

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 28th October 2022 entered into a Sale and Purchase Agreement (“SPA”) with L.K.C Ventures Sdn. Bhd. [Registration No. 199701036135 (451635-D)] (“LVSB” or the “Purchaser”), for the disposal of all that piece of freehold vacant commercial land held under H.S.(D) 165685, PT 41696, Bandar Batu 18, Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan measuring 6,630.33 in square meters (“Land”) free from all encumbrances and with vacant possession for a total cash consideration of Ringgit Malaysia Fourteen Million Six Hundred Thirty Thousand Four Hundred Ninety Seven and Cents Forty (RM14,630,497.40) only (“Sale Price”).

2. INFORMATION ON THE LAND

No.	Matter	Details
1.	Land Title	H.S.(D) 165685, PT 41696, Bandar Batu 18, Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan
2.	Tenure	Freehold
3.	Land Area	6,630.33 square meters
4.	Category of Land Use	Building
5.	Existing Use	Vacant
6.	Express Title Conditions	Commercial Building
7.	Encumbrances	None
8.	Restriction in Interest	None
9.	Audited book value of the property as at 31 March 2022	RM2,415,316.00
10.	Date of Acquisition	30 th September 1996
11.	Original Cost of Investment	RM2,415,316.00

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 RM12,280,000.00 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, and 9,740,000 preference shares which were all paid otherwise than cash.

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

3.2 Information on Purchaser

LVSBS was incorporated in Malaysia in 21 January 1983 as a private limited company under the Companies Act, 1965 and is deemed registered under the Companies Act, 2016, with its last name as Kejuruteraan Elektrik Balak (K.L.) Sdn. Bhd. LVSBS changed its name to its present name on 20 June 2002. Its principal place of business is at No. 8, 9 & 10, Jalan Mahkota Residence 2, Bandar Mahkota Cheras, 43200 Cheras, Selangor. The principal business of DHSB is electrical, building and general contractors, and investment holdings.

LVSBS has an issued and paid up share capital of RM2,000,000.00 comprising 2,000,000 ordinary shares which were paid wholly in cash and the shareholders of LVSBS and their respective shareholdings in LVSBS are as follows:

Name of Shareholders	No. of Ordinary Shares Held	Percentage of Shareholdings
Datuk Lim Kim Chong	1,880,000	94%
Hong Wai Lin	120,000	6%

The directors of LVSBS are Datuk Lim Kim Chong and Hong Wai Lin.

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 LVSBS 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 LVSBS in the following manner:
 - (i) Prior to the execution of the SPA, LVSBS had paid to DHSB an earnest deposit in the sum of Ringgit Malaysia Two Hundred Ninety Two Thousand Six Hundred and Nine and Cents Ninety Four (RM292,609.94) only;
 - (ii) Upon the execution of the SPA, LVSBS shall pay to DHSB a further sum of Ringgit Malaysia One Million One Hundred Seventy Thousand Four Hundred Thirty-Nine and Cents Eighty (RM1,170,439.80) only; and
 - (iii) The balance of the said Sale Price in the sum of Ringgit Malaysia Thirteen Million One Hundred Sixty Seven Thousand Four Hundred Forty Seven and Cents Sixty Six (RM13,167,447.66) 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 LVSBS fails to pay the Balance Purchase Price within the Completion Period, DHSB shall grant LVSBS an automatic extension of one (1) month from the expiry of the Completion Period for settlement of the

Balance Purchase Price subject to LVSB paying interest to DHSB at the rate of eight per centum (8%) per annum 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 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 within fourteen (14) days from the date of receipt by the Vendor's solicitors of the written notification from the Purchaser's solicitors in exchange thereof, the Purchaser shall forthwith return to the Vendor, the memorandum of transfer and any other documents received by the Purchaser, withdraw any caveat lodged on the Property by the Purchaser and redeliver vacant possession of the Property to the Vendor.

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 paid by the Purchaser to the Vendor towards the Sale Price and pay to the Purchaser a further sum equivalent to the deposit (being an amount equivalent to 10% of the Sale Price) within fourteen (14) days from the date of receipt by the Vendor's solicitors of the written notification from the Purchaser's solicitors in exchange thereof, the Purchaser shall forthwith return to the Vendor, the memorandum of transfer and any other documents received by Purchaser, withdraw any caveat lodged on the Property by the Purchaser and redeliver vacant possession of the Property to the Vendor.

(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 deemed delivered to the Purchaser.

(e) Adjustment

The Purchaser is entitled to appoint a surveyor for the purpose of ascertaining the position, measurement, boundaries and the land area of the said Land and consequently the Sale Price may be subject to an adjustment of Ringgit Malaysia Two Hundred and Five (RM205.00) only per square foot. The Vendor is entitled to appoint his own surveyor or other professionals to validate the Purchaser's surveyor's report at the Vendor's own cost and expenses.

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 value of the Land being approximately RM2.4 million is based on KB Group's audited financial statements as at 31 March 2022; and
- (b) An estimated gain on disposal of approximately RM10.7 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 Land or inventory 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	110,089,000
Total Equity	221,682,000	232,434,000

	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	2.3326

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

The proposed disposal is expected to generate gain on disposal of approximately RM10.7 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 6.60% based on the audited consolidated financial statements of KB Group for the financial period ending (FPE) 31 March 2022.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the end of the first (1st) quarter of year 2023.

This announcement is dated 28th October 2022.