

KNUSFORD BERHAD (“KB” OR “COMPANY”)

PROPOSED DISPOSAL OF LAND BY D-HILL SDN. BHD. (“DHSB” or “VENDOR”), A WHOLLY OWNED SUBSIDIARY OF KB

The Board of Directors of KB is pleased to announce the following:

1. INTRODUCTION

DHSB has on 30 March 2023 entered into a Sale and Purchase Agreement (“SPA”) with Sin Siang Hin (M) Sdn. Bhd. [Registration No. 198401013153 (125711-P)] (“SSHBSB” or the “Purchaser”), for the disposal of all that piece of freehold commercial land with a single storey building erected thereon (“Building”), held under H.S.(D) 102446, PT 17588, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan measuring 4,065 in square meters (“Land”) and bearing the postal address of PT 17588, HSD 102466, Taman Kajang Perdana, Semenyih, 43000 Kajang, Selangor Darul Ehsan free from all encumbrances and with vacant possession for a total cash consideration of Ringgit Malaysia Eleven Million and Nine Hundred Thousand (RM11,900,000.00) only (“Sale Price”).

2. INFORMATION ON THE LAND

No.	Matter	Details
1.	Land Title	H.S.(D) 102446, PT 17588, Mukim of Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan
2.	Tenure	Freehold
3.	Land Area	4,065 square meters
4.	Description	Commercial land with single storey building
5.	Category of Land Use	Building
6.	Approximate Age of Building	15 years
7.	Amount of Lettable Space	4,065 square meters
8.	Amount of Lettable Space for Letting and Occupancy	4,065 square meters
9.	Percentage of Occupancy	0%
10.	Existing Use of Land and Building	Vacant
11.	Express Title Conditions	Commercial Building
12.	Encumbrances	None
13.	Restriction in Interest	None
14.	Audited book value of the property as at 31 March 2022	RM2,061,358.20
15.	Date of Transfer from Inventory to Investment Property	30 December 2015
16.	Original Cost of Investment	RM2,274,290.50

3. INFORMATION ON THE PARTIES

3.1 Information on Vendor

DHSB was incorporated in Malaysia on 27 July 1995 as a private limited company under the Companies Act, 1965 and is deemed registered under the Companies Act, 2016 and is a wholly owned subsidiary of KB. Its principal place of business is at

1st Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The principal business of DHSB is property development. DHSB has an issued and paid-up share capital of RM2,510,000.00 comprising 2,510,000 ordinary shares of which 250,000 ordinary shares were paid wholly in cash and 2,260,000 shares were paid otherwise than cash.

The directors of DHSB are Lim Sew Hua and Lim Chen Thai.

3.2 Information on Purchaser

SSHSB was incorporated in Malaysia on 23 August 1984 as a private limited company under the Companies Act, 1965 and is deemed registered under the Companies Act, 2016. Its principal place of business is at Lot 15523, Jalan Kencana 22, Taman Kencana, Cheras, 56100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The principal business of SSHSB is the provision of repair, services, maintenance of motor vehicles, wholesaler of motor vehicle tyres, accessories, spare parts and other related products, and investment holding and trading in motor vehicles.

SSHSB has an issued and paid-up share capital of RM5,000,000.00 comprising 1,000,000 ordinary shares which were paid wholly in cash and 4,000,000 ordinary shares which were paid otherwise than cash and the shareholders of SSHSB and their respective shareholdings in SSHSB are as follows:

Name of Shareholders	No. of Ordinary Shares Held	Percentage of Shareholdings
Lo Tin	1,000,000	20%
Low Foi	1,000,000	20%
Low Ngok Ming	1,000,000	20%
Low Nyuk Thong	1,000,000	20%
Low Siong	1,000,000	20%

The directors of SSHSB are Low Foi and Low Siong.

The above persons have no connections to any directors, major shareholders and or persons connected to the directors and or the major shareholders of KB and DHSB.

4. SALIENT TERMS OF THE SPA

4.1 Salient Terms of the SPA

- (a) DHSB has agreed to sell and SSHSB has agreed to purchase the Land on an “as is where is basis” free from all encumbrances and with vacant possession at the Sale Price and upon the terms and conditions as stated in the SPA.
- (b) The Sale Price shall be payable by SSHSB in the following manner:
 - (i) Prior to the execution of the SPA, SSHSB had paid to DHSB an earnest deposit in the sum of Ringgit Malaysia Two Hundred and Thirty-Eight Thousand (RM238,000.00) only;

- (ii) Upon execution of the SPA, SSHSB retain three percent (3%) of the Sale Price Ringgit Malaysia Three Hundred and Fifty-Seven Thousand (RM357,000.00) only as real property gains tax retention sum and make payment of the said sum on behalf of DHSB to the Inland Revenue Board;
- (iii) Upon the execution of the SPA, SSHSB shall pay to DHSB a further sum of Ringgit Malaysia Five Hundred and Ninety-Five Thousand (RM595,000.00) only; and
- (iv) The balance of the said Sale Price in the sum of Ringgit Malaysia Ten Million Seven Hundred and Ten Thousand (RM10,710,000.00) only (“**Balance Purchase Price**”) shall be paid to DHSB’s Solicitors as stakeholders within three (3) months from the date of the SPA (hereinafter referred to as the “**Completion Period**”).

In the event that SSHSB fails to pay the Balance Purchase Price within the Completion Period, DHSB shall grant SSHSB an automatic extension of one (1) month from the expiry of the Completion Period for settlement of the Balance Purchase Price subject to SSHSB paying interest to DHSB at the rate of eight per centum (8%) per annum calculated on a daily basis on the Balance Purchase Price or such part thereof which is outstanding until the date of full settlement.

(c) Termination and Breach

In the event that the Purchaser shall fail to pay the Balance Purchase Price in accordance with the terms of the SPA, the deposit (being an amount equivalent to 10% of the Sale Price) shall be absolutely forfeited by the Vendor as agreed liquidated damages but all other payments towards the Sale Price shall be refunded or cause to be refunded to the Purchaser free of interest or on account of the Vendor pursuant to the SPA failing which the Vendor shall without prejudice to the other rights of the Purchaser at law and/or in equity, pay interest at the rate of eight per centum (8%) per annum calculated on a daily basis on any part of the sums remaining unrefunded to the Purchaser from the next day following the expiry of the said fourteen (14) days until the full refund is made to the Purchaser and thereafter the SPA shall be rescinded and neither Party hereto shall have any claims against the other and the Vendor shall be at liberty to re-sell the said Property in such manner as the Vendor shall think fit, save for antecedent breach.

In the event that Vendor does not or is unable to complete the sale herein, the Purchaser shall be entitled to either the remedy of specific performance or termination of SPA, in which event Vendor shall refund all monies previously paid by the Purchaser to the Vendor towards the Sale Price and pay to the Purchaser an amount equivalent to 10% of the Sale Price as liquidated damages within fourteen (14) days from the date of receipt by the Vendor’s solicitors of the notice of termination failing which the Vendor shall without prejudice to the other rights of the Purchaser at law and/or in equity, pay interest at the rate of eight per centum (8%) per annum calculated on a daily basis on any part of the sums remaining unrefunded and unpaid to the Purchaser from the expiry of the said fourteen (14) days until the full refund and payment is made to the Purchaser.

(d) Vacant Possession

Upon full payment of the Sale Price on a date within the Completion Period or the Extended Completion Period together with late payment interest (whichever shall be applicable), vacant possession of the said Property shall be delivered to the Purchaser within five (5) working days from the Completion Date.

5. LIABILITIES TO BE ASSUMED

KB and its subsidiaries (“**KB Group**”) including DHSB will not assume any liabilities, including contingent liabilities and guarantees, arising from the Proposed Disposal.

6. BASIS OF ARRIVING AT THE DISPOSAL CONSIDERATION

The Sale Price was arrived at on a willing buyer and willing seller basis after taking into consideration of the following:

- (a) The indicative market value of the Land being approximately RM9.0 million at RM205.00 per square foot is based on a recently completed disposal of a property within the vicinity of the Land pursuant to the sale and purchase agreement dated 28 October 2022 entered into between DHSB and L.K.C Ventures Sdn. Bhd.; and
- (b) An estimated current construction cost for the Building of approximately RM2.9 million.

7. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal will allow KB Group to immediately unlock the value and monetise cost incurred on the Property while at the same time enhance the cash flows of KB Group. The proceeds received from the Proposed Disposal could fund KB Group’s operations in the form of working capital requirement.

8. UTILISATION OF PROCEEDS

The proceeds received from the Proposed Disposal will be mainly used for the general working capital purposes for KB Group.

9. RISK FACTOR(S)

The Board of KB is not aware of any risk factors relating to the Proposed Disposal save for normal business and global economic risk. DHSB will take all reasonable steps to ensure that the SPA is completed on a timely basis.

10. EFFECTS OF THE PROPOSED DISPOSAL

Based on the audited consolidated financial statements of KB Group as at 31 March 2022, the proforma effects of the Proposed Disposal are as follows:

- (a) Share Capital and Substantial Shareholders’ Shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and the shareholding of the substantial shareholders of KB as the Proposed Disposal does not involve issuance of KB shares.

(b) Net Assets (“NA”) Per Share

	Audited as at 31st March 2022 (RM)	After the Disposal (RM)
Share Capital	122,338,000	122,338,000
Retained Earnings	99,337,000	108,331,000
Total Equity	221,682,000	230,676,000

	Audited as at 31st March 2022	After the Disposal
Number of Ordinary Shares in Issue	99,645,000	99,645,000
NA per share (RM)	2.2247	2.3150

(c) Earnings and Earnings Per Share (“EPS”)

The proposed disposal is expected to generate gain on disposal of approximately RM8.99 million upon completion after deducting all estimated expenses from the proposed disposal.

(d) Gearing Ratio

The Proposed Disposal is not expected to have any significant impact on the gearing ratio of KB Group.

11. APPROVALS REQUIRED

The Proposed Disposal is not subject to the regulatory approval of any government authority and the approval of the shareholders of KB.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the directors or major shareholders of KB and/or persons connected to them have any interest, whether direct and/or indirect, in the Proposed Disposal.

13. DIRECTORS’ STATEMENT

The Board, having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

14. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 5.37% based on the audited consolidated financial statements of KB Group for the financial period ended (FPE) 31 March 2022.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the second (2nd) quarter of year 2023.

This announcement is dated 30 March 2023.