining approvals from the relevant authorities have been eliminated whilst some preliminaries costs have been paid. Henceforth, we have applied a discount of 10% to the improved land psf, arriving at a value of **RM 76.18 psf** for the unimproved land area of the Subject Property.

#### **Cost Approach (Building Value)**

In determining the value of the buildings, current estimates on construction costs to construct similar buildings are adopted. Necessary depreciations are then made due to the physical deterioration, functional obsolescence and economical obsolescence. According to JUBM & Arcadis Construction Cost Handbook 2022 and BCISM Costbook 2022, The construction cost of offices ranges from RM 236.44 psf to RM 316.80 psf whilst the construction cost of factories ranges from RM 170.00 psf to RM 218.78 psf.

It is pertinent to note that the construction costs of factories/warehouses stated above relates to factories/warehouses with standardised design layout which generally includes structures, roof and mechanical & electrical services, excluding air-conditioning. The construction cost rates stated above were based on an aggregated contract price over the total Construction Floor Area (CFA) / Gross Floor Area (GFA) (with no segregation between floor area of the office and factory). We have hence adopted an aggregated construction cost per GFA of **RM 170.00 psf** after taking into consideration that the specifications of the Subject Property (i.e. design, finishes & air conditioning) are that of a generic industrial factory.

A total depreciated rate of 20% is made on the total construction cost to arrive at the building value. The breakdown of the depreciation adopted is shown below.

**INCOME APPROACH BY WAY OF "INVESTMENT METHOD"**

Recent asking rental prices and actual revenue of factories and industrial lands situated within the neighbourhood which are pertinent to substantiate a value indication for the Subject Property are reviewed and listed below.

**Factory**

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	iProperty.com.my	iProperty.com.my	iProperty.com.my
Address	Bukit Kemuning Industrial Park, Shah Alam, Selangor Darul Ehsan	Bukit Kemuning Industrial Park, Shah Alam, Selangor Darul Ehsan	Kota Kemuning Industrial Park, Kota Kemuning, Selangor Darul Ehsan
Posted Date	25/3/2024	19/3/2024	25/3/2024
Built-up Area	9,713.95 sq. m. (104,561.00 sq. ft.)	11,612.78 sq. m. (125,000.00 sq. ft.)	3,554.44 sq.m. (38,260.00 sq. ft.)
Monthly Rental	RM 180,000.00	RM 220,000.00	RM 80,000.00.00
Analysis	<b>RM 1.72 psf</b>	<b>RM 1.76 psf</b>	<b>RM 2.09 psf</b>
Adjustments	General adjustments are made for location, accessibility, size, building condition, frontage and other factors.		
Adjusted Rental	<b>RM 1.82 psf</b>	<b>RM 1.90 psf</b>	<b>RM 2.01 psf</b>

**Industrial Land**

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	iProperty.com.my	iProperty.com.my	iProperty.com.my
Address	Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan	Kemuning Utama, Shah Alam, Selangor Darul Ehsan	Bukit Kemuning, Shah Alam, Selangor Darul Ehsan
Posted Date	08/01/2024	20/03/2024	22/03/2024
Built-up Area	11,148.27 sq. m. (120,000.00 sq. ft.)	20,234.11 sq. m. (217,800.00 sq. ft.)	9,105.35 sq. m. (98,010.00 sq. ft.)
Monthly Rental	RM 30,000.00	RM 43,560.00	RM 28,000.00
Analysis	<b>RM 0.25 psf</b>	<b>RM 0.20 psf</b>	<b>RM 0.29 psf</b>
Adjustments	General adjustments are made for location, accessibility, size, building condition, frontage and other factors.		
Adjusted Rental	<b>RM 0.21 psf</b>	<b>RM 0.20 psf</b>	<b>RM 0.26 psf</b>

The key parameters adopted in the computation of Income Approach are tabulated below.

**No. Key Parameters**

- Gross monthly rental
  - (a) **Factory/Warehouse**  
RM 1.90 psf
  - (b) **Industrial Land**  
RM 0.20 psf
- Outgoings **Factory/Improved Area**

**Term : RM 114,349.50**

We have obtained the annual outgoings for the Subject Property including assessment, general insurances and quit rent from KB and have adopted the total outgoings of about RM 114,349.50 per annum for term value as total outgoing has been paid regardless of apportionment of the land.



No.	Key Parameters
2.	<p><b>Outgoings</b></p> <p>However, we have allocated the quit rent payable as the only outgoing for the unimproved land area as per the proportion of the land in our reversionary investment value. This is due to the unimproved area having no physical structures erected and the assessment is in general not accountable for an unimproved land with no buildings on-site.</p>
3.	<p><b>Capitalization Rate/ All Risk Yield</b></p> <p><b><u>Factory/Warehouse</u></b></p> <p><b>6.00%</b></p> <p>We have adopted a Capitalization Rate / all-risk yield of 6.00% and having considered it is the most expected rate of return achievable at the current moment after having considered the nature of the asset class of the Subject Property i.e. factory/warehouse.</p> <p><b><u>Industrial Land</u></b></p> <p><b>2.50%</b></p> <p>We have adopted a Capitalization Rate / all-risk yield of 2.50% and having considered it is the most expected rate of return achievable at the current moment after having considered the nature of the asset class of the Subject Property i.e. factory/warehouse.</p>
4.	<p><b>Void</b></p> <p><b>10.00%</b></p>
5.	<p><b>Present Value (Discount Rate)</b></p> <p><b><u>Factory</u></b></p> <p><b>6.25% @ 0.25% higher than the factory's respective yield</b></p> <p>We have allowed for an additional 25 basis points on top of their respective yield as a measurement of risk commonly associated with this particular asset class involving potential structural repair and maintenance due to heavy usage, arriving at 6.25% discount rate.</p> <p><b><u>Industrial Land</u></b></p> <p><b>5.50%</b></p> <p>Vacant industrial land as an asset class has lower risk as compared to other asset classes as there are limited usage on the land without a functional factory. Moreover, longer rental period on industrial lands are more preferable to procure a more consistent industrial production other than storage usage. However, it is anticipated that the rental demand for the Unimproved Area is lowered due to its unique nature of having an existing tenant occupying part of the land coupled with vegetation overgrowth.</p>

**RECONCILIATION OF VALUES**

Method of Valuation		Derivation of Value
Primary Method	Cost Approach	RM 28,000,000.00
Secondary Method	Income Approach by way of "Investment Method"	RM 29,000,000.00

From the above approaches, we have concluded that the best approach in arriving at the Market Value of the Subject Property is the Income Approach. This approach is the most suitable in this instance due to the following:-

From the above valuation approaches, we have concluded that the best approach in arriving at the Market Value of the Subject Property is the Cost Approach. This approach is the most suitable in this instance because it is more of a reflection of the brick and mortar value and the property is purpose built for a specific industry. On hind sight, the Income Approach by way of "Investment Method" is only suitable to serve as a secondary approach (cross check), due to the dearth of actual data of rental or lease in Seksyen 33 Shah Alam to establish a more accurate rental rate and yield.

In addition, the rental rates and yields in the area are volatile and hence difficult to establish a consistent pattern of values as most of the industrial and commercial properties in the surrounding area are mostly owner occupiers and not for investment.

We have also disregarded the Comparison Approach in this instance due to the unique characteristic of the Subject Property, i.e an industrial building which occupies only one third of the entire land. There are no similar industrial premises within the neighbourhood which merits the application of this approach. Hence, making adjustments to comparables at this juncture would only be arbitrary at best and may skew or cause inaccuracy in deriving the Market Value of the Subject Property. Having considered the foregoing, we have adopted the value derived using the Cost Approach as the primary approach.

**VALUATION CONCLUSION**

Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the **Market Value** of the grant in perpetuity in a single storey detached factory with a mezzanine and a three (3) storey office building annexed erected on an industrial land bearing postal address No. 8, Jalan Kecapi 33/2, Taman Perindustrian Elite, Seksyen 33, 40350 Shah Alam, Selangor Darul Ehsan held under Title No. HS(D) 51799, Lot No. PT 43447, Mukim and District of Klang, State of Selangor Darul Ehsan in its existing physical conditions with legal possession and subject to its title being free from encumbrances, good, marketable and registerable as of **15 March 2024** is:-

**Market Value - RM 28,000,000.00 (Ringgit Malaysia : Twenty Eight Million Only)**

The above Report and Valuation has been carried out by Sr Stanley Toh Kim Seng,  
For and on behalf of Laurelcap Sdn. Bhd.



**Sr STANLEY TOH KIM SENG**  
BSc (Hons) Estate Management,  
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM  
Registered Valuer (V-927)

*Note : This Report was peer reviewed by Mr Tan San Yew (Peer Reviewer) (V-607) from Laurelcap (HQ) Sdn Bhd.*



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**APPENDIX III – FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT**

Laurelcap, being the Valuer to Knusford in relation to the valuation of the Property, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Thinkat, being the Independent Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATION OF CONFLICT OF INTEREST**

Laurelcap has given its written confirmation that there is no situation of conflict of interest that exists nor is likely to exist in relation to its role as the Valuer to Knusford in relation to the valuation of the Property.

Thinkat has given its written confirmation that there is no situation of conflict of interest that exists nor is likely to exist in relation to its role as the Independent Adviser to Knusford for the Proposed Disposal.

**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Board is not aware of any material litigation, claims or arbitration, proceedings pending, or of any facts likely to give rise to any proceedings involving the Property.

**5. MATERIAL COMMITMENTS**

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by Knusford Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

**6. 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 Knusford Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group

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	<b>RM'000</b>
Guarantees and contingencies relating to the borrowings of subsidiaries (unsecured)	18,630

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**APPENDIX III – FURTHER INFORMATION (CONT'D)**

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**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- (i) the Constitution of Knusford;
- (ii) the audited consolidated financial statements of Knusford Group for the past 2 financial years up to FYE 31 March 2023; and the latest unaudited quarterly report of Knusford Group for the FYE 31 March 2024;
- (iii) the valuation certificate and valuation report for the Property prepared by the Valuer;
- (iv) the Independent Advice Letter issued by Thinkat;
- (v) the SPA; and
- (vi) the letters of consent and declaration of conflict of interest referred to in Sections 2 and 3 above, respectively.

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**KNUSFORD BERHAD**  
Registration No. 199601007754 (380100-D)  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of Knusford Berhad ("**Knusford**" or the "**Company**") will be conducted fully on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities via online meeting platform at <https://web.vote2u.my> on Friday, 28 June 2024 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification the following resolution:-

### **ORDINARY RESOLUTION**

**PROPOSED DISPOSAL BY KNUSFORD OF A FREEHOLD LAND TOGETHER WITH THE BUILDINGS ERECTED THEREON HELD UNDER HSD 51799, PT 43447, MUKIM AND DISTRICT OF KLANG, SELANGOR WITH A PROVISIONAL LAND AREA OF 25,625.48 SQUARE METRES BEARING POSTAL ADDRESS OF NO. 8, JALAN KECAPI 33/2, TAMAN PERINDUSTRIAN ELITE, SEKSYEN 33, 40350 SHAH ALAM, SELANGOR DARUL EHSAN TO EMERALD PLAN SDN BHD FOR A CASH CONSIDERATION OF RM28.0 MILLION**

**"THAT**, subject to the approvals from all relevant authorities and/or parties being obtained in respect of the Proposed Disposal (if required) and the conditions precedent in the conditional sale and purchase agreement dated 27 March 2024 ("**SPA**") entered into by Knusford Berhad ("**Knusford**"), with Emerald Plan Sdn Bhd ("**EPSB**") being fulfilled and/or waived (as the case may be), approval be and is hereby given for the Company to dispose the Property to EPSB at the Disposal Consideration upon the terms and subject to the conditions set out in the SPA;

**AND THAT** the Board of Directors of Knusford ("**Board**") be and is hereby authorised to sign and execute all documents, agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all things, acts and matters incidental, ancillary to and/or relating thereto as may be required to give effect to the Proposed Disposal and the SPA with full power to negotiate, approve, agree and assent to any conditions, revaluations, variations, modifications, and/or amendments in any manner as may be required by any relevant authorities or deemed fit and appropriate by the Board and in the best interest of the Company and to deal with all matters relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Disposal under the terms and conditions of the SPA".

### **By Order of the Board**

**Lim Thiam Wah** (MAICSA No. 7000553) (SSM PC No. 201908003868)

**Lim Aik Yong** (MAICSA No. 7054965) (SSM PC No. 202008000995)

Company Secretaries

Johor Bahru  
7 June 2024

**Notes:**

1. *The Extraordinary General Meeting (“EGM”) of the Company will be conducted fully on virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities via the online meeting platform at <https://web.vote2u.my>. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.*
  2. *For the purpose of determining who shall be entitled to participate and vote at the EGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 21 June 2024. Only members whose name appears on this Record of Depositors shall be entitled to participate and vote at the EGM or appoint a proxy to participate and vote on his/her/its behalf.*
  3. *A member entitled to participate and vote at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place at the EGM. A proxy may but need not be a member of the Company.*
  4. *A member of the Company who is entitled to participate and vote at the EGM may appoint not more than two (2) proxies to participate and vote in his/her/its place at the EGM.*
  5. *If two (2) proxies are appointed, the entitlement of those proxies to vote shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
  6. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
  7. *Where a member of the Company is an exempt authorised nominee who 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
  8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
  9. *An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.*
  10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote or in case of a poll not less than 24 hours before the time appointed for taking the poll:-*
    - (i) **In hard copy form**  
*In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Registered Office of the Company situated at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor.*
    - (ii) **By electronic form via facsimile**  
*In the case of an appointment made by facsimile transmission, the Proxy Form must be received via facsimile at 07-296 5599.*
    - (iii) **By electronic form via email**  
*In the case of an appointment made by email transmission, the Proxy Form must be received via email at [proxyform@knusford.com](mailto:proxyform@knusford.com)*
- For options (ii) and (iii), the Company may request the member to deposit the original executed proxy form to its registered office before or on the date of the meeting for verification purposes.*
11. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote or in case of a poll not less than 24 hours before the time appointed for taking the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
  12. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
  13. *The last date and time for lodging the proxy form is on Wednesday, 26 June 2024 at 11.00 a.m.*
  14. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice of EGM will be put to vote on a poll.*

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

## EXTRAORDINARY GENERAL MEETING

Date : 28 June 2024  
Time : 11.00 a.m.  
Virtual Meeting accessible at : <https://web.vote2u.my>

The Extraordinary General Meeting ("EGM") of Knusford Berhad will be conducted fully on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV").

We strongly encourage our shareholders whose names appear on the Record of Depositors as at 21 June 2024 and holders of proxy for those shareholders to participate in the virtual EGM and vote remotely at this EGM. In line with the Malaysian Code on Corporate Governance 2021 Practice 13.3, this virtual EGM will facilitate greater shareholder's participation (including posting questions to the Board of Directors and/or Management of the Company) and vote at the EGM without being physically present at the venue. For shareholders who are unable to participate in this virtual EGM, you may appoint proxy(ies) or the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Digital Solutions Sdn Bhd ("AGMO") via its Vote2U Online website at <https://web.vote2u.my>.

## PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarized below:

### BEFORE EGM DAY

#### A: REGISTRATION

##### Individual Shareholders

	Description	Procedures
i.	Shareholders to register with Vote2U online	<p>The registration will open from the day of notice</p> <ol style="list-style-type: none"><li>Access website at <a href="https://web.vote2u.my">https://web.vote2u.my</a></li><li>Click "Sign Up" to sign up as a user.</li><li>Read the 'Privacy Policy' and 'Terms &amp; Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms &amp; Conditions' on a small box. Then click "<b>Next</b>".</li><li>*Fill-in your details (note: create your own password). Then click "<b>Continue</b>".</li><li>Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian).</li><li>Registration as user completed.</li><li>Your registration will be verified and an email notification will be sent to you. Please check your email.</li></ol> <p>Note: If you have registered as a user with Vote2U Online previously, you are not required to register again.</p> <p>* Check your email address is keyed in correctly. * Remember the password you have keyed-in.</p>

## B: REGISTER PROXY

Individual Shareholder / Corporate Shareholder / Nominees Company

	Description	Procedures
i.	Submit Proxy Form	<p>The closing time to submit your Proxy Form is on <b>26 June 2024 at 11.00 a.m.</b></p> <p>a. *Fill-in details on the hardcopy Proxy Form and ensure to provide the following information:</p> <ul style="list-style-type: none"><li>o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy</li><li>o *Email address of the Proxy</li></ul> <p>b. Submit/Deposit the hardcopy Proxy Form to #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor, Malaysia or lodge electronically through email at proxyform@knusford.com.</p> <p>Note: After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.</p> <p>* Check the email address of Proxy is written down correctly.</p>

Shareholders who appoint Proxy(ies) to participate the virtual EGM must ensure that the e-Proxy form and/or hardcopy Proxy Form is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

### ON EGM DAY

## A: WATCH LIVE STREAMING

Individual Shareholders & Proxies

	Description	Procedures
i.	Login to virtual meeting portal - Vote2U online & watch Live Streaming.	<p>The Vote2U online portal will open for log in starting from 10.00 a.m., 28 June 2024, Friday, one (1) hour before the commencement of the EGM.</p> <p>a. Login with your email and password</p> <p>b. Select the General Meeting event (for example, "Knusford Berhad - EGM").</p> <p>c. Check your details</p> <p>d. Click "<b>Watch Live</b>" button to view the live streaming.</p>

## B: ASK QUESTION

Individual Shareholders & Proxies

	Description	Procedures
i.	Ask Question during EGM (real-time)	<p>Questions submitted online using typed text will be moderated before being forwarded to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy raising the question.</p> <p>a. Click "<b>Ask Question</b>" button to post question(s).</p> <p>b. Type in your question and click "<b>Submit</b>".</p> <p>The Chairperson / Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the EGM.</p>

## C: VOTING REMOTELY

### Individual Shareholders & Proxies

	Description	Procedures
i.	Online Remote Voting	<p>Once the Chairman announces the opening of remote voting:</p> <ol style="list-style-type: none"><li>Click "<b>Confirm Details &amp; Start Voting</b>".</li><li>To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "<b>Next</b>" to continue voting for all resolutions.</li><li>To change your vote, click "<b>Back</b>" and select another voting choice.</li><li>After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "<b>Confirm</b>" to submit your vote.</li></ol> <p>Please note that you are <u>not able</u> to change your voting choices after you have confirmed and submitted your votes.</p>

### Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

### No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this EGM.

### No Recording or Photography

No recording or photography of the EGM proceedings is allowed.

### Enquiry

If you have enquiry relating to the EGM Administrative Guide for Shareholders or the RPV or encounters issues with the log in, steps to connect to live streaming and online voting, please email to [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com).



**KNUSFORD BERHAD**  
Registration No. 199601007754 (380100-D)  
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

## PROXY FORM

I/ We \_\_\_\_\_ NRIC/Company No./Passport No. \_\_\_\_\_  
[Full name in block]

of \_\_\_\_\_  
[Full address]

\_\_\_\_\_ being  
shareholder(s) of **KNUSFORD BERHAD** (the "**Company**"), hereby appoint:

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address & Contact No.			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address & Contact No.			

or failing him/her, the Chairperson 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 conducted fully on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting facilities via online meeting platform at <https://web.vote2u.my> on Friday, 28 June 2024 at 11.00 a.m. or at any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Proposed Disposal	Ordinary Resolution		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature\*  
Shareholder





**\* Manner of execution:**

- (a) *If you are an individual member, please sign where indicated.*
- (b) *If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*
- (c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
  - (i) *at least two (2) authorised officers, of whom one shall be a director; or*
  - (ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

**Notes:**

1. *The Extraordinary General Meeting (“EGM”) of the Company will be conducted fully on virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities via the online meeting platform at <https://web.vote2u.my>. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.*
  2. *For the purpose of determining who shall be entitled to participate and vote at the EGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 21 June 2024. Only members whose name appears on this Record of Depositors shall be entitled to participate and vote at the EGM or appoint a proxy to participate and vote on his/her/its behalf.*
  3. *A member entitled to participate and vote at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place at the EGM. A proxy may but need not be a member of the Company.*
  4. *A member of the Company who is entitled to participate and vote at the EGM may appoint not more than two (2) proxies to participate and vote in his/her/its place at the EGM.*
  5. *If two (2) proxies are appointed, the entitlement of those proxies to vote shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
  6. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
  7. *Where a member of the Company is an exempt authorised nominee who 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
  8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
  9. *An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.*
  10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote or in case of poll not less than 24 hours before the time appointed for taking the poll:-*
    - (i) **In hard copy form**  
*In the case of an appointment made in hard copy form, the Proxy Form must be deposited with Registered Office of the Company situated at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor.*
    - (ii) **By electronic form via facsimile**  
*In the case of an appointment made by facsimile transmission, the Proxy Form must be received via facsimile at 07-296 5599.*
    - (iii) **By electronic form via email**  
*In the case of an appointment made by email transmission, the Proxy Form must be received via email at [proxyform@knusford.com](mailto:proxyform@knusford.com)*
- For options (ii) and (iii), the Company may request member to deposit original executed proxy form to its registered office before or on the date of meeting for verification purpose.*
11. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote or in case of poll not less than 24 hours before the time appointed for taking the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
  12. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
  13. *The last date and time for lodging proxy form is on Wednesday, 26 June 2024 at 11.00 a.m.*
  14. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, resolution set out in this Notice of EGM will be put to vote on a poll.*

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**KNUSFORD BERHAD**  
Registration No.: 199601007754 (380100-D)  
#C-G-03, Blok C, Tropez Residen  
Persiaran Danga Perdana  
80200 Johor Bahru  
Johor

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