

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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KNUSFORD BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PART A

PROPOSED ACQUISITION BY KNUSFORD RESOURCES SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF KNUSFORD BERHAD) 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 (A WHOLLY-OWNED SUBSIDIARY OF ISKANDAR WATERFRONT CITY BERHAD) FOR A PURCHASE CONSIDERATION OF RM53,240,000, OF WHICH RM50,764,575.38 WILL BE SATISFIED VIA A SET-OFF ARRANGEMENT AND THE BALANCE OF RM2,475,424.62 WILL BE SATISFIED IN CASH ("PROPOSED ACQUISITION AND SETTLEMENT")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF KNUSFORD BERHAD IN RELATION TO THE PROPOSED ACQUISITION AND SETTLEMENT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

think@

Thinkat Advisory Sdn Bhd

Registration No. 201701005337 (1219502-A)

The notice of the Extraordinary General Meeting ("**EGM**") of Knusford Berhad, which 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 Wednesday, 23 November 2022 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 is entitled to appoint a proxy/ proxies to attend and vote on his/ her behalf. The Proxy Form must be deposited at the Registered Office of Knusford Berhad 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 : Monday, 21 November 2022 at 11.00a.m.

Date and time of the EGM : Wednesday, 23 November 2022 at 11.00a.m.

This Circular is dated 7 November 2022

DEFINITIONS

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 November 2022 in relation to the Proposed Acquisition and Settlement
"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 includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition and Settlement 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
"EGM"	: Forthcoming Extraordinary General Meeting of Knusford
"EPS"	: Earnings per share
"FPE"	: Financial period ended
"FYE"	: Financial year ended/ ending, as the case may be
"Interested Directors"	: Lim Chen Heng, Lim Chen Thai, Lim Sew Hua, Lim Foo Seng and Bernard Hilary Lawrence, collectively
"Interested Major Shareholders"	: Tan Sri Dato' Lim Kang Hoo, Aman Setegap Sdn Bhd, Kinston Park Sdn Bhd and Dato' Lim Kang Swee, collectively
"Interested Parties"	: Interested Directors and Interested Major Shareholders, collectively
"IWCB"	: Iskandar Waterfront City Berhad
"IWCB Group"	: IWCB and its subsidiaries, collectively
"Knusford" or the "Company"	: Knusford Berhad
"Knusford Group" or the "Group"	: Knusford and its subsidiaries, collectively
"Knusford Resources" or the "Purchaser"	: Knusford Resources Sdn Bhd, a wholly-owned subsidiary of Knusford
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 27 October 2022, being the latest practicable date prior to the printing and despatch of this Circular
"NA"	: Net assets attributable to the owners of Knusford

DEFINITIONS (CONT'D)

"Proposed Acquisition"	:	Proposed acquisition by Knusford Resources of the Subject Property from SSSB at the Purchase Consideration pursuant to the terms of the SPA
"Proposed Acquisition and Settlement"	:	Proposed Acquisition and Proposed Settlement, collectively
"Proposed Settlement"	:	Proposed settlement of the Settlement Sum via set-off against part of the Purchase Consideration pursuant to the terms of the Settlement Agreement
"Purchase Consideration"	:	The sum of RM53,240,000, being the total sale and purchase consideration payable by Knusford Resources to SSSB under the Proposed Acquisition, of which RM50,764,575.38 will be satisfied via a set-off arrangement and the balance of RM2,475,424.62 will be satisfied in cash
"Raine & Horne International" or the "Valuer"	:	Raine & Horne International Zaki + Partners Sdn Bhd
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPT"	:	Related party transaction pursuant to Paragraph 10.08 of the Listing Requirements
"Settlement Agreement"	:	Conditional settlement agreement dated 22 July 2022 entered into between Knusford and IWCB for the Proposed Settlement
"Settlement Sum"	:	RM50,764,575.38, being the aggregate sum due and payable by IWCB Group to Knusford Group under the Proposed Settlement as prescribed in the Settlement Agreement
"SPA"	:	Conditional sale and purchase agreement dated 22 July 2022 entered into between Knusford Resources and SSSB for the Proposed Acquisition
"SSSB" or the "Vendor"	:	Success Straits Sdn Bhd, a wholly-owned subsidiary of IWCB
"Subject Property"	:	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
"Thinkat" or the "Independent Adviser"	:	Thinkat Advisory Sdn Bhd
"UOB Kay Hian" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd

DEFINITIONS (CONT'D)

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 incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating 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 any enactment is a reference to that enactment as for the time being amended or re-enacted. 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.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	vi
<u>PART A</u>	
CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION AND SETTLEMENT CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ACQUISITION AND SETTLEMENT	2
3. RATIONALE AND JUSTIFICATIONS	9
4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS	9
5. RISK FACTORS	13
6. FINANCIAL EFFECTS	14
7. APPROVALS REQUIRED/ OBTAINED	15
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	15
9. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS	16
10. ADVISERS	16
11. INDEPENDENT ADVISER	16
12. DIRECTORS' STATEMENT AND RECOMMENDATION	17
13. AUDIT COMMITTEE'S STATEMENT	17
14. ESTIMATED TIMEFRAME FOR COMPLETION	17
15. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	18
16. EGM	18
17. FURTHER INFORMATION	18

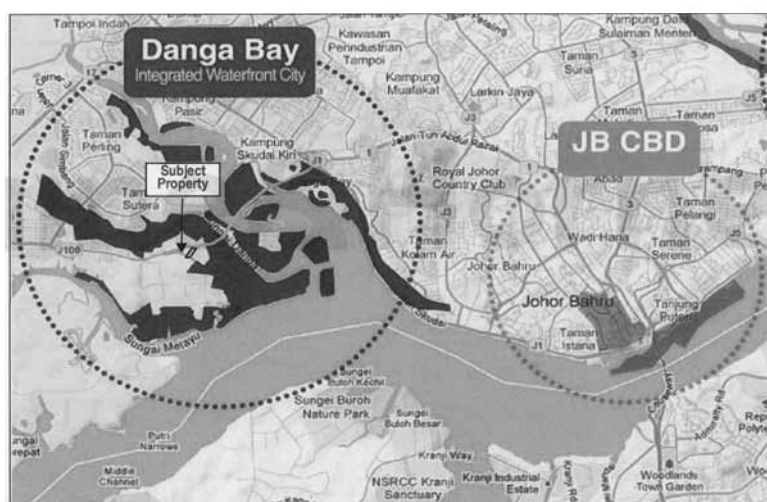
TABLE OF CONTENTS (CONT'D)

PART B	
INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF KNUSFORD IN RELATION TO THE PROPOSED ACQUISITION AND SETTLEMENT	19
APPENDICES	
I. SALIENT TERMS OF THE SPA	47
II. SALIENT TERMS OF THE SETTLEMENT AGREEMENT	50
III. VALUATION CERTIFICATE FROM RAINE & HORNE INTERNATIONAL	53
IV. FURTHER INFORMATION	58
NOTICE OF EGM	ENCLOSED
ADMINISTRATIVE GUIDE	ENCLOSED
PROXY FORM	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Acquisition and Settlement. 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 Acquisition and Settlement before voting at the EGM.

Key information	Description	Reference to Circular
Summary	Proposed acquisition by Knusford Resources of the Subject Property for a purchase consideration of RM53,240,000, of which RM50,764,575.38 will be satisfied via a set-off arrangement and the balance of RM2,475,424.62 will be satisfied in cash The Proposed Acquisition and Settlement is deemed a RPT pursuant to Paragraph 10.08 of the Listing Requirements	Section 2
Information on the Subject Property	The Subject Property is located within Kampung Tanjung Danga on the western part of Johor Bahru next to Lebuhraya Sultan Iskandar, which is located approximately 13 kilometers to the west of Johor Bahru city centre	Section 2.2



Titled land area	:	5,581 acres
Category of land use	:	Nil (to be converted to commercial)
Tenure	:	Freehold
Market value/ Date of valuation	:	RM53,240,000.00/ 22 July 2022
Existing use	:	Vacant

Mode of settlement	The Purchase Consideration will be satisfied in the following manner:-	Section 2.7
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Payment terms	Timing	RM'000	%
Set-off the Settlement Sum against the Purchase Consideration	On the Completion Date	50,765	95.0
Differential Amount*	On the Completion Date	2,475	5.0
Total		53,240	100.0

** Pursuant to the SPA, the Subject Property shall be converted to commercial use at the Vendor's cost and expense and that a sum equivalent to the conversion cost of RM247,598 shall be retained by the Purchaser for the purpose of securing the performance of the Vendor in respect of the conversion*

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Rationale and justifications	<ul style="list-style-type: none">• Knusford Group may increase its land banks at strategic locations, which may allow it to benefit from potential capital appreciation• Knusford Group may benefit from the potential development of the Subject Property, including future contributions to its earnings and credentials• Knusford Group may pare down its trade receivables by RM50.76 million or 18.79% through setting off the Purchase Consideration with the Settlement Sum	Section 3
Risk factors	The Proposed Acquisition and Settlement is subject to, amongst others, the fulfilment of the conditions precedent within the stipulated timeframe and there is no assurance that the anticipated benefits will be realised	Section 5
Interested parties	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 Acquisition and Settlement	Section 8
Approvals required	<p>The Proposed Acquisition and Settlement is subject to approval being obtained from the shareholders of the Company at the EGM</p> <p>The Proposed Acquisition and the Proposed Settlement are conditional upon each other</p> <p>The Proposed Acquisition and Settlement is not conditional upon any other proposals undertaken or to be undertaken by the Company</p>	Section 7
Board's recommendation	The Board, save for the Interested Directors, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Acquisition and Settlement at the EGM	Section 12

PART A

**CIRCULAR TO SHAREHOLDERS OF KNUSFORD IN RELATION TO THE PROPOSED
ACQUISITION AND SETTLEMENT**



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 November 2022

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 ACQUISITION AND SETTLEMENT

1. INTRODUCTION

On 22 July 2022, UOB Kay Hian had, on behalf of the Board, announced that Knusford Resources had on even date entered into the SPA with SSSB for the Proposed Acquisition at the Purchase Consideration.

The Purchase Consideration will be satisfied via a settlement arrangement, of which a total amount of RM50,764,575.38, being the sum due and payable by IWCB Group to Knusford Group shall be set-off against the Purchase Consideration, while the remaining balance of RM2,475,424.62 ("**Differential Amount**") will be satisfied entirely in cash.

In conjunction with the Proposed Acquisition, the Company had on even date entered into the Settlement Agreement with IWCB to agree on the settlement of the Settlement Sum by way of set-off against part of the Purchase Consideration under the Proposed Acquisition.

The Proposed Acquisition and Settlement is deemed a RPT pursuant to Paragraph 10.08 of the Listing Requirements. Details of the Interested Parties are set out in Section 8 of this Circular. Accordingly, Thinkat has been appointed as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Acquisition and Settlement.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND SETTLEMENT AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AND SETTLEMENT 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 THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AND SETTLEMENT TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED ACQUISITION AND SETTLEMENT

2.1 Information on the Proposed Acquisition

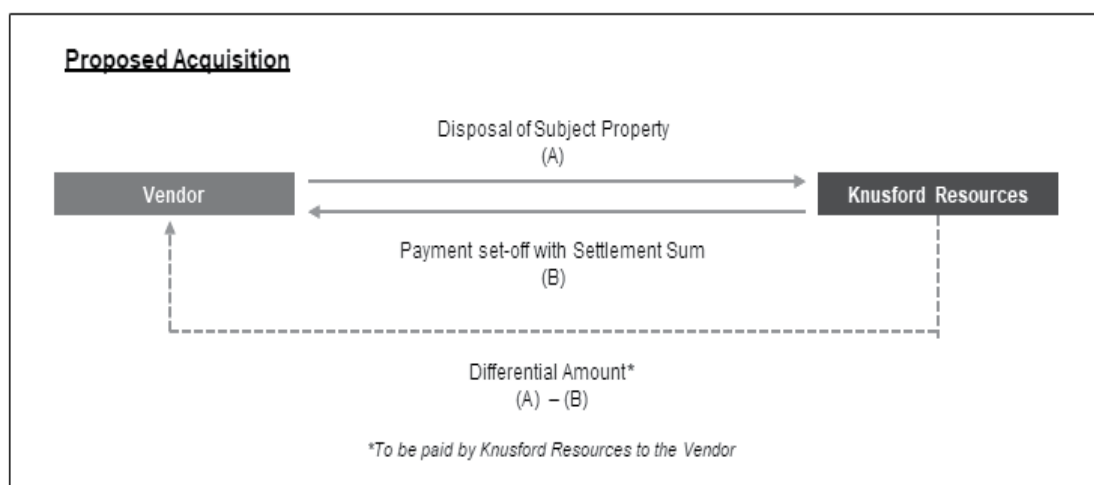
On 13 May 2022, Knusford had entered into a heads of agreement with IWCB pertaining to the proposed acquisition of two (2) pieces of vacant land in Johor Bahru held under:-

	Subject Property	Subject Property II
Identification	Geran Hakmilik No. 90571, Lot No. 726	Geran Hakmilik No. 90585, Lot No. 733
Land area	5.581 acres	4.269 acres

As at the date of this Circular, the parties are still in the midst of negotiating the terms and conditions of the acquisition of Subject Property II. The Company shall make the necessary announcements in relation to the proposed acquisition of the Subject Property II upon signing of the definitive agreement(s).

Pursuant to the SPA, the Vendor has agreed to sell and Knusford Resources has agreed to purchase the Subject Property on the basis, amongst others, that it is zoned for commercial use, for the Purchase Consideration to be satisfied in the manner as set out in Section 2.7 of this Circular.

The structure of the Proposed Acquisition is depicted in the diagram below:-



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

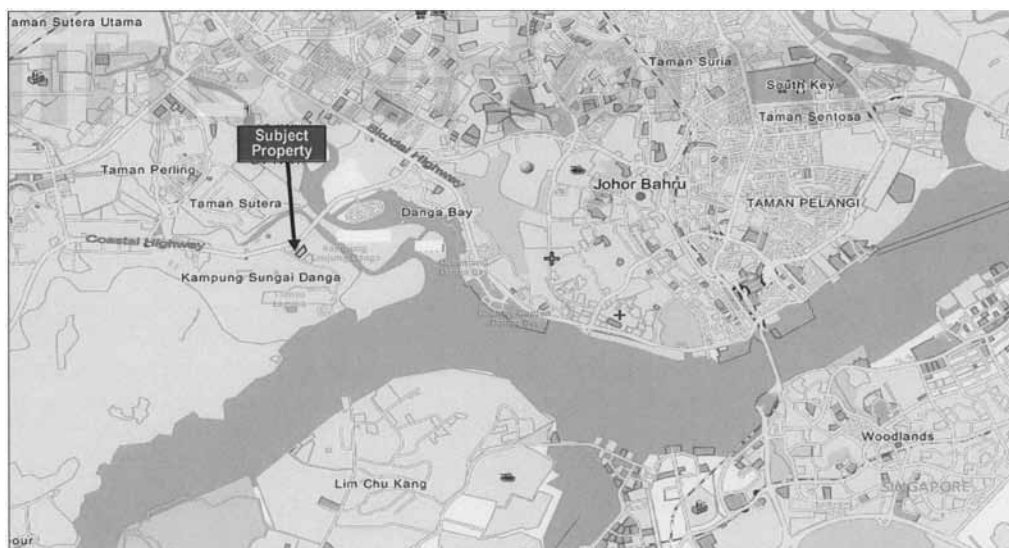
2.2 Information on the Subject Property

The Subject Property is located within Kampung Tanjung Danga on the western part of Johor Bahru next to Lebuhraya Sultan Iskandar (which is also known as the Iskandar Coastal Highway), which is located approximately 13 kilometers to the west of Johor Bahru city centre.

It is presently accessible from Johor Bahru city center via Skudai Highway before exiting onto Lebuhraya Sultan Iskandar and finally exiting to Jalan Sungai Temon Asli Danga. Sungai Danga is located to the immediate north of the Subject Property. The Johor–Singapore Causeway that links the city of Johor Bahru across the Straits of Johor to Woodlands in Singapore is located approximately 12 kilometers due south-east of the Subject Property.

Commercial retail or shopping malls located nearby include Perling Mall, Tesco Bukit Indah, Aeon Bukit Indah, Giant Nusa Bestari and Giant Hypermarket Tampoi are all within 7 kilometers from the Subject Property. The nearest residential areas such as Taman Laguna, Laguna Heights, Taman Baiduri, Taman D'Utama, Bandar Baru Uda, Perling Heights and Danga View Resort Apartments are also all located within 8 kilometres from the Subject Property.

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



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

Identification	: Geran Hakmilik No. 90571, Lot No. 726, Mukim of Pulai, District of Johor Bahru, State of Johor
Registered owner	: SSSB
Titled land area	: 5.581 acres
Category of land use	: Nil (to be converted to commercial)
Existing use	: Vacant
Express conditions	: Nil
Restriction of interest	: Nil
Tenure	: Freehold

Encumbrances/ Caveat	: Nil
Audited net book value as at 31 March 2022	: RM52,892,113.00
Valuer	: Raine & Horne International Zaki + Partners Sdn Bhd
Method of valuation	: Comparison Approach
Market value/ Date of valuation	: RM53,240,000.00/ 22 July 2022

For shareholders' information, the Board does not have any immediate plans to undertake a development of the Subject Property at this juncture. Nevertheless, should it decides to do so, the Company will conduct feasibility studies prior to finalising the most ideal development plan for the Subject Property.

2.3 Salient features of the valuation report

Raine & Horne International was instructed by the Company to conduct a valuation on the Subject Property under the assumption that *"the Subject Property has been converted to a commercial development land"*.

The basis of valuation is the **Market Value** which is defined by the Malaysian Valuation Standards to be "the estimated amount for which an asset or liability should exchange on the valuation date 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".

No allowances are made in the valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. Raine & Horne International has considered the Subject Property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. It has also assumed the Subject Property is free of all statutory notices and outgoing.

In arriving at the market value of the Subject Property, Raine & Horne International has adopted the **Comparison Method**, which involves the process of comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Where dissimilarities exist, adjustments are made.

The Valuer did not use the Income Approach (Residual Method), Income Method and Cost Method as there is no planning approval for the Subject Property as yet. In the absence of an approved detailed development plan, the Income Approach (Residual Method) will be very much arbitrary due to the high level of sensitivity in respect of the various data inputs that forms the crux of the approach.

Accordingly, the adopted Market Value of the Subject Property is **RM53,240,000**. Further details of the valuation are set out in Appendix III of this Circular.

2.4 Information on the Proposed Settlement

The Proposed Settlement entails the settlement of the Settlement Sum by way of set-off against part of the Purchase Consideration for the Proposed Acquisition.

The Group has been undertaking construction works for IWCB Group's development projects as well as providing other services since 2015. As at 31 March 2022, being the final date of the Group's latest audited consolidated financial statements prior to the date of the SPA and the Settlement Agreement, a total amount of RM50,764,575.38, being the Settlement Sum, is due and payable by IWCB Group to Knusford Group for such construction works and services provided.

A breakdown of the Settlement Sum is set out below:-

	RM
1. Total amount due from the Botanika Project	31,436,111.55
2. Total amount due from the Danga Sutera Project	15,709,956.34
3. Total amount due from the Infra Project	340,647.09
4. Total amount due from the Renting of Office and Apartment	46,500.00
5. Amount deemed owing by IWCB Group to Knusford Group from the revocation and cancellation of the transfers of 4 Identified Properties	3,391,360.40
6. Minus: Amount Due From Knusford Group to IWCB Group	(160,000.00)
Settlement Sum	50,764,575.38*

Notes:-

* *Inclusive of interest charges amounting to RM2,105,117.75.*

*1 *On 1 June 2020, Bayou Bay Development Sdn Bhd ("**Bayou Bay Development**") a wholly-owned subsidiary of IWCB, had vide issuance of a letter of award appointed Knusford Construction Sdn Bhd ("**Knusford Construction**") a wholly-owned subsidiary of Knusford, as a main contractor to undertake the main building and related infrastructure works of Tower B, Phase 1B of the 3 towers of 23 storey's high residential development known as the 'Botanika', erected on all parcel of land held under H.S.(D) 421925, PTD 192018, Mukim of Plentong, District of Johor Bahru, State of Johor ("**Botanika Project**") at a contract sum of RM48,337,084.88. As at 31 March 2022, there is an outstanding sum of RM30,337,282.80 being due and payable by Bayou Bay Development to Knusford Construction.*

*Bayou Bay Development had also appointed Hong Xin Construction Sdn Bhd ("**HXCSB**") and Greenland Knusford Construction Sdn Bhd ("**GKCSB**") as main contractors to undertake certain landscape works for the Botanika Project. Both GKCSB and HXCSB have subsequently appointed Knusford Landscape Sdn Bhd ("**Knusford Landscape**") a wholly-owned subsidiary of Knusford, as their sub-contractor to undertake the said landscape works. On 6 July 2020 and 8 July 2020, Bayou Bay Development had terminated its contractual relationship with HXCSB and GKCSB respectively and it was agreed that any outstanding sum payable by them to Knusford Landscape shall be paid directly by Bayou Bay Development. As at 31 March 2022, there is an outstanding sum of RM1,098,828.75 being due and payable by Bayou Bay Development to Knusford Landscape.*

The Botanika Project is still ongoing as at 31 March 2022.

*2 *On 24 November 2016 and 28 May 2019 respectively, Bayou Management Sdn Bhd ("**Bayou Management**") a wholly-owned subsidiary of IWCB, had vide issuance of letters of award appointed Knusford Landscape for the provision of landscape architectural consultancy services, and to undertake the construction and completion of certain landscaping works in respect of the construction of the 2-storey terrace houses in a mixed residential development known as the 'Danga Sutera', erected on all parcels of land held under Lot 2476, Lot 2734 and Lot 18647, Mukim of Pulau, Daerah of Johor Bahru, State of Johor ("**Danga Sutera Project**") at an aggregate contract sum of RM5,206,885.50. As at 31 March 2022, there is an outstanding sum of RM950,710.90 being due and payable by Bayou Management to Knusford Landscape.*

On 9 February 2018, 26 June 2018 and 13 November 2018 respectively, Bayou Management had vide issuance of letters of award appointed Knusford Construction to undertake certain construction works for the Danga Sutera Project at an aggregate contract sum of RM144,638,000.00. As at 31 March 2022, there is an outstanding sum of RM14,759,245.44 being due and payable by Bayou Management to Knusford Construction.

The Danga Sutera Project has been completed as at 31 March 2022.

*3 On 15 October 2015, Tebrau Bay Sdn Bhd ("**Tebrau Bay**"), a wholly-owned subsidiary of IWCB, had vide issuance of a letter of award appointed Knusford Construction as a main contractor to undertake the construction and completion of infrastructure works for a mixed housing and commercial development, erected on all parcel of land held under Lot PTD 194794 (Phase 1), Mukim of Plentong, District of Johor Bahru, State of Johor ("**Infra Project**") at a contract sum of RM19,191,297.09. As at 31 March 2022, there is an outstanding sum of RM340,647.09 being due and payable by Tebrau Bay to Knusford Construction.

The Infra Project has been completed as at 31 March 2022.

*4 Knusford Group had rented office premises and apartment to IWCB Group ("**Renting of Office and Apartment**"). As at 31 March 2022, there is an outstanding sum of RM46,500.00 being due and payable by IWCB Group to Knusford Group.

*5 Bayou Management (transferor) had on 3 June 2021 entered into 6 sale and purchase agreements with Knusford Equipment Sdn Bhd ("**Knusford Equipment**") (transferee), a wholly-owned subsidiary of Knusford, for the purpose of transferring 6 double storey terrace houses in the Danga Sutera Project ("**Identified Properties**") to Knusford Equipment at an aggregate agreed value of RM5,006,330.00.

As at 31 March 2022, only the transfers of 2 Identified Properties have been completed, whilst the transfers of the remaining 4 Identified Properties at an aggregate agreed value of RM3,163,870.00 have been revoked and cancelled. Accordingly, an aggregate sum of RM3,391,360.40 (inclusive of the administrative fee arising from such revocation and cancellation) is due and payable by Bayou Management to Knusford Equipment.

*6 Tebrau Bay Constructions Sdn Bhd ("**Tebrau Bay Constructions**"), a wholly-owned subsidiary of IWCB, had disposed a motor vehicle to Knusford Construction at a sale and purchase consideration of RM160,000.00 ("**Amount Due From Knusford Group to IWCB Group**"). As at 31 March 2022, the Amount Due From Knusford Group to IWCB Group remains due and payable by Knusford Construction to Tebrau Bay Constructions.

Please refer to Appendix II of this Circular for the salient terms of the Settlement Agreement.

2.5 Information on SSSB

i. Incorporation of business activities

SSSB was incorporated in Malaysia on 14 September 2015 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. SSSB is a wholly-owned subsidiary of IWCB, a company whose entire issued share capital is listed on the Main Market of Bursa Securities.

SSSB has been principally involved in property development since the day of its incorporation.

ii. Share capital

As at the LPD, SSSB has a total issued and paid-up share capital of RM2.00, comprising 2 ordinary shares.

iii. Directors and shareholders

As at the LPD, the directors and substantial shareholders of SSSB together with their respective shareholdings in SSSB are set out as follows:-

Name	Designation	Nationality/ Place of incorporation	<-----Direct----->		<-----Indirect----->	
			No. of ordinary shares	%	No. of ordinary shares	%
Lim Chen Heng	Director	Malaysian	-	-	-	-
Tan Teow Keat	Director	Malaysian	-	-	-	-
IWCB	Shareholder	Malaysia	2	100.0	-	-
Iskandar Waterfront Holdings Sdn Bhd	Shareholder	Malaysia	-	-	2 ^{*1}	100.0
Kumpulan Prasarana Rakyat Johor Sdn Bhd	Shareholder	Malaysia	-	-	2 ^{*2}	100.0
Credence Resources Sdn Bhd	Shareholder	Malaysia	-	-	2 ^{*2}	100.0
Tan Sri Dato' Lim Kang Hoo	Shareholder	Malaysian	-	-	2 ^{*3}	100.0

Notes:-

*1 Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in IWCB.

*2 Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in Iskandar Waterfront Holdings Sdn Bhd and IWCB.

*3 Deemed interested pursuant to Section 8 of the Act by virtue of his shareholding in Credence Resources Sdn Bhd and IWCB.

For the avoidance of doubt, none of Tan Teow Keat, IWCB, Iskandar Waterfront Holdings Sdn Bhd, Kumpulan Prasarana Rakyat Johor Sdn Bhd and Credence Resources Sdn Bhd have any shareholdings in Knusford. Further, Tan Teow Keat is not a person connected with the Directors and/or substantial shareholders of the Company.

iv. Date and original cost of investment

Original cost of investment/ Date of investment : RM52.89 million/ 3 March 2017

2.6 Basis and justifications of arriving at the Purchase Consideration

The Purchase Consideration of RM53,240,000.00 was arrived at, on a willing-buyer willing-seller basis, after taking into consideration the market value of Subject Property of RM53,240,000.00 using the Comparison Approach carried out by Raine & Horne International via its valuation certificate dated 22 July 2022.

Further, the Board has also taken into consideration the rationale of the Proposed Acquisition and Settlement as well as the prospects of the Subject Property as set out in Sections 3 and 4 of this Circular.

2.7 Mode of settlement of the Purchase Consideration

Pursuant to the terms of the SPA, the Purchase Consideration will be satisfied in the following manner:-

Payment terms	Timing of settlement	RM	%
Set-off the Settlement Sum against the Purchase Consideration	On the Completion Date ^{*1}	50,764,575.38	95.0
Differential Amount ^{*2}	On the Completion Date	2,475,424.62	5.0
Total		53,240,000.00	100.0

Notes:-

*1 within 14 days from the fulfilment of the conditions precedent of the SPA.

*2 Pursuant to the SPA, the Subject Property shall be converted to commercial use ("**Conversion**") at the Vendor's cost and expense and that a sum equivalent to the conversion cost of RM247,598.00 ("**Conversion Cost**") shall be retained by the Purchaser for the purpose of securing the performance of the Vendor in respect of the Conversion.

The Conversion Cost was determined by a consultant on the following basis:-

Expenses	RM
Application fee and land titles search	200
Estimation of Notice Form 5A upon approval comprises, amongst others, quit rent, conversion premium and titles registration fee	238,818
Application for new title and Form 12A	100
Consultancy fee	8,480
	<u><u>247,598</u></u>

2.8 Source of funding

The Purchase Consideration will be satisfied via set-off against the Settlement Sum as well as cash payable on the Completion Date. The cash payment is intended to be fully financed through internally generated funds.

2.9 Liabilities to be assumed

Save for the obligations of the respective parties to complete the Proposed Acquisition and Settlement pursuant to or in connection with the SPA and Settlement Agreement and the liabilities to be accrued in the event Knusford Resources fails to pay the remaining balance of the Purchase Consideration, being the difference between (i) the Purchase Consideration and (ii) the aggregate of the Settlement Sum and the Conversion Cost, on the Completion Date, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by Knusford Group arising from the Proposed Acquisition and Settlement.

2.10 Additional financial commitment required

Save for the Purchase Consideration, there is no additional financial commitment required by Knusford Group after the completion of the Proposed Acquisition and Settlement.

For shareholders' information, the Board does not have any immediate plans to undertake a development of the Subject Property at this juncture. Nevertheless, should it decides to do so, the Company will conduct feasibility studies prior to finalising the most ideal development plan for the Subject Property, in which it might have to incur future development costs, if any.

3. RATIONALE AND JUSTIFICATIONS

The Subject Property is strategically located within Danga Bay, Iskandar Malaysia and is easily accessible via the Lebuhraya Sultan Iskandar, which connects it to the Johor Bahru city centre and the Johor-Singapore Causeway that links Bukit Chagar, Johor Bahru to Woodlands, Singapore. The Group believes that the Subject Property has good investment/ development potential and may also stand to benefit from the resumption of the Rapid Transit System ("RTS"), which aims to be operational by 2026/2027. Upon completion, the RTS will serve as an alternative mode of public transportation between Johor Bahru and Singapore and is envisaged to improve the connectivity in the region. Further, the Iskandar Malaysia Bus Rapid Transit ("IMBRT") which is scheduled to be completed by 2024/2025, is expected to improve the overall public transportation network in Iskandar Malaysia.

Accordingly, the Proposed Acquisition and Settlement is undertaken as part of Knusford Group's plan to increase its land banks at strategic locations, which may allow it to benefit from potential capital appreciation, and in the event the Board decides to develop the Subject Property, the said development may also generate additional stream of income for the Group. In-house contractors and engineers may be engaged to carry out the development of the Subject Property, as well as the sourcing of construction materials from the Group's own trading division to promote cost synergy.

On the other hand, the settlement of the trade receivables from IWCB Group will also enable the Company to strengthen its asset base upon completion of the Proposed Acquisition and Settlement. The Company will not need to spend time on recovering these receivables and can focus its time and financial resources instead towards generating revenue through other business opportunities moving forward.

As at 31 March 2022, Knusford Group's total trade and other receivables stood at approximately RM270.21 million. The Proposed Acquisition and Settlement will allow the Group to acquire the Subject Property for investment purposes and at the same time, to pare down its trade receivables by RM50.76 million or 18.79% through setting off part of the Purchase Consideration with the Settlement Sum.

Premised on the above, the Board is of the opinion that the Proposed Acquisition and Settlement is in the best interest of the Company and remains optimistic for the prospects of the Subject Property, its potential capital appreciation and/or future development.

4. INDUSTRY OVERVIEW, OUTLOOK, AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Malaysia's economic recovery continued its strong momentum in the first half of 2022 amid the global headwinds. The GDP grew at 6.9% during the period supported by the implementation of Budget 2022 measures, transition to the endemicity and reopening of international borders. The economy is expected to grow at 6.1% in the second half of 2022 in line with strong domestic pent-up demand from private sector, remarkable tourism activities and outstanding trade performance. Furthermore, robust performance in services and manufacturing sectors as well as improvement in the labour market conditions are envisaged to contribute significantly to the economic growth. Overall, the nation's economy is expected to grow between 6.5% – 7% in 2022.

In line with the softening global economic outlook, Malaysia's economy is expected to moderate in 2023. Strong economic fundamentals, further improvement in employment prospects, sustained consumer and business confidence as well as continuous policy support for vulnerable households are projected to stimulate domestic demand. Steady external demand, especially for electrical & electronic (E&E) products and major commodities, is anticipated to continue driving the exports, thus maintaining a surplus in current account of the balance of payments (BOP).

On the supply side, all economic sectors are projected to expand, with the services and manufacturing sectors remain as the major contributors to the economy. The services sector will benefit from an increase in domestic demand and tourism activities. The manufacturing sector is expected to be driven by global demand for E&E and rubber-based products coupled with an expansion in domestic industries such as food and construction related products. Meanwhile, the construction sector is projected to improve with the acceleration of existing infrastructure projects and higher private investment that would increase demand for more commercial and residential buildings. Thus, the nation's GDP is forecast to expand between 4% – 5% in 2023.

(Source: Economy Outlook 2023, Ministry of Finance Malaysia)

4.2 Overview and outlook of the Malaysia construction and property market

The construction sector contracted by 2.1% in the first half of 2022, mainly due to lower construction activities in civil engineering and residential buildings subsectors. In contrast, non-residential buildings and specialised construction activities subsectors registered a growth during the same period, in line with expansion in business activities, albeit rising prices of construction-related materials.

The sector is expected to turn around in the second half with an expansion rate of 6.9%, supported by positive growth in all subsectors. Improvement in private investment and robust domestic economic activities are anticipated to increase demand for more industrial buildings. In addition, the acceleration of major infrastructure projects will continue to drive the sector's performance.

The development of residential property is expected to remain active supported by continuous implementation of measures under the Budget 2022 including a total government guarantee of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan (SJKP) as well as housing projects for low income group with an allocation of RM1.5 billion. In 2022, the sector is projected to rebound by 2.3%.

The construction sector is forecast to expand by 4.7% in 2023 following a better performance in all subsectors. Civil engineering subsector is anticipated to rebound buoyed by implementation of new projects such as Mass Rapid Transit Line 3 (MRT3) Circle Line and acceleration of ongoing infrastructure projects which include, Rapid Transit System (RTS) Link, East Coast Rail Link (ECRL) and Light Rail Transit Line 3 (LRT3).

In addition, the approved investment projects in the manufacturing sector are anticipated to come onstream and subsequently creating a greater demand for industrial buildings. Hence, the non-residential buildings subsector is projected to expand further. Meanwhile, the residential buildings subsector is expected to grow steadily supported by more construction of affordable houses, in line with the strategy under the 12MP. In addition, incentive offered by the Government to encourage home ownership through the i-MILIKI programme is expected to spur demand for residential buildings while addressing the property overhang issue.

(Source: Economy Outlook 2023, Ministry of Finance Malaysia)

4.3 Overview and outlook of the Johor property market

In 2021, the property market in Johor recorded a total of 36,145 transactions, which represents an increase of 0.12% from the 36,101 transactions recorded in 2020. There was also an increase in the total value of properties transacted by 14.4% to RM19.22 billion in 2021 (2020: RM16.79 billion).

The State of Johor recorded the highest overhang of properties in Malaysia with 6,095 unsold residential units and 18,480 unsold commercial units as at Q4 2021. Based on the property type, the property overhang in Johor in the same quarter for the condominium and apartment is 2,571 units, comprising 27% of the units launched, whilst SOHO and serviced apartments are 426 units and 16,476 units, comprising 20.4% and 25.9% of units launched respectively.

Despite the property overhang situation in Johor, there has been continued land transactions in 2021 with a total of 31 transactions comprising 31.82 acres in the District of Johor Bahru for development lands that are larger than 0.5 acre in size. These transactions were made in Tebrau, Tanjung Kupang, and Jelutong localities, with total transacted price of about RM18.47 million which is analysed at RM13.32 per square foot.

Notwithstanding the above, the property market in Johor will continue to be supported by various initiatives by the Federal and State Governments. One of the main infrastructure developments that will have a direct impact to the Subject Property is the RTS. The project was suspended a few times before this but officially resumed in July 2021 and is expected to be completed in 2026/2027 which will connect Bukit Chagar in Johor Bahru and Woodlands North in Singapore.

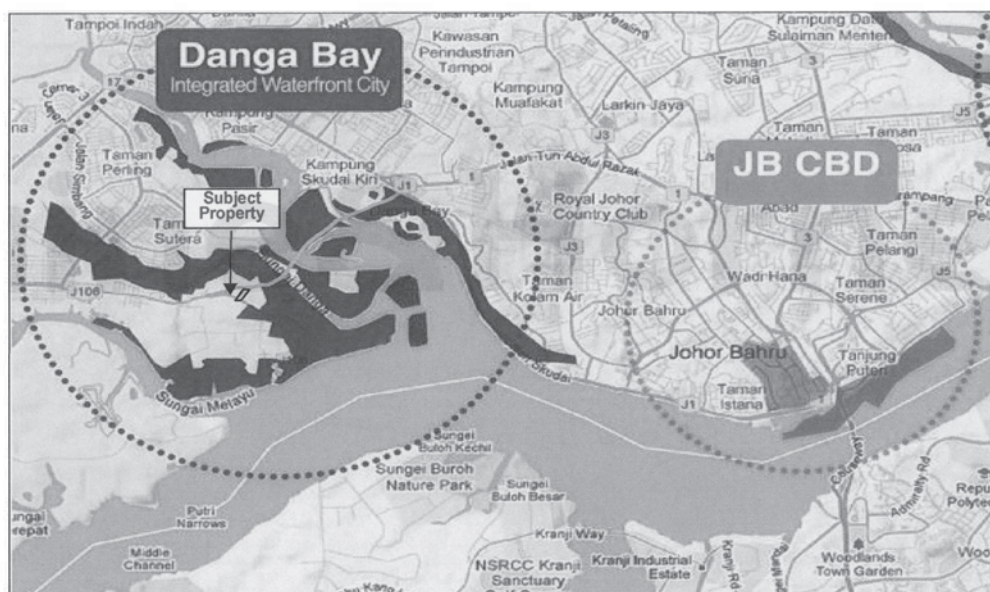
The 4 kilometre train journey will take approximately 5 minutes of travel and another 10 minutes of formalities for passengers to commute between Bukit Chagar and Woodlands North. According to Mass Rapid Transit Corporation Sdn Bhd which is undertaking the project, the RTS link will improve connectivity and is expected to stimulate economic growth in Johor Bahru whereby more world class international schools, hotels and hospitals will be developed in Johor Bahru. It will also redefine how food delivery service operate, and items are couriered within the region.

Further, the IMBRT which is scheduled to be completed by 2024/2025 is expected to improve overall public transportation network in Iskandar Malaysia. The IMBRT is expected to enhance connectivity to about 90% of Iskandar Malaysia and alleviate current transportation issues such as congestion, lack of and irregular bus services and long waiting period. These public transportation plans which were drawn up by the State Government of Johor will enhance the attractiveness of Johor Bahru as an office hub and potentially attract relocations from Singapore to Johor.

(Source: Valuation Report)

4.4 Prospects of Subject Property

In deciding on the Proposed Acquisition and Settlement, the Board has taken into consideration the location of the Subject Property. It is situated within Danga Bay (a growth area under Iskandar Malaysia), which has attractiveness in terms of close proximity to Johor Bahru city centre and Singapore as depicted below:-



Danga Bay is also located within the Flagship 'A' zone of Iskandar Malaysia, which is being promoted as an integrated waterfront city development. Flagship 'A' zone is part of the Johor Bahru city centre, which includes the development of a new financial and central business district with a waterfront city whilst being near to the Malaysia-Singapore Causeway.

Although the property market in Johor is currently facing an overhang situation, the infrastructure projects undertaken by the State Government are still expected to create new opportunities for the Subject Property for real estate development. Such projects include the IMBRT and RTS, which are scheduled to be completed by 2024/2025 and 2026/2027 respectively. The IMBRT is envisaged to improve the overall connectivity in Iskandar Malaysia, whilst the RTS would contribute to a more efficient cross-border connectivity between Johor and Singapore.

The Board takes cognisance that the effects of COVID-19 pandemic are still prevalent in the recovery of the property market. Nevertheless, the Board remains optimistic for the prospects of the Subject Property given its strategic location between 2 commercial hubs of Iskandar Malaysia (Johor Bahru city centre and Iskandar Puteri), easy accessibility to 11 major highways via the Lebuhraya Sultan Iskandar, as well as the ongoing infrastructure developments in its surroundings. The Subject Property may also have the potential to cater for the population working in Singapore.

Premised on the above, the Group believes that its investment in the Subject Property may stand to benefit from potential capital appreciation in the future and should the intention for future development arises, the Board endeavours to carefully deliberate on the most ideal development plan to enhance the attraction of the Subject Property.

(Source: Management of Knusford)

5. RISK FACTORS

Save as disclosed below, which are by no means exhaustive, the Board does not foresee any other additional risks arising from the Proposed Acquisition and Settlement given that the Group is already involved in the property development industry.

5.1 Completion risk

The Proposed Acquisition and Settlement is conditional upon the fulfilment of the conditions precedent stipulated in the SPA and Settlement Agreement, the salient terms of which are set out in Appendices I and II of this Circular. If any of the conditions precedent are not fulfilled within the stipulated time frame, the agreements may be terminated and as a result, the Company may not be able to complete the Proposed Acquisition and Settlement. Nevertheless, the Board will endeavour to ensure the satisfaction of these conditions precedent in order to complete the Proposed Acquisition and Settlement in a timely manner.

5.2 Acquisition risk

Although the Proposed Acquisition and Settlement is expected to contribute positively to the future earnings of the Group, there is no assurance that such anticipated benefits will be realised. In addition, any decline in economic conditions as a result of the COVID-19 pandemic and the MCO imposed by the Government of Malaysia going forward may affect the potential benefits to be derived from the Proposed Acquisition and Settlement. The duration required for the Group to recoup its investment could also be longer than anticipated.

Nevertheless, the Company will monitor closely and continually assess any decline in economic conditions, the impact of the COVID-19 pandemic on the Proposed Acquisition and Settlement as well as the progress of the anticipated recovery of the property development industry. The Board has also exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and Settlement and is optimistic of the potential benefits to be derived from it.

5.3 Conversion risk

Pursuant to the terms of the SPA, SSSB has undertaken to carry out the Conversion upon receipt of a written request from Knusford Resources requesting SSSB to do all that is necessary to give effect to the Conversion, which may be issued at any time after the Completion Date.

Notwithstanding the foregoing, there may be possibility where SSSB fails to carry out the Conversion in accordance with the terms of the SPA after the Completion Date. In such event, the Conversion Cost retained by Knusford Resources shall belong wholly and absolutely to Knusford Resources, and Knusford Resources shall be entitled to utilise the Conversion Cost to carry out the Conversion by itself after the Completion Date, and accordingly, a sum equivalent to the Conversion Cost shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration.

5.4 Risk of property overhang

The Group is exposed to the property overhang situation in Johor, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be possibility of the occurrence of property overhang at the time of completion of the development of the Subject Property and its surroundings in the future, of which is inevitable.

As such, the Group will closely monitor the developments in the property market as well as take careful management planning prior to finalisation and/or launches of the most ideal development plan. Nevertheless, there can be no assurance that the prospects of the Subject Property would not be materially affected by the property overhang situation in Johor.

5.5 Impact of COVID-19 on the market value of the Subject Property

COVID-19 was declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020 and has impacted domestic and global financial markets. Travel restrictions and lockdown have been implemented by many countries which in turn restrict economic growth and market activities. In order to curb the spread of the COVID-19 outbreak, Malaysian Government has also enforced the MCO, which was effected from 18 March 2020 and was extended twice on 1 April 2020 and 15 April 2020 respectively. With the restrictions under the MCO, this has affected the market activities of many sectors including the property sector in Malaysia.

Notwithstanding that the Malaysia's GDP is expected to recover in 2022 in line with the opening up of the economy, the market value of the Subject Property was still subject to discount by the Valuer after due consideration on the uncertainty in the property market caused by the weak market sentiments, in particularly arising from the COVID-19 pandemic. There is however no assurance that the continuation of the COVID-19 pandemic would not materially affect the market value of the Subject Property as well as its prospects.

5.6 Political, economic and regulatory risk

The Proposed Acquisition and Settlement is subject to risks inherent in the political, economic and regulatory conditions in Malaysia which the Group is already involved in. Such risks include, but are not limited to, economic uncertainties, changes in rules and regulations, changes in interest rates, tax laws and political leadership. These factors and/or developments are beyond the Board's control and may affect all players in the property sector.

Notwithstanding the foregoing, the Board intends to mitigate the impact of such risks through efficient operating procedures, prudent financial management, such as the continuous review of the Group's development strategies, to reassess the concept, pricing and timing of launches, as well as to continuously monitor the prevailing market conditions.

6. FINANCIAL EFFECTS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition and Settlement will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company as it does not involve any issuance of shares of Knusford.

6.2 NA and gearing level

The Proposed Acquisition and Settlement will not have any material effect on the Group's NA, NA per share and gearing level as the Purchase Consideration will be satisfied via set-off against the Settlement Sum as well as cash payable on the Completion Date. The cash payment is intended to be fully financed through internally generated funds.

6.3 Earnings and EPS

The Proposed Acquisition and Settlement is not expected to have any immediate material effect on the earnings and EPS of Knusford Group for the FYE 31 March 2023. Nevertheless, should the Board decides to undertake a development of the Subject Property, it anticipates that such development may contribute positively to the future earnings of the Group.

7. APPROVALS REQUIRED/ OBTAINED

The Proposed Acquisition and Settlement is subject to approval being obtained from the shareholders of the Company at the EGM.

The highest percentage ratio applicable to the Proposed Acquisition and Settlement pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 23.48%, calculated based on the Purchase Consideration against the NA of the Group for the FYE 31 December 2020.

The Proposed Acquisition and the Proposed Settlement are conditional upon each other.

The Proposed Acquisition and Settlement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

Save as disclosed below, 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 Acquisition and Settlement:-

Interested Parties	Designation	<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Tan Sri Dato' Lim Kang Hoo ^{*1}	Major shareholder of Knusford and Vice Chairman and major shareholder of IWCB	616	0.62	32,410 ^{*2}	32.53
Kinston Park Sdn Bhd	Major shareholder of Knusford	2,410	2.42	30,000 ^{*3}	30.11
Dato' Lim Kang Swee ^{*1}	Major shareholder of Knusford	10,614	10.65	439 ^{*4}	0.44
Aman Setegap Sdn Bhd	Major shareholder of Knusford	30,000	30.11	-	-
Lim Chen Heng ^{*1}	Executive Director of Knusford and IWCB	-	-	-	-
Lim Chen Thai ^{*1}	Executive Director of Knusford	58	0.06	-	-
Lim Sew Hua ^{*1}	Executive Director of Knusford	1,349	1.35	-	-
Bernard Hilary Lawrence	Senior Independent Non-Executive Director of Knusford and Independent Non-Executive Director of IWCB	-	-	-	-
Lim Foo Seng	Independent Non-Executive Director of Knusford and IWCB	-	-	-	-

Notes:-

- *1 *Tan Sri Dato' Lim Kang Hoo is the father of Lim Chen Heng and Lim Chen Thai, brother of Lim Sew Hua and Dato' Lim Kang Swee. As at the LPD, he holds 0.60% direct interest and 34.29% indirect interest in IWCB by virtue of his shareholdings in Iskandar Waterfront Holdings Sdn Bhd through Credence Resources Sdn Bhd under Section 8 of the Act.*
- *2 *Deemed interested by virtue of his shareholdings in Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd.*
- *3 *Deemed interested by virtue of its shareholdings in Aman Setegap Sdn Bhd.*
- *4 *Deemed interested by virtue of his shareholding in WCM Ventures Sdn Bhd.*

Accordingly, the Interested Parties are deemed interested in the Proposed Acquisition and Settlement.

The Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings in relation to the Proposed Acquisition and Settlement.

The Interested Parties will abstain from voting and will ensure that persons connected with them will also abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Acquisition and Settlement at the EGM.

9. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS

Save for the recurrent related party transactions as set out in the circular to shareholders of the Company dated 29 July 2022, there have been no transactions entered into by the Company with the Interested Parties for the 12 months preceding the date of this Circular.

10. ADVISERS

UOB Kay Hian has been appointed as the Principal Adviser for the Proposed Acquisition and Settlement.

Raine & Horne International Zaki + Partners Sdn Bhd has been appointed as the Independent Valuer for the Subject Property.

11. INDEPENDENT ADVISER

The Proposed Acquisition and Settlement is deemed a RPT in view of the interest of the Interested Parties. As such, Thinkat has been appointed by the Company to act as the Independent Adviser to undertake the following in relation to the Proposed Acquisition and Settlement:-

- i. Comment as to:-
- a. whether the Proposed Acquisition and Settlement is fair and reasonable in so far as the non-interested Directors and non-interested shareholders of Knusford are concerned; and
 - b. whether the Proposed Acquisition and Settlement is to the detriment of the non-interested shareholders of Knusford,

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- ii. Advise the non-interested shareholders of Knusford whether they should vote in favour of the Proposed Acquisition and Settlement; and
- iii. Take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraphs (i) and (ii) above.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, save for the Interested Directors, having considered all aspects of the Proposed Acquisition and Settlement, including but not limited to its rationale and justifications, the terms and conditions of the SPA and Settlement Agreement, the basis and justifications of arriving at the Purchase Consideration, the prospects of the Subject Property and the effects of the Proposed Acquisition and Settlement, is of the opinion that the Proposed Acquisition and Settlement is in the best interest of the Company and that the terms and conditions of the SPA and Settlement Agreement are fair and reasonable.

Accordingly, the Board, save for the Interested Directors, recommends that you vote **in favour** of the ordinary resolution pertaining to the Proposed Acquisition and Settlement to be tabled at the EGM.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Knusford, save for Lim Foo Seng and Bernard Hilary Lawrence, after taking into consideration the advice of the Independent Adviser, is of the opinion that the Proposed Acquisition and Settlement is:-

- i. in the best interest of the Company;
- ii. fair, reasonable and on normal commercial terms; and
- iii. not detrimental to the interest of the non-interested shareholders of Knusford.

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

- i. the rationale and justifications for the Proposed Acquisition and Settlement;
- ii. the terms and conditions of the SPA and Settlement Agreement;
- iii. the basis and justifications of arriving at the Purchase Consideration;
- iv. the prospects of the Subject Property; and
- v. the effects of the Proposed Acquisition and Settlement.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition and Settlement is expected to be completed in the fourth quarter of 2022.

15. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition and Settlement and as disclosed below, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular:-

On 13 May 2022, Knusford had entered into a heads of agreement with IWCB pertaining to the proposed acquisitions of the Subject Property (being the subject of this Circular) and Subject Property II. As at the date of this Circular, the parties are still in the midst of negotiating the terms and conditions of the acquisition of Subject Property II.

16. 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 Wednesday, 23 November 2022 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 Acquisition and Settlement.

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.

17. 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

LEE WAI KUEN
Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF
KNUSFORD IN RELATION TO THE PROPOSED ACQUISITION AND SETTLEMENT**

EXECUTIVE SUMMARY

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 ACQUISITION AND SETTLEMENT. 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 ACQUISITION AND SETTLEMENT. 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 ACQUISITION AND SETTLEMENT AT THE FORTHCOMING EGM.

1. INTRODUCTION

On 22 July 2022, UOB Kay Hian announced that Knusford Resources, a wholly-owned subsidiary of the Company, had entered into a conditional SPA with SSSB, a wholly-owned subsidiary of IWCB, for the proposed acquisition of the Subject Property for a purchase consideration of RM53,240,000.

The Purchase Consideration will be satisfied via a settlement arrangement, wherein RM50,764,575.38, being the sum owing by IWCB Group to Knusford Group primarily arising from construction works undertaken by Knusford to IWCB, shall be set-off against the Purchase Consideration. The remaining balance due to Knusford after the set-off of RM2,475,424.62 will be satisfied in cash.

In view of the interests of the Interested Major Shareholders, namely Tan Sri Dato' Lim Kang Hoo, Dato' Lim Kang Swee, Aman Setegap Sdn Bhd and Kinston Park Sdn Bhd and the Interested Directors, namely Lim Chen Heng, Lim Chen Thai, Lim Sew Hua, Lim Foo Seng and Bernard Hilary Lawrence in the Proposed Acquisition and Settlement as set out in Section 8 of Part A of the Circular, the Proposed Acquisition and Settlement are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

Pursuant thereto, on 14 April 2022, Thinkat was appointed as Independent Adviser to advise the non-interested Directors and non-interested shareholders of Knusford in respect of the Proposed Acquisition and Settlement.

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 Acquisition and Settlement. The IAL also opines whether the Proposed Acquisition and Settlement are 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 Acquisition and Settlement before deciding on the course of action to be taken.

2. EVALUATION OF THE PROPOSED ACQUISITION AND SETTLEMENT

2.1 Rationale and justifications for the Proposed Acquisition and Settlement

2.1.1 Settlement of long outstanding trade receivables

We note that as at 31 March 2022, a net amount of RM50.76 million is owing by IWCB Group to the Knusford Group. The Proposed Acquisition and Settlement will enable Knusford to recover the debts from IWCB and allow Knusford to have a more tangible asset in the form of the Subject Property. In addition, the Company may also generate revenue or enjoy potential capital appreciation from the Subject Property in the future.

2.1.2 Increase land bank at a strategic location

The Proposed Acquisition and Settlement provides an opportunity for the Group to expand its presence in the state of Johor by acquiring additional land bank for either capital appreciation and/or potential developments at a strategic location. The Subject Property is located in Johor Bahru which is poised to capitalise on higher demand arising from the resumption of the RTS project in the future. The RTS project is a railway shuttle link approximately 4km length with two stations, one in Bukit Chagar, Johor Bahru, Malaysia and one in Woodlands, Singapore. The RTS will have a capacity of 10,000 passengers per hour, per direction and an expected ridership of about 40,000 passengers per day upon opening scheduled to be by the end of 2026.

We are of the opinion that the rationale and justifications for the Proposed Acquisition and Settlement are 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 Proposal Acquisition and Settlement.

2.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration for the Proposed Acquisition was arrived at on a willing buyer-willing seller basis after taking into consideration the market value of RM53.24 million for the Subject Property as appraised by the Valuer using the Comparison Approach. We are of the opinion that the Purchase Consideration for the Subject Property is fair as the said Purchase Consideration is equivalent to the market value ascribed by the Valuer for the Subject Property.

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

2.3 Industry overview, outlook and future prospects

The Malaysian economy is projected to expand further for the remainder of the year. Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth. Going forward, growth would continue to benefit from improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders.

Given the strategic location of the Subject Property, i.e. located in Danga Bay and between the two (2) commercial hubs of Iskandar Malaysia (i.e. Johor Bahru City Centre and Iskandar Puteri), high accessibility to 11 major highways via Lebuhraya Sultan Iskandar, a toll-free highway that connects the Subject Property to the Johor Bahru City Centre and Iskandar Puteri, as well as the ongoing developments of public transportation surrounding the Subject Property including the Iskandar Malaysia's proposed IMBRT and RTS, the development potential of the Subject Property is good.

Please refer to Section 7.3 of this IAL for further details on our comments on the industry overview, outlook and future prospects.

2.4 Salient terms of the SPA and the Settlement Agreement

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

Please refer to Section 7.4 and 7.5 of this IAL for further details on our comments on the salient terms of the SPA and the Settlement Agreement.

2.5 Effects of the Proposed Acquisition and Settlement

A summary of the financial effects of the Proposed Acquisition and Settlement are as follows:

Parameter	Financial effects
Issued share capital and substantial shareholders' shareholdings	- The Proposed Acquisition and Settlement 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 ordinary shares in Knusford (" Knusford Shares ").
NA per Knusford Share and gearing level	- The Proposed Acquisition and Settlement will not have any material effect on the Group's NA, NA per Knusford Share and gearing level as the Purchase Consideration will be satisfied via set-off against the Settlement Sum as well as cash payable on the Completion Date. The cash payment is intended to be fully financed through internally generated funds.
Earnings and EPS	- The Proposed Acquisition and Settlement is not expected to have any immediate material effect on the earnings and EPS of Knusford Group for the FYE 31 March 2023. Nevertheless, should the Company decide to develop the Subject Property, this is expected to contribute positively to the future earnings of the Group.

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

Please refer to Section 7.6 of this IAL for our comments on the effects of the Proposed Acquisition and Settlement.

2.6 Risk factors

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

Whilst we are satisfied that the management has taken measures to limit/mitigate the risks highlighted herein, we are of the view that it may take some time for the property overhang situation in Johor to normalise. In the first half of 2022, Johor state recorded the most launched residential units as well as the highest residential overhang. (*Source: Property Market Status H1 2022, National Property Information Centre*)

If this situation persists, the Company may not be able to sell the developed properties or that it may not fetch a desirable selling price which will be profitable or fulfils the Company's required returns.

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 Acquisition and Settlement, no assurance can be given that one or a combination of 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 Knusford, its financial performance, financial position or prospects thereon.

Please refer to Section 7.7 of this IAL for further details on our comments on the risk factors.

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed Acquisition and Settlement, we are of the opinion that the Proposed Acquisition and Settlement are **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 Acquisition and Settlement 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 Acquisition and Settlement 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 ACQUISITION AND SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM.

Date: 7 November 2022

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 ACQUISITION AND PROPOSED SETTLEMENT

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 requires or where otherwise defined herein.

1. INTRODUCTION

On 22 July 2022, UOB Kay Hian announced that Knusford Resources had entered into a conditional SPA with SSSB for the Proposed Acquisition. The Purchase Consideration is to be partially satisfied via the Proposed Settlement whilst the Differential Amount will be wholly satisfied in cash. The Company had on even date entered into a Settlement Agreement with IWCB in relation to the Proposed Settlement.

In view of the interests of the Interested Major Shareholders and the Interested Directors in the Proposed Acquisition and Settlement as set out in Section 8 of Part A of the Circular, the Proposed Acquisition and Settlement are deemed as RPTs pursuant to Paragraph 10.08 of the Listing Requirements.

Pursuant thereto, on 14 April 2022, Thinkat has been appointed as Independent Adviser to advise the non-interested Directors and non-interested shareholders of Knusford in respect of the Proposed Acquisition and Settlement.

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 Acquisition and Settlement. The IAL also opines whether the Proposed Acquisition and Settlement are 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 Acquisition and Settlement 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 ACQUISITION AND SETTLEMENT 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 ACQUISITION AND SETTLEMENT

Details of the Proposed Acquisition and Settlement 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 relied upon the following sources of information and documents:

- (i) The announcement made by the Company on 22 July 2022 in relation to the Proposed Acquisition and Settlement;
- (ii) the information contained in Part A of the Circular and the appendices attached thereto;
- (iii) the SPA;
- (iv) the Settlement Agreement;
- (v) the valuation report dated 22 July 2022 prepared by the Valuer ("**Valuation Report**");
- (vi) Knusford's Annual Report and audited financial statements for the FYE 31 December 2020 and 15-month FPE 31 March 2022, and unaudited financial statements for the 3-month FPE 30 June 2022;
- (vii) other relevant information, documents, confirmations and representations furnished to us by the management of Knusford; and
- (viii) other publicly available information.

4. LIMITATIONS TO THE EVALUATION OF THE PROPOSED ACQUISITION AND SETTLEMENT

We were not involved in any formulation, deliberation or negotiation on the terms and conditions of the Proposed Acquisition and Settlement. 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 Acquisition and Settlement 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 Acquisition and Settlement 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 Acquisition and Settlement 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 Acquisition and Settlement.

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 Acquisition and Settlement 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 Acquisition and Settlement will be implemented based on the terms as set out in the SPA and Settlement Agreement 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 Acquisition and Settlement 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 of importance to our assessment of the Proposed Acquisition and Settlement 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 Acquisition and Settlement as well as other implications of the said Proposed Acquisition and Settlement 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 Acquisition and Settlement 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 Acquisition and Settlement. We have not had any professional relationship with Knusford, and their related parties in the past 2 years.

Thinkat's experience as Independent Adviser within the past 2 years are as follows:

- (i) Appointed by Sedania Innovator Berhad ("**SIB**") as Independent Adviser for the acquisition of 51% equity interest in Offspring Inc Sdn Bhd from Sedania Corporation Sdn Bhd and the diversification of the principal activities of SIB and its subsidiaries to include consumer products specialising in baby and childcare products, healthcare, personal care, household as well as health technologies. Our independent advice letter was issued on 21 December 2020;
- (ii) Appointed by Vivocom Intl Holdings Berhad ("**Vivocom**") as Independent Adviser for the acquisition of 45% equity interest in V Development Sdn Bhd from Dato' Seri Chia Kok Teong ("**V Development Acquisition**"), the subscription by Golden Key Portfolio Sdn Bhd of 169,936,172 new ordinary shares in Vivocom and the amendment to the constitution of Vivocom in conjunction with the implementation of the V Development Acquisition. Our independent advice letter was issued on 26 February 2021;
- (iii) Appointed by Sunzen Biotech Berhad ("**Sunzen**") as Independent Adviser for the acquisition of 100% equity interest in Finsource Solution Sdn Bhd from Teo Yek Ming, Ching Chee Pun, Lee Ching Yong and Low Chee Yeap and the diversification of the principal activities of Sunzen and its subsidiaries to include money lending. Our independent advice letter was issued on 19 March 2021;
- (iv) Appointed by George Kent (Malaysia) Berhad ("**George Kent**") as Independent Adviser for the diversification of the principal activities of George Kent and its subsidiaries to include the manufacturing, sale and distribution of gloves, subscription of 40% equity interest in Dynacare Sdn Bhd ("**Dynacare**"), a wholly-owned subsidiary of Johan Holdings Berhad, and right to execute the works from Dynacare for the construction of a glove manufacturing plant including infrastructure, equipment, machinery and ancillary systems. Our independent advice letter was issued on 24 May 2021;
- (v) Appointed by Majuperak Holdings Berhad ("**MHB**") as Independent Adviser for the land swap between Majuperak Energy Resources Sdn Bhd, a wholly-owned subsidiary of MHB and Perbadanan Kemajuan Negeri Perak. Our independent advice letter was issued on 29 September 2021; and
- (vi) Appointed 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 foregoing, we believe that 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 Acquisition and Settlement.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

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

Interested Parties	Director / Shareholder	Direct No. of ordinary shares in Knusford ('000)	%*	Indirect No. of ordinary shares in Knusford ('000)	%*
Tan Sri Dato' Lim Kang Hoo ⁽¹⁾	Major shareholder of Knusford and Vice Chairman and major shareholder of IWCB	616	0.62	⁽²⁾ 32,410	32.53
Kinston Park Sdn Bhd	Major shareholder of Knusford	2,410	2.42	⁽³⁾ 30,000	30.11
Dato' Lim Kang Swee ⁽¹⁾	Major shareholder of Knusford	10,614	10.65	⁽⁴⁾ 439	0.44
Aman Setegap Sdn Bhd	Major shareholder of Knusford	30,000	30.11	-	-
Lim Chen Heng ⁽¹⁾	Executive Director of Knusford and IWCB	-	-	-	-
Lim Chen Thai ⁽¹⁾	Executive Director of Knusford	58	0.06	-	-
Lim Sew Hua ⁽¹⁾	Executive Director of Knusford	1,349	1.35	-	-
Bernard Hilary Lawrence	Senior Independent Non-Executive Director of Knusford and Independent Non-Executive Director of IWCB	-	-	-	-
Lim Foo Seng	Independent Non-Executive Director of Knusford and IWCB	-	-	-	-

Notes:

* Based on total issued shares of 99,645,002 ordinary shares in Knusford ("**Knusford Shares**") as at the LPD.

(1) Tan Sri Dato' Lim Kang Hoo is the father of Lim Chen Heng and Lim Chen Thai, brother of Lim Sew Hua and Dato' Lim Kang Swee. As at the LPD, he holds 0.60% direct interest and 34.29% indirect interest in IWCB by virtue of his shareholdings in IWH through Credence Resources Sdn Bhd under Section 8 of the Act.

(2) Deemed interested by virtue of his shareholdings in Kinston Park Sdn Bhd and Aman Setegap Sdn Bhd.

- (3) *Deemed interested by virtue of its shareholdings in Aman Setegap Sdn Bhd.*
(4) *Deemed interested by virtue of his shareholding in WCM Ventures Sdn Bhd.*

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings in relation to the Proposed Acquisition and Settlement. The Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect interest in Knusford on the resolution pertaining to the Proposed Acquisition and Settlement to be tabled at the forthcoming EGM. The Interested Directors and Interested Major Shareholders have also undertaken that they will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect interest in Knusford on the resolution pertaining to the Proposed Acquisition and Settlement to be tabled at the forthcoming EGM.

7. EVALUATION OF THE PROPOSED ACQUISITION AND SETTLEMENT

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

- (i) Rationale and justifications for the Proposed Acquisition and Settlement;
- (ii) Basis and justifications for the Purchase Consideration;
- (iii) Industry overview, outlook and future prospects;
- (iv) Risks of the Proposed Acquisition and Settlement;
- (v) Effects of the Proposed Acquisition and Settlement; and
- (vi) Salient terms of the SPA and Settlement Agreement.

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 Acquisition and Settlement which may be released after the LPD.

7.1 Rationale and justifications for the Proposed Acquisition and Settlement

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

7.1.1 Settlement of long outstanding trade receivables

As at 31 March 2022, Knusford Group's total trade and other receivables stood at approximately RM270.21 million. The Group has been undertaking construction works for IWCB Group's development projects as well as providing other services since 2015. As at 31 March 2022, a net amount of RM50.76 million is due and payable by IWCB Group to the Knusford Group.

The Proposed Acquisition and Settlement will enable Knusford to recover the debts from IWCB Group under the Settlement Agreement. Consequently, Knusford will be able to focus its time and financial resources to explore other business opportunities instead of collecting debts. The Company may also generate revenue or enjoy potential capital appreciation from the Subject Property in the future.

The Proposed Acquisition and Settlement will also allow Knusford to have a more tangible asset in the form of the Subject Property instead of trade receivables.

7.1.2 Increase land bank at a strategic location

The Group's current business activities include construction, trading of building materials, property development, investment property and other services. The segmental breakdown of the Group's revenue and profit/loss before tax for the FYE 31 December 2020, 15-month FPE 31 March 2022 and 3-month FPE 30 June 2022 are as follows:

Operating segments	FYE 31 December 2020		15-month FPE 31 March 2022		3-month FPE 30 June 2022	
	Revenue RM million	PBT/ (LBT) RM million	Revenue RM million	PBT/ (LBT) RM million	Revenue RM million	PBT/ (LBT) RM million
Construction	251.32	8.19	247.58	1.88	5.04	(1.82)
Trading	112.00	6.00	74.89	(0.18)	11.99	(0.25)
Property development	3.85	(0.03)	8.53	1.51	1.83	0.23
Investment Property	2.93	1.01	3.91	1.09	0.77	0.28
Other services	4.65	(5.48)	3.48	(0.87)	0.33	0.03
Elimination	(48.82)	-	(33.38)	-	(1.17)	-
Total	325.93	9.69	305.01	3.43	18.79	(1.53)

For the FYE 31 December 2020 and 15-month FPE 31 March 2022, the Group's construction segment was the largest contributor of revenue and PBT followed by trading segment. Revenue from the property development segment has been minimal, contributing only between 1.2% - 2.8% to the Group's total revenue for the FYE 31 December 2020 and the 15-month FPE 31 March 2022. For the 3-month FPE June 2022, the trading segment was the largest contributor to the Group's revenue followed by the construction segment. These two segments reported losses before tax due to lower revenue, higher proportion of product mix with low profit margin and lower profit margins from its current on-going projects.

The Group's property development presence is entirely in Selangor. In view of the soft property market, the Group has deferred new project launches in recent years. Knusford's latest property development, the Oasis Kajang residential development project was launched in 2015 and completed in 2017 with 103 out of 112 units of double storey terrace houses sold as at the LPD. The Group also owns two pieces of development lands measuring 28 hectares and 5.39 hectares, respectively in Semenyih, Selangor. The Group's planned projects include 315 units of affordable homes in Kajang, as mandated by the state government of Selangor.

The Proposed Acquisition and Settlement provides an opportunity for the Group to expand its presence in the state of Johor by acquiring additional land bank for either capital appreciation and/or potential developments at a strategic location. The Subject Property is located in Johor Bahru which is poised to capitalise on higher demand arising from the RTS project in the future. The RTS project is a railway shuttle link approximately 4km length with two stations, one in Bukit Chagar, Johor Bahru, Malaysia and one in Woodlands, Singapore. The RTS will have a capacity of 10,000 passengers per hour, per direction and an expected ridership of about 40,000 passengers per day upon opening scheduled to be by the end of 2026. The Subject Property is located approximately 13km from the proposed Bukit Chagar RTS Station. Despite the big overhang in the Johor Bahru property market, the upcoming RTS is expected to be a catalyst for Johor Bahru's economic growth.

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

7.2 Basis and justification of arriving at the Purchase Consideration for the Subject Property

The basis and justification of arriving at the Purchase Consideration for the Subject Property are set out in Section 2.6 of Part A of the Circular.

The Purchase Consideration for the Proposed Acquisition was arrived at on a willing buyer-willing seller basis after taking into consideration the market value of RM53.24 million for the Subject Property as appraised by the Valuer.

Valuation methodology and assumptions

We note that the Valuer had adopted the Comparison Approach as the sole valuation method in valuing the Subject Property and no other alternative method of valuation such as residual method and cost method were considered as there is no planning approval for the Subject Property yet.

For the Comparison Approach, the Valuer took into consideration the sales and other relevant market evidences of similar land and making adjustments thereto for value affecting factors such as time, location, size, terrain of land, category of land use, sea frontage and town planning plot ratio.

The basis of valuation adopted is the market value which is defined as 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.

Premised on the foregoing, we concur that the Comparison Method be used as the sole valuation methodology to determine the market value of the Subject Property and consider the valuation method applied and adopted by the Valuer in its valuation of the Subject Property is reasonable as:

- i) the land is a vacant parcel of land;
- ii) the land is currently without the benefit of any approval or submission for development approval; and
- iii) Comparison Approach provides a snapshot of market demand and supply conditions for similar types of properties which have been transacted.

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Market value

The Valuer took into consideration the sales and other relevant market evidence of similar land and making adjustments thereto for value affecting factors such as the timing, location, size, tenure, terrain, category of land use, town planning and the sea/river frontage of the comparables.

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

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title & Lot Nos.	HSD 574550, PTD 24599, Town of Johor Bahru, District of Johor Bahru, Johor	HSD 574551, PTD 24600, Town of Johor Bahru, District of Johor Bahru, Johor	HSD 10974, Lot 3081, Town of Johor Bahru, District of Johor Bahru, Johor	HSD 239043, PTD 111517, Mukim of Plentong, District of Johor Bahru, Johor	GRN 56283, Lot 1307, Town of Johor Bahru, District of Johor Bahru, Johor
Property type	A parcel of commercial land (Note: This comparable property is a reclaimed land)	A parcel of commercial land (Note: This comparable property is a reclaimed land)	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Land area (acres)	4.00	3.73	4.71	9.50	0.71
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Category of land use	Building	Building	Building	Building	Building
Town planning	Commercial use (plot ratio 12)	Commercial use (plot ratio 12)	Commercial use (plot ratio 10)	Commercial use (plot ratio 4)	Commercial use (plot ratio 8)
Date of transaction	1 July 2020	12 December 2019	30 August 2019	19 July 2017	18 April 2022
Consideration (RM)	104,648,544.00	97,447,048.00	95,000,000.00	101,000,000.00	8,606,367.00
Consideration (RM psf)	599.94	599.98	462.60	244.19	280.00
Consideration after time adjustments⁽¹⁾ (RM psf)	629.94	629.98	485.73	256.40	280.00
Adjusted consideration⁽²⁾ (RM psf)	409.46	409.49	372.55	269.22	219.24

Notes:

- (1) Adjusted land value after imputing the time adjustment of 5% to Comparables 1-4 to reflect the moderate movement of market value over time.
- (2) Further adjustments include adjustments made for the location, size, terrain, category of land use, town planning plot ratio and river/sea frontage of the comparables as compared to the Subject Property. The total adjustments between comparables range between -35% to 5%.

We note that the Subject Property was transacted at a price of RM209.80 psf in 2016 as an unconverted development land zoned for commercial use with no undertaking by the then vendor to convert the land to commercial use. The current valuation is on the basis that the Subject Property is and shall be converted to commercial use at the Vendor's cost and expense and that the conversion cost is RM247,598.

Based on the above comparables, the adjusted land values range from RM219.24 psf to RM409.49 psf. We note that despite having the least cumulative adjustment of 5% for Comparable 4, the transaction took place in 2017 and may not reflect current market conditions. We agree with the Valuer's view that Comparable 5 is the best comparable as it is the latest transaction and has the second least net adjustments. As such, we consider the Valuer's decision to adopt RM219 psf as the market value of the Subject Property reasonable.

Premised on the above, we are of the opinion that the Purchase Consideration for the Subject Property is fair as the said Purchase Consideration is equivalent to the market value ascribed by the Valuer for the Subject Property.

7.3 Industry Overview, Outlook and Future Prospects

7.3.1 Overview and outlook of the Malaysian Economy

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical & electronics ("E&E") products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

The construction sector grew by 2.4% (1Q 2022: -6.2%), its first positive growth since 2Q 2021. Large commercial and industrial projects as well as small-scale projects continued to support activity in the non-residential and special trade subsectors. Meanwhile, the slower progress in infrastructure projects led to subdued growth in the civil engineering subsector.

During the quarter, domestic demand registered a higher growth of 13.0% (1Q 2022: 4.4%). This was mainly supported by a robust growth in private expenditure amid further normalisation of economic activity, as well as improving labour market conditions. On the external front, demand for Malaysia's exports, particularly for E&E products, remained strong. Private consumption grew at a faster pace of 18.3% (1Q 2022: 5.5%), driven by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The strength in consumer expenditure was primarily driven by the recovery in the labour market. Policy support, including the implementation of minimum wage hike, Bantuan Keluarga Malaysia and an Employees Provident Fund (EPF)-related measure also provided additional lift to consumer spending. Public consumption expanded at a moderate pace of 2.6% (1Q 2022: 6.7%), weighed down by lower supplies and services spending, reflecting smaller COVID-19 related expenditure.

The Malaysian economy is projected to expand further for the remainder of the year. Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth. Going forward, growth would continue to benefit from improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders.

Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects. However, the balance of risks to Malaysia's growth remains tilted to the downside. This stems mainly from weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Headline inflation is expected to trend higher in some months during the remainder of the year, due in part to the base effect from the discount on electricity tariffs implemented in 3Q 2021. As projected earlier, underlying inflation, as measured by core inflation, is expected to average higher in 2022, as demand continues to improve amid the high-cost environment. Overall, the outlook remains subject to upside risks, contingent on the strength of domestic demand which could contribute to further broad-based price pressures, as well as global commodity price developments and domestic policy measures. Nevertheless, the extent of upside pressure on inflation is expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy.

(Source: Quarterly Bulletin for Second Quarter of 2022, Bank Negara Malaysia)

7.3.2 Overview and outlook of the Johor property market

The current economic environment and projections indicate that the Johor economy will gradually recover. The Federal Government has allocated RM4.6 billion for Rolling Plan 2 development expenditure in 2022 under the Twelfth Malaysia Plan (12MP) for the state of Johor which includes 355 extension projects and 79 new projects. Meanwhile, the Johor State Budget 2022 announced on 18 November 2021 allocates operating expenditure of RM1.087 billion and RM870 million for development expenditure to focus on giving a new injection and leap to sustainable and resilient economic and social growth.

(Source: 2021 Annual Property Market State Report for Johor, National Property Information Centre)

Residential Property

Performance across the states improved in the first half of 2022. All states recorded higher market volume. The four major states namely Pulau Pinang, WP Kuala Lumpur, Johor and Selangor recorded an increase of 37.8%, 28.4%, 20.2% and 16.0% respectively. Johor recorded the highest number of new launches in the country, capturing nearly 23.8% (2,509 units) of the national total with sales performance at 31.8%. Johor recorded the highest number of new launches in the country, capturing nearly 23.8% (2,509 units) of the national total with sales performance at 31.8%. Johor retained the highest number and value of overhang in the country with 6,040 units worth RM4.73 billion, accounting to 17.7% and 21.8% in volume and value respectively of the national total. In Johor, the rental market was stable with upward movements for both terrace houses and apartment in Johor Bahru following the re-opening of national border in April 2022.

(Source: Property Market Report First Half 2022, National Property Information Centre)

Commercial Property

The commercial subsector recorded 32,025 overhang units valued at RM26.97 billion, declined 3.6% in volume and 2.1% in value compared to the preceding half of year 2021. Johor held the largest market share of commercial overhang nationwide at 54.6%, followed by WP Kuala Lumpur (16.2%) and Selangor (11.9%).

(Source: Property Market Status Report H1 2022, National Property Information Centre)

7.3.3 Prospects of the Subject Property

The Subject Property is situated within the Danga Bay locality which is one of the growth areas within Iskandar Malaysia. This area is considered attractive in terms of its close proximity to Johor Bahru city centre and Singapore.

The location plan of Danga Bay in relation to Johor Bahru city centre and Singapore is shown below.



Danga Bay is also located within the Flagship 'A' zone of Iskandar Malaysia, which is being promoted as an integrated waterfront city development. Flagship 'A' zone of Iskandar Malaysia is designated as Johor Bahru City Centre, which includes the development of a new financial district, a central business district and a waterfront city whilst being near to the Malaysia-Singapore Causeway.

(Source: Iskandar Regional Development Authority ("IRDA"))

Although the Johor property market is currently facing an overhang situation, the planned infrastructure development by the Federal and State Governments is also expected to create new opportunities for sizeable land (like the Subject Property) for real estate development. Such infrastructure includes the proposed Iskandar Malaysia Bus Rapid Transit ("IMBRT") and RTS.

The IMBRT which is scheduled to be completed by 2025 is expected to improve the overall public transportation network in Iskandar Malaysia. The IMBRT is expected to enhance connectivity to about 90% of Iskandar Malaysia (including the Subject Property) and alleviate current transportation issues such as congestion, lack of and irregular bus services and long waiting period. On the other hand, the proposed RTS which will connect the Woodlands North station in Singapore with Bukit Chagar in Johor Bahru, is expected to contribute to a more efficient cross-border connectivity between Johor and Singapore. These public transportation plans which were drawn up by the State Government of Johor will enhance the attractiveness of Johor Bahru as an office hub and potentially attract relocations from Singapore to Johor.

(Source: IRDA, IMBRT)

The RTS is a railway shuttle link approximately 4 kilometers with two stations, one in Bukit Chagar, Johor Bahru, Malaysia and one in Woodlands, Singapore. It is a light rail transit (LRT) system that will provide high volume, fast and efficient transportation system between the two stations, providing an alternative means of transportation that will help alleviate the congestion at immigration checkpoints for both countries. The RTS Link Project expects to provide an estimated 10,000 commuters per hour per direction via Johor Bahru to Singapore and it will ease the congestion at the Malaysia Singapore Causeway.

(Source: Announcement by Ekovest Berhad on 5 July 2022 made to Bursa Securities)

Given the strategic location of the Subject Property, i.e. located in Danga Bay and between the 2 commercial hubs of Iskandar Malaysia (i.e. Johor Bahru City Centre and Iskandar Puteri), high accessibility to 11 major highways via Lebuhraya Sultan Iskandar, a toll-free highway that connects the Subject Property to the Johor Bahru City Centre and Iskandar Puteri, as well as the ongoing developments of public transportation surrounding the Subject Property including the Iskandar Malaysia’s proposed IMBRT and RTS, the development potential of the Subject Property is good.

The Subject Property has the potential to cater for the population working in Singapore or Singaporeans through the public transport connectivity to be provided by the RTS. On the other hand, the development of the Lebuhraya Sultan Iskandar had also improved connectivity to the Second Link Expressway, which had spurred demand for residential and commercial properties in these areas.

Notwithstanding the current oversupply of properties in Iskandar Malaysia, we are also of the opinion that the Subject Property is still attractive for residential developments as tenants and investors look beyond the 2 commercial hubs of Iskandar Malaysia (i.e. Johor Bahru City Centre and Iskandar Puteri) in search for affordable homes and residential properties away from the hustle and bustle of the city centres. Residential development on the Subject Property, if reasonably priced, would also attract first-time home buyers and home upgraders as well as foreign buyers from the Malaysia My Second Home (MM2H) programme. This is evidenced with the sales performance of the 2 projects in Taman Laguna and Block A of Amber Heights in Bandar Seri Alam as mentioned in the Valuation Report.

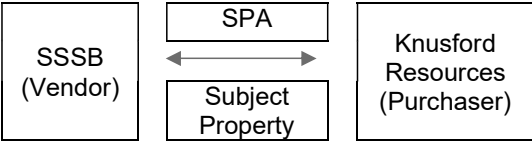
Given the Subject Property close proximity of about 12 kilometres to Johor Bahru downtown and the available tax incentives given by i2M Ventures Sdn Bhd, a subsidiary of Khazanah Nasional Berhad to promote Iskandar Puteri as the destination for global business services, the Subject Property also have the potential of attracting occupiers who are seeking prime, newer and better quality office space at the fringe of central business district.

(Source: Valuation Report)

After taking into consideration the overview and prospects of the property market in Johor and the prospects of the Subject Property, we are of the view that the Proposed Acquisition and Settlement is favourable to the Group.

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:

Terms	SPA	Thinkat’s comment
Parties	 <p>Subject Property: 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.</p> <p>Purchase Consideration: RM53,240,000</p>	This sets out the Vendor and Purchaser pursuant to the Proposed Acquisition.

<p>Conditions precedent</p>	<p>The obligations of SSSB and Knusford Resources which are set out in the SPA are conditional upon the following conditions precedent being obtained and fulfilled within 3 months from the date of the SPA, or such other date as the parties may mutually agree upon in writing (“SPA Cut-Off Date”):-</p> <p>(a) SSSB having obtained the approval of the shareholders of IWCB at a general meeting for amongst others (1) the disposal of the Subject Property by SSSB in favour of Knusford Resources in accordance with the terms and conditions of the SPA; and (2) the Proposed Settlement in accordance with the terms and conditions of the Settlement Agreement (if required); and</p> <p>(b) Knusford Resources having obtained the approval of the shareholders of Knusford at a general meeting to be convened for amongst others (1) the acquisition of the Subject Property by Knusford Resources in accordance with the terms and conditions of the SPA; and (2) the Proposed Settlement in accordance with the terms and conditions of the Settlement Agreement.</p> <p>*Note: SSSB and Knusford Resources had on 4 November 2022 executed an extension letter to extend the SPA Cut-Off Date for a period of 3 months, commencing from 22 October 2022 until 21 January 2023, subject to any further extension as may be mutually agreed upon by the parties in writing.</p>	<p>These terms are reasonable as they set out required approvals to facilitate the Proposed Acquisition. It also provides a reasonable timeframe and the necessary provisions for extension(s) of time for the fulfilment of the conditions precedent.</p>
<p>Manner of payment of Purchase Consideration</p>	<p>SSSB and Knusford Resources agree and acknowledge that the Purchase Consideration shall be satisfied by Knusford Resources on the Completion Date in accordance with the following manner:</p> <p>(a) A sum equivalent to the Settlement Sum shall be utilised to set-off against the Purchase Consideration and following such set-off arrangement, a sum equivalent to the Settlement Sum shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration.</p> <p>(b) A sum equivalent to the Conversion Cost shall be retained by Knusford Resources for the purpose of securing the performance of SSSB in respect of the Conversion, and following such retention, a sum equivalent to the Conversion Cost shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration.</p>	<p>This term is reasonable as it sets out the mode of settlement of the Purchase Consideration pursuant to the Proposed Acquisition.</p> <p>We are of the opinion that the Conversion Cost of RM247,598 is fair as this amount was assessed by a third party consultant.</p>

	<p>(c) Subject to Adjustment (as herein defined) (if applicable), the remaining balance of the Purchase Consideration, being RM2,227,826.62 (i.e. the difference between (i) the Purchase Consideration; and (ii) the aggregate of the Settlement Sum and the Conversion Cost) ("Balance") shall be paid and settled by Knusford Resources to SSSB entirely in cash on the Completion Date.</p>	<p>The Conversion Cost includes, among others, the conversion premium, drainage contribution, and estimated quit rent for the first year after conversion.</p>
<p>Adjustment of Purchase Consideration</p>	<p>(a) SSSB and Knusford Resources acknowledge that, prior to the date of the SPA, the Valuer has been jointly engaged by IWCB and Knusford for the purposes of valuing inter alia the market value of the Subject Property.</p> <p>(b) In the event that the assessed market value of the Subject Property shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation certificate, the Purchase Consideration shall be varied/adjusted upwards or downwards accordingly ("Adjustment"). The Purchase Consideration and the Balance to be paid and settled by Knusford Resources to SSSB pursuant to the provisions of the SPA, shall be deemed to be the sum as adjusted in accordance with the provisions of the SPA, provided that the Adjustment shall amount to a sum of more than 1% of the Purchase Consideration.</p> <p>(c) If the Adjustment shall amount to more than 10% of the Purchase Consideration, SSSB and Knusford Resources shall review and endeavor to mutually agree in good faith on a revised Purchase Consideration within 30 days following such variation/adjustment taking effect.</p>	<p>This term is reasonable as it protects SSSB and Knusford Resources in the event of adjustment to the Purchase Consideration is required pursuant to comments by the relevant authorities on the valuation certificate.</p>
<p>SSSB's obligations upon completion of the SPA</p>	<p>SSSB shall, on the Completion Date, execute a valid and registrable memorandum of transfer in respect of the Subject Property ("Transfer") and deliver, amongst others, the following documents (collectively, "Transfer Documents") to Knusford Resources or its solicitors to hold and deal with in accordance with the provisions of the SPA:</p> <p>(a) the Transfer;</p> <p>(b) original issue document of title for the Subject Property; and</p> <p>(c) quit rent and assessment receipts in respect of the Subject Property for the current year.</p>	<p>This term is reasonable as it sets out the documents to be provided by the Vendor to the Purchaser.</p>

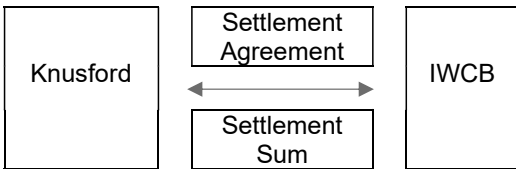
<p>Knusford Resources as sole beneficial owner</p>	<p>SSSB expressly acknowledges that on and from the Completion Date, Knusford Resources is the sole and absolute beneficial owner of the Subject Property and Knusford Resources shall have the full rights, title and interests in and to the Subject Property and is entitled to deal with the Subject Property in any manner whatsoever as if Knusford Resources is the absolute owner of the Subject Property pending the registration of the Transfer in favour of Knusford Resources.</p>	<p>This term is fair as the registration of Transfer in favour of Knusford is administrative in nature and Knusford shall be the legal owner of the Subject Property on completion date.</p>
<p>Conversion</p>	<p>(a) SSSB and Knusford Resources acknowledge and covenant that the Purchase Consideration has been arrived at on the basis that the Subject Property is and shall be converted to commercial use at SSSB's cost and expense, of which a consultant jointly appointed by SSSB and Knusford Resources prior to the date of the SPA, has determined and fixed at a sum of RM247,598.</p> <p>(b) SSSB and Knusford Resources agree and acknowledge that:-</p> <p>(1) in no event shall SSSB be liable to pay any costs and expenses or to top-up or pay additional costs and expenses to give effect to the Conversion, even if such costs and expenses shall increase for any reason whatsoever following the Completion Date and Knusford Resources shall solely be responsible for any and all such additional costs and expenses arising from the Conversion; and</p> <p>(2) any surpluses of the Conversion Cost (if any) retained by Knusford Resources is not refundable and belong wholly and absolutely to it.</p> <p>(c) Knusford Resources is entitled to, at any time after the Completion Date, request in writing to SSSB that SSSB do all that is necessary for the purpose of giving effect to the Conversion. Knusford Resources agrees and undertakes that it shall forward the requisite Conversion Cost to SSSB together with the issuance of a written request for Conversion to SSSB.</p>	<p>This term is fair as it lays out the terms of the payment of conversion premium.</p> <p>However, we note that there is no clause for recourse in the event of non-conversion.</p> <p>Rightfully, all cost and expenses in connection with the Conversion should be borne by SSSB, as the Proposed Acquisition is on the basis that the Subject Property is converted to commercial use.</p> <p>Nevertheless, we are of the opinion that this is reasonable as the Conversion Cost was assessed by a third party consultant.</p>

<p>Parties' right to terminate</p>	<p>If, at any time prior to the Completion Date:</p> <ul style="list-style-type: none"> (a) any party commits any material breach of any of its obligations under the SPA which: <ul style="list-style-type: none"> (1) is incapable of remedy; or (2) if capable of remedy, is not remedied within 14 days of it being given notice to do so; (b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of a party; (c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of a party; (d) any party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; (e) any party ceases or threaten to cease or carries on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under this agreement); or (f) any of the warranties given by a party is found at any time to be untrue or inconsistent, <p>then any party may, at any time prior to completion of the SPA while any such circumstances subsists, be at liberty to give a notice of termination to the other party for the purpose of terminating the SPA.</p>	<p>These terms are reasonable as it establishes ground for termination of the SPA by the respective parties in the event of continuing or material breach of obligations by either party.</p>
<p>Termination of Settlement Agreement</p>	<p>In the event that the Settlement Agreement is terminated for any reason whatsoever in accordance with its terms, the SPA shall automatically terminate and cease to have any further force or effect, other than the provisions on confidentiality prescribed therein, which shall survive termination.</p>	<p>This term is reasonable as the settlement of the Purchase Consideration is substantially via the Settlement Agreement.</p>

Vacant possession of Subject Property	SSSB and Knusford Resources agree and acknowledge that vacant possession of the Subject Property, free from all encumbrances and claims whatsoever, will be deemed delivered by SSSB to Knusford Resources on the Completion Date.	This term is reasonable as it sets out the terms to be fulfilled upon the completion of the Proposed Acquisition.
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7.5 Evaluation of the salient terms of the Settlement Agreement

Our comments on the salient terms of the Settlement Agreement extracted from Appendix II of the Circular are as follows:

Terms	Settlement Agreement	Thinkat's comment
Parties	 <p>The diagram shows two boxes, 'Knusford' on the left and 'IWCB' on the right. Between them are two boxes: 'Settlement Agreement' on top and 'Settlement Sum' on the bottom. A double-headed horizontal arrow connects the two boxes between Knusford and IWCB, indicating a mutual relationship or exchange between the parties.</p>	This sets out the parties to the Proposed Settlement.
Conditions precedent	<p>The obligations of Knusford and IWCB which are set out in the Settlement Agreement are conditional upon the following conditions precedent being obtained and fulfilled within 3 months from the date of the Settlement Agreement, or such other date as the parties may mutually agree upon in writing ("Settlement Agreement Cut-Off Date")*:-</p> <ul style="list-style-type: none"> (a) Knusford having obtained the approval of its shareholders in a general meeting for amongst others (1) the Proposed Acquisition in accordance with the terms and conditions of the SPA; and (2) the settlement arrangement of the Settlement Sum in accordance with the terms and conditions of the Settlement Agreement; (b) IWCB having obtained the approval of its shareholders in a general meeting for amongst others (1) the Proposed Acquisition in accordance with the terms and conditions of the SPA; and (2) the settlement arrangement of the Settlement Sum in accordance with the terms and conditions of the Settlement Agreement; and (c) the SPA having become unconditional in accordance with the terms and conditions contained therein. <p>*Note: KB and IWCB had on 4 November 2022 executed an extension letter to extend the Settlement Agreement Cut-Off Date for a period of 3 months, commencing from 22 October 2022 until 21 January 2023, subject to any further extension as may be mutually agreed upon by the parties in writing.</p>	These terms are reasonable as they set out the required approvals to facilitate the Proposed Settlement.

<p>Payment of Settlement Sum</p>	<p>In light of the Proposed Acquisition, IWCB and Knusford agree and acknowledge that on the completion date of the Settlement Agreement:-</p> <p>(a) the Settlement Sum shall be set-off against the Purchase Consideration and following such set-off arrangement, a sum equivalent to the Settlement Sum shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration;</p> <p>(b) Subject to Adjustment (if applicable) to be made to the Purchase Consideration in accordance with the provisions of the SPA, the Differential Amount shall be paid and settled by Knusford Resources to SSSB in such manner as stipulated in the provisions of the SPA; and</p> <p>(c) all rights, claims and actions which the Knusford Group was entitled against the IWCB Group in respect of an aggregate sum of RM50,924,575.38 due and owing by the IWCB Group to the Knusford Group arising from (1) the works and services provided by the Knusford Group to the IWCB Group under the Botanika Project, the Danga Sutera Project and the Infra Project respectively; (2) the Renting of Office and Apartment; and (3) the amount deemed owing by IWCB Group to Knusford Group from the revocation and cancellation of the transfers of 4 Identified Properties (collectively, the "Amount Due From IWCB Group to Knusford Group"), shall be waived by Knusford Group as if the Amount Due From IWCB Group to Knusford Group has been paid and settled in full by IWCB Group.</p>	<p>This term is reasonable as the Proposed Settlement is undertaken to facilitate the Proposed Acquisition.</p>
<p>Parties' right to terminate</p>	<p>In the event that:-</p> <p>(a) any party commits any material breach of any of its obligations under the Settlement Agreement which:-</p> <p>(1) is incapable of remedy; or</p> <p>(2) if capable of remedy, is not remedied within 14 days of it being given notice to do so;</p> <p>(b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of a party;</p> <p>(c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of a party;</p>	<p>These terms are reasonable as it establishes ground for termination of the Settlement Agreement by the respective parties in the event of continuing or material breach of obligations by either party.</p>

	<p>(d) any party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;</p> <p>(e) any party ceases or threaten to cease or carries on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under this Settlement Agreement); or</p> <p>(f) any of the warranties given by a party is found at any time to be untrue or inconsistent,</p> <p>then either party may, at any time prior to completion of the Settlement Agreement while any such circumstances subsist, be at liberty to give a notice of termination to the other party for the purpose of terminating the Settlement Agreement.</p>	
Termination of SPA	In the event the SPA is terminated for any reason whatsoever in accordance with its terms, the Settlement Agreement shall automatically terminate and cease to have any further force or effect, other than the provisions on confidentiality prescribed therein, which shall survive termination.	This term is reasonable as the Proposed Settlement is undertaken to facilitate the Proposed Acquisition and both proposals are conditional upon each other.
Consequences of termination	<p>Within 14 days of a notice of termination being duly given pursuant to the provisions of the Settlement Agreement or the termination of the SPA, Knusford shall return to IWCB all documents, if any, delivered to Knusford by or on behalf of IWCB, and whereupon the parties shall be entitled to exercise all of their rights and remedies to recover whatever sum that are due and payable by the respective parties in connection with:-</p> <p>(a) the Amount Due From IWCB Group to Knusford Group; and</p> <p>(b) the Amount Due From Knusford Group to IWCB Group,</p> <p>as at the date of the notice of termination.</p>	These terms are reasonable as they serve to safeguard the interests of Knusford in the event of default by either party or in any given circumstances as stipulated in the Settlement Agreement.

<p>Full and final settlement</p>	<p>(a) Knusford and IWCB agree that the Settlement Agreement is in compromise and full and final settlement between the parties of all claims of whatever nature, howsoever arising, for or in connection with any complaint(s), claim(s) and/or proceeding(s) in respect of:-</p> <p>(1) the Amount Due From IWCB Group to Knusford Group; and</p> <p>(2) the Amount Due From Knusford Group to IWCB Group.</p> <p>(b) Upon completion of the Settlement Agreement having occurred, all claims made or which could be made of whatsoever kind or character which the parties or their respective solicitors have or had against each other in relation to any breach of contract, claim for compensation or on any other grounds whatsoever, from the beginning of time until the date of the Settlement Agreement shall be deemed to have been fully and finally settled.</p> <p>(c) Without limitation to the foregoing, Knusford and IWCB agree, acknowledge and undertake that upon completion of the Settlement Agreement having occurred:-</p> <p>(1) Knusford Group shall have no claim of any nature whatsoever against IWCB Group in connection with the Amount Due From IWCB Group to Knusford Group; and</p> <p>(2) IWCB Group shall have no claim of any nature whatsoever against Knusford Group in connection with the Amount Due From Knusford Group to IWCB Group.</p>	<p>This term is fair as the Proposed Settlement will fully set-off all amounts owing between Knusford Group and IWCB Group.</p>
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Premised on the above, we are of the opinion that the abovementioned salient terms of the SPA and Settlement Agreement are reasonable and are not detrimental to the non-interested shareholders of Knusford.

7.6 Effects of the Proposed Acquisition and Settlement

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

7.6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition and Settlement 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 Knusford Shares.

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

7.6.2 NA per Knusford Share and gearing level

The Proposed Acquisition and Settlement will not have any material effect on the Group's NA, NA per Knusford Share and gearing level as the Purchase Consideration will be satisfied via set-off against the Settlement Sum as well as cash payable on the Completion Date. The cash payment is intended to be fully financed through internally generated funds.

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

7.6.3 Earnings and EPS

The Proposed Acquisition and Settlement is not expected to have any immediate material effect on the earnings and EPS of Knusford Group for the FYE 31 March 2023. Nevertheless, should the Company decide to develop the Subject Property, it anticipates that such development may contribute positively to the future earnings of the Group.

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 financial effects of the Proposed Acquisition and Settlement are reasonable and not detrimental to the non-interested shareholders of Knusford.

7.7 Risk factors

We take note of the risk factors as disclosed in Section 5 of Part A of the Circular.

We are satisfied that the management has in place measures to limit/mitigate the risks highlighted herein.

In the first half of 2022, Johor state recorded the most launched residential units as well as the highest residential overhang (*Source: Property Market Status H1 2022, National Property Information Centre*). We are of the view that going into 2023 it may take some time for the property overhang situation in Johor to normalise. The recent rise in overnight policy rate and anticipated future hikes may be a dampener to the property market especially to the residential sector. However, we note that there are a few infrastructure/mega projects under construction in Johor such as the RTS, Johor Bahru – Pontian Bridge and Maharani Energy Gateway, Muar Furniture Park, Sime Darby Industrial Park, Pagoh University Town etc which will be completed over the next few years. These will increase economic activities which may ease the property overhang.

If the property overhang situation persists, the Company may not be able to sell the developed properties or that it may not fetch a desirable selling price which will be profitable or fulfils the Company's required returns. Nevertheless, we understand that the Company does not have any immediate plans to develop the Subject Property at this juncture. Should the Company decide to do so, the Company will conduct feasibility studies in order to determine the ideal timing and development type for the Subject Property.

We also wish to highlight that there is no recourse for the Company in the event the Conversion is unsuccessful, to which the Directors have acknowledged and accepted this risk. We also note that in the event the actual Conversion Cost is more than RM247,598, Knusford shall solely be responsible for such additional costs and expenses to give effect to the Conversion.

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The Board has also noted the effects of COVID-19 pandemic that is still prevalent in the recovery of the property market. Nevertheless, as Malaysia has transitioned into an endemic phase since April 2022, the effects of COVID-19 has been less destructive to the country's economy and business. With the reopening of the country's borders and government initiatives, the freeze on hiring of foreign workers has been lifted, which will be a boon to the property development industry.

No assurances can be given that the risks will not give rise to a material adverse impact should it happen.

In evaluating the Proposed Acquisition and Settlement, 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 Acquisition and Settlement 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 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 Acquisition and Settlement, no assurance can be given that one or a combination of 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 Group, its financial performance, financial position or prospects thereon.

8. CONCLUSION AND RECOMMENDATION

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

Potential advantages	Potential disadvantages
1. Strengthen asset base by settling trade receivables	1. Knusford may have its capital tied up in the Subject Property as it may take some time before the value of the Subject Property can be realised either via development profits or by re-selling it.
2. Increase land bank at a strategic location	2. Knusford will not have any recourse against SSSB in the event that the Conversion is unsuccessful or that the Conversion Cost is higher than estimated.

We have taken cognisance of the rationale and justifications for the Proposed Acquisition and Settlement, basis and justification of arriving at the Purchase Consideration for the Subject Property, industry overview and prospects, effects of the Proposed Acquisition and Settlement, salient terms of the SPA and Settlement Agreement and risk factors of the Proposed Acquisition and Settlement. Based on our evaluation and comments on the Proposed Acquisition and Settlement, we are of the opinion that the Proposed Acquisition and Settlement 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 Acquisition and Settlement to be tabled at the forthcoming EGM.

Before arriving at the decision to vote on the ordinary resolution pertaining to the Proposed Acquisition and Settlement, 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 Acquisition and Settlement as set out in Section 12 of Part A of the Circular.

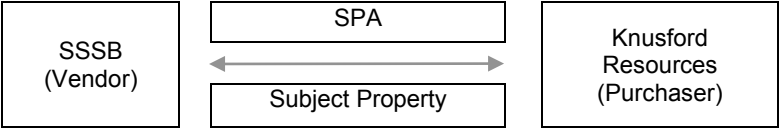
Yours faithfully,
For and on behalf of
THINKAT ADVISORY SDN BHD

Karl Fredericks
Director

Faizul Sukri
Director

APPENDIX I – SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:-

Parties	 <p>Subject Property: 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</p> <p>Purchase Consideration: RM53,240,000.00</p>
Conditions precedent	<p>The obligations of SSSB and Knusford Resources which are set out in the SPA are conditional upon the following conditions precedent being obtained and fulfilled within 3 months from the date of the SPA, or such other date as the parties may mutually agree upon in writing ("SPA Cut-Off Date")*:-</p> <p>(a) SSSB having obtained the approval of the shareholders of IWCB at a general meeting for amongst others (1) the disposal of the Subject Property by SSSB in favour of Knusford Resources in accordance with the terms and conditions of the SPA; and (2) the Proposed Settlement in accordance with the terms and conditions of the Settlement Agreement (if required); and</p> <p>(b) Knusford Resources having obtained the approval of the shareholders of Knusford at a general meeting to be convened for amongst others (1) the acquisition of the Subject Property by Knusford Resources in accordance with the terms and conditions of the SPA; and (2) the Proposed Settlement in accordance with the terms and conditions of the Settlement Agreement.</p> <p>*Note: SSSB and Knusford Resources had on 4 November 2022 executed an extension letter to extend the SPA Cut-Off Date for a period of 3 months, commencing from 22 October 2022 until 21 January 2023, subject to any further extension as may be mutually agreed upon by the parties in writing.</p>
Manner of payment of Purchase Consideration	<p>SSSB and Knusford Resources agree and acknowledge that the Purchase Consideration shall be satisfied by Knusford Resources on the Completion Date in accordance with the following manner:-</p> <p>(a) A sum equivalent to the Settlement Sum shall be utilised to set-off against the Purchase Consideration and following such set-off arrangement, a sum equivalent to the Settlement Sum shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration.</p> <p>(b) A sum equivalent to the Conversion Cost shall be retained by Knusford Resources for the purpose of securing the performance of SSSB in respect of the Conversion, and following such retention, a sum equivalent to the Conversion Cost shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration.</p> <p>(c) Subject to Adjustment (as herein defined) (if applicable), the remaining balance of the Purchase Consideration, being RM2,227,826.62 (i.e. the difference between (i) the Purchase Consideration; and (ii) the aggregate of the Settlement Sum and the Conversion Cost) ("Balance") shall be paid and settled by Knusford Resources to SSSB entirely in cash on the Completion Date.</p>

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

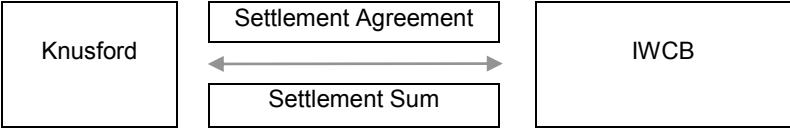
Adjustment of Purchase Consideration	<p>(a) SSSB and Knusford Resources acknowledge that, prior to the date of the SPA, the Valuer has been jointly engaged by IWCB and Knusford for the purposes of valuing inter alia the market value of the Subject Property.</p> <p>(b) In the event that the assessed market value of the Subject Property shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation certificate, the Purchase Consideration shall be varied/adjusted upwards or downwards accordingly ("Adjustment"). The Purchase Consideration and the Balance to be paid and settled by Knusford Resources to SSSB pursuant to the provisions of the SPA, shall be deemed to be the sum as adjusted in accordance with the provisions of the SPA, provided that the Adjustment shall amount to a sum of more than 1% of the Purchase Consideration.</p> <p>(c) If the Adjustment shall amount to more than 10% of the Purchase Consideration, SSSB and Knusford Resources shall review and endeavor to mutually agree in good faith on a revised Purchase Consideration within 30 days following such variation/adjustment taking effect.</p>
SSSB's obligations upon completion of the SPA	<p>SSSB shall, on the Completion Date, execute a valid and registrable memorandum of transfer in respect of the Subject Property ("Transfer") and deliver, amongst others, the following documents (collectively, "Transfer Documents") to Knusford Resources or its solicitors to hold and deal with in accordance with the provisions of the SPA:-</p> <p>(a) the Transfer;</p> <p>(b) original issue document of title for the Subject Property; and</p> <p>(c) quit rent and assessment receipts in respect of the Subject Property for the current year.</p>
Knusford Resources as sole beneficial owner	<p>SSSB expressly acknowledges that on and from the Completion Date, Knusford Resources is the sole and absolute beneficial owner of the Subject Property and Knusford Resources shall have the full rights, title and interests in and to the Subject Property and is entitled to deal with the Subject Property in any manner whatsoever as if Knusford Resources is the absolute owner of the Subject Property pending the registration of the Transfer in favour of Knusford Resources.</p>
Conversion	<p>(a) SSSB and Knusford Resources acknowledge and covenant that the Purchase Consideration has been arrived at on the basis that the Subject Property is and shall be converted to commercial use at SSSB's cost and expense, of which a consultant jointly appointed by SSSB and Knusford Resources prior to the date of the SPA, has determined and fixed at a sum of RM247,598.00.</p> <p>(b) SSSB and Knusford Resources agree and acknowledge that:-</p> <p>(1) in no event shall SSSB be liable to pay any costs and expenses or to top-up or pay additional costs and expenses to give effect to the Conversion, even if such costs and expenses shall increase for any reason whatsoever following the Completion Date and Knusford Resources shall solely be responsible for any and all such additional costs and expenses arising from the Conversion; and</p> <p>(2) any surpluses of the Conversion Cost (if any) retained by Knusford Resources is not refundable and belong wholly and absolutely to it.</p> <p>(c) Knusford Resources is entitled to, at any time after the Completion Date, request in writing to SSSB that SSSB do all that is necessary for the purpose of giving effect to the Conversion. Knusford Resources agrees and undertakes that it shall forward the requisite Conversion Cost to SSSB together with the issuance of a written request for Conversion to SSSB.</p>

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

Parties' right to terminate	<p>If, at any time prior to the Completion Date:-</p> <ul style="list-style-type: none"> (a) any party commits any material breach of any of its obligations under the SPA which:- <ul style="list-style-type: none"> (1) is incapable of remedy; or (2) if capable of remedy, is not remedied within 14 days of it being given notice to do so; (b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of a party; (c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of a party; (d) any party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; (e) any party ceases or threaten to cease or carries on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SPA); or (f) any of the warranties given by a party is found at any time to be untrue or inconsistent, <p>then any party may, at any time prior to completion of the SPA while any such circumstances subsist, be at liberty to give a notice of termination to the other party for the purpose of terminating the SPA.</p>
Termination of Settlement Agreement	<p>In the event the Settlement Agreement is terminated for any reason whatsoever in accordance with its terms, the SPA shall automatically terminate and cease to have any further force or effect, other than the provisions on confidentiality prescribed therein, which shall survive termination.</p>
Vacant possession of Subject Property	<p>SSSB and Knusford Resources agree and acknowledge that vacant possession of the Subject Property, free from all encumbrances and claims whatsoever, will be deemed delivered by SSSB to Knusford Resources on the Completion Date.</p>

APPENDIX II – SALIENT TERMS OF THE SETTLEMENT AGREEMENT

The salient terms of the Settlement Agreement are as follows:-

Parties	
Conditions precedent	<p>The obligations of Knusford and IWCB which are set out in the Settlement Agreement are conditional upon the following conditions precedent being obtained and fulfilled within 3 months from the date of the Settlement Agreement, or such other date as the parties may mutually agree upon in writing ("Settlement Agreement Cut-Off Date")*:-</p> <ul style="list-style-type: none"> (a) Knusford having obtained the approval of its shareholders in a general meeting for amongst others (1) the Proposed Acquisition in accordance with the terms and conditions of the SPA; and (2) the settlement arrangement of the Settlement Sum in accordance with the terms and conditions of the Settlement Agreement; (b) IWCB having obtained the approval of its shareholders in a general meeting for amongst others (1) the Proposed Acquisition in accordance with the terms and conditions of the SPA; and (2) the settlement arrangement of the Settlement Sum in accordance with the terms and conditions of the Settlement Agreement (if required); and (c) the SPA having become unconditional in accordance with the terms and conditions contained therein. <p>*Note: KB and IWCB had on 4 November 2022 executed an extension letter to extend the Settlement Agreement Cut-Off Date for a period of 3 months, commencing from 22 October 2022 until 21 January 2023, subject to any further extension as may be mutually agreed upon by the parties in writing.</p>
Payment of Settlement Sum	<p>In light of the Proposed Acquisition, IWCB and Knusford agree and acknowledge that on the completion date of the Settlement Agreement:-</p> <ul style="list-style-type: none"> (a) the Settlement Sum shall be set-off against the Purchase Consideration and following such set-off arrangement, a sum equivalent to the Settlement Sum shall be deemed paid and settled by Knusford Resources to SSSB towards the Purchase Consideration; (b) Subject to Adjustment (if applicable) to be made to the Purchase Consideration in accordance with the provisions of the SPA, the Differential Amount shall be paid and settled by Knusford Resources to SSSB in such manner as stipulated in the provisions of the SPA; and (c) all rights, claims and actions which the Knusford Group was entitled against the IWCB Group in respect of an aggregate sum of RM50,924,575.38 due and owing by the IWCB Group to the Knusford Group arising from (1) the works and services provided by the Knusford Group to the IWCB Group under the Botanika Project, the Danga Sutera Project and the Infra Project respectively; (2) the Renting of Office and Apartment; and (3) the amount deemed owing by IWCB Group to Knusford Group from the revocation and cancellation of the transfers of 4 Identified Properties (collectively, the "Amount Due From IWCB Group to Knusford Group"), shall be waived by Knusford Group as if the Amount Due From IWCB Group to Knusford Group has been paid and settled in full by IWCB Group.

APPENDIX II – SALIENT TERMS OF THE SETTLEMENT AGREEMENT (CONT'D)

Parties' right to terminate	<p>In the event that:-</p> <ul style="list-style-type: none"> (a) any party commits any material breach of any of its obligations under the Settlement Agreement which:- <ul style="list-style-type: none"> (1) is incapable of remedy; or (2) if capable of remedy, is not remedied within 14 days of it being given notice to do so; (b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of a party; (c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of a party; (d) any party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; (e) any party ceases or threaten to cease or carries on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the Settlement Agreement); or (f) any of the warranties given by a party is found at any time to be untrue or inconsistent, <p>then either party may, at any time prior to completion of the Settlement Agreement while any such circumstances subsists, be at liberty to give a notice of termination to the other party for the purpose of terminating the Settlement Agreement.</p>
Termination of SPA	<p>In the event the SPA is terminated for any reason whatsoever in accordance with its terms, the Settlement Agreement shall automatically terminate and cease to have any further force or effect, other than the provisions on confidentiality prescribed therein, which shall survive termination.</p>
Consequences of termination	<p>Within 14 days of a notice of termination being duly given pursuant to the provisions of the Settlement Agreement or the termination of the SPA, Knusford shall return to IWCB all documents, if any, delivered to Knusford by or on behalf of IWCB, and whereupon the parties shall be entitled to exercise all of their rights and remedies to recover whatever sum that are due and payable by the respective parties in connection with:-</p> <ul style="list-style-type: none"> (a) the Amount Due From IWCB Group to Knusford Group; and (b) the Amount Due From Knusford Group to IWCB Group, <p>as at the date of the notice of termination.</p>

APPENDIX II – SALIENT TERMS OF THE SETTLEMENT AGREEMENT (CONT'D)

Full and final settlement	<p>(a) Knusford and IWCB agree that the Settlement Agreement is in compromise and full and final settlement between the parties of all claims of whatever nature, howsoever arising, for or in connection with any complaint(s), claim(s) and/or proceeding(s) in respect of:-</p> <ul style="list-style-type: none">(1) the Amount Due From IWCB Group to Knusford Group; and(2) the Amount Due From Knusford Group to IWCB Group. <p>(b) Upon completion of the Settlement Agreement having occurred, all claims made or which could be made of whatsoever kind or character which the parties or their respective solicitors have or had against each other in relation to any breach of contract, claim for compensation or on any other grounds whatsoever, from the beginning of time until the date of the Settlement Agreement shall be deemed to have been fully and finally settled.</p> <p>(c) Without limitation to the foregoing, Knusford and IWCB agree, acknowledge and undertake that upon completion of the Settlement Agreement having occurred:-</p> <ul style="list-style-type: none">(1) Knusford Group shall have no claim of any nature whatsoever against IWCB Group in connection with the Amount Due From IWCB Group to Knusford Group; and(2) IWCB Group shall have no claim of any nature whatsoever against Knusford Group in connection with the Amount Due From Knusford Group to IWCB Group.
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Our Ref.: VJB22.119A

22 July 2022

The Board of Directors
Knusford Berhad
1st Floor, Wisma Ekovest
No. 118, Jalan Gombak
53000 Kuala Lumpur
W. P. Kuala Lumpur

Dear Sirs,

**VALUATION CERTIFICATE FOR
GERAN 90571, LOT 726, MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR,
LOCATED WITHIN KAMPUNG TANJUNG DANGA, 81200 JOHOR BAHRU, JOHOR (“THE SUBJECT
PROPERTY”)**

Raine&Horne

**Raine & Horne International
Zaki + Partners Sdn. Bhd.**

(Company No. 99440-T)

No. 22-01, Jalan Permas 9/2,
Bandar Baru Permas Jaya,
81750 Johor Bahru, Johor, Malaysia
Telephone: 07-386 3791, 386 3795, 386 3529
Fax : 07-386 3754
Email : rhizpb@gmail.com
Facebook : Raine and Horne Malaysia
Twitter : twitter@raineandhorneMY

This Valuation Certificate has been prepared for the purpose of submission to the Bursa Malaysia Securities Berhad (“Bursa Securities”) in relation to the proposed acquisition by Knusford Resources Sdn Bhd (“Knusford Resources”), a wholly-owned subsidiary of Knusford Berhad (“KB”), of the Subject Property from Success Straits Sdn Bhd (“SSSB”), a wholly-owned subsidiary of Iskandar Waterfront City Berhad (“IWCity”) (“Proposed Acquisition”).

In accordance with your instructions to value the Subject Property for the purpose of submission to Bursa Securities, we have inspected the Subject Property on 18 July 2022 and the material date of valuation is as at 22 July 2022.

The valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and with the necessary professional responsibility and due diligence.

Our basis of valuation is the “Market Value” which is defined in the Malaysian Valuation Standards as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

We note that Knusford Resources had entered into a conditional sale and purchase agreement (“SPA”) on 22 July 2022 with the registered owner of the Subject Property, namely SSSB whereby SSSB had agreed to sell and Knusford Resources had agreed to acquire the Subject Property on the basis that the Subject Property is and shall be converted to commercial use at SSSB’s cost and expense at a fixed sum of RM247,598.00 and whereby:

- (a) in no event shall SSSB be liable to pay any costs and expenses or to top-up or pay additional costs and expenses to give effect to the conversion, even if such costs and expenses shall increase for any reason whatsoever following the completion date and Knusford Resources shall solely be responsible for any and all such additional costs and expenses arising from the conversion; and
- (b) any surpluses of the conversion cost (if any) retained by Knusford Resources is not refundable and belong wholly and absolutely to Knusford Resources.
- (c) Clause 4.2 (a) (2) states that the sum equivalent to the conversion cost shall be retained by the Purchaser for the purpose of securing the performance of the Vendor in respect of the Conversion as prescribed in Clause 7, and following such retention, a sum equivalent to the Conversion Cost shall be deemed paid and settled by the Purchaser to the Vendor towards the Price.



(Property, Plant & Machinery Valuation)

Perunding Harta Tanah Antarabangsa • International Property Consultants

KUALA LUMPUR PENANG IPOH KELANG PETALING JAYA SUBANG JAYA SEREMBAN MELAKA Kuantan JOHOR BAHRU KUCHING KOTA KINABALU

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- (d) Clause 7.2 (a) states that the Purchaser is entitled to, at any time after the Completion Date, request in writing to the Vendor that the Vendor do all that is necessary for the purpose of giving effect to the Conversion.
- (e) Clause 7.2 (b) states that the Purchaser agrees and undertakes that it shall forward the requisite Conversion Cost to the Vendor together with the issuance of the Written Request for Conversion to the Vendor.

OUR VALUATION IS ON THE ASSUMPTION THAT THE SUBJECT PROPERTY HAS BEEN CONVERTED TO A COMMERCIAL DEVELOPMENT LAND.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTION AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION THAT IS NOT YET OR FULLY REALISED.

Notwithstanding that the Subject Property is currently a parcel of unconverted development land, our valuation of the Subject Property is on the basis that it has been converted to a commercial development land pursuant to the parties' intention in the SPA.

The details of the Subject Property are as follows:

IDENTIFICATION OF THE SUBJECT PROPERTY

Interest to be valued /

Type of property : Freehold interest in a parcel of unconverted development land zoned for commercial use and on the basis that the Subject Property is and shall be converted to commercial use at SSSB's cost and expense at an agreed fixed sum.

Location : Located within Kampung Tanjung Danga, Johor.

TITLE PARTICULARS OF THE SUBJECT PROPERTY

Title particulars : When valuing the Lot 726, we have adopted the original land area stated in the Borang B1 (Pelan Tanah) attached to the Land Title and thereafter deducted the compulsory land acquisition as stated in Borang K to arrive at the net land area. We did not use the registered land area stated in Borang 5BK of the Land Title as it does not reflect the actual net land area after the compulsory land acquisition neither does it reflect the original land area as per the Borang B1 (Pelan Tanah) before the compulsory land acquisition.

Our verbal enquiries at Pejabat Tanah Dan Galian Johor also confirmed that there is an error in the registered land area in Borang 5BK of the Land Title for Lot 726. We understand from IWCity, that there is no application to the Pejabat Tanah Dan Galian Johor to rectify the error as yet.

NET LAND AREA

Based on the official title search and our reference to the Certified Plan No. 25854 issued by Jabatan Ukur Dan Pemetaan Malaysia (JUPEM), we note the net land area of the Subject Property (after compulsory land acquisition) is as follows:

Title No.	Lot No.	Land Area Before Land Acquisition (Acres)	Compulsory Land Acquisition (Borang K)	Net Land Area (Acres)	Net Land Area (Square Feet)
Geran 90571	726	5.812*	On 5 January 1982 935.8 square metres (equivalent to 0.231 acre)	5.5812	243,117

*Note: Based on Borang B1 (Pelan Tanah) of the Land Title and the Certified Plan No. 25854

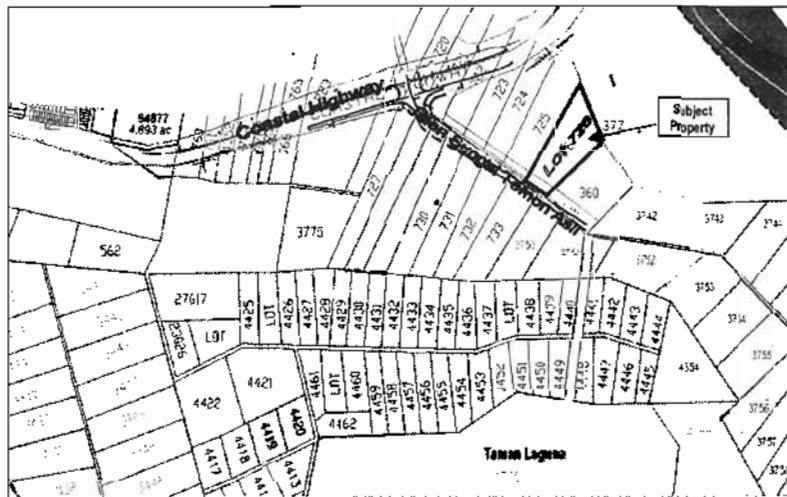
Mukim/District/State : The title is held in the Mukim of Pulai, District of Johor Bahru, State of Johor.
 Tenure : Freehold
 Category of Land Use : Nil
 Registered Proprietor : SUCCESS STRAITS SDN BHD
 Express Condition : Nil
 Restriction in Interest : Nil
 Encumbrance : Nil
 Endorsement : "Pengambilan Sebahagian Tanah – Borang K, seluas lebih kurang 935.8 meter persegi dan cukai dipinda kepada RM105.00, didaftarkan pada 5 Januari 1982"

GENERAL DESCRIPTION OF THE SUBJECT PROPERTY

The Subject Property is located within Kampung Tanjung Danga which is approximately thirteen (13) kilometres due west of Johor Bahru city centre. Kampung Tanjung Danga is also located next to Lebuhraya Sultan Iskandar (also known as Coastal Highway). The Subject Property is easily accessible from the Johor Bahru city centre via Skudai Highway onto Lebuhraya Sultan Iskandar and onto Jalan Sungai Temon Asli which leads to Kampung Tanjung Danga via the second exit. Sungai Danga is located to the north of the Subject Property.

The metalled road of Jalan Sungai Temon Asli links to Jalan Sri Laguna 1 and provides direct access to Taman Laguna, a housing scheme located to the south of the Subject Property. The Subject Property is located about 260 metres from the southern side of Lebuhraya Sultan Iskandar.

The site plan of the Subject Property is shown below.



Site plan of the Subject Property (edged in red)

The Subject Property is regular in shape and fronts onto the metalled road known as Jalan Sungai Temon Asli. After the land acquisition, the Subject Property has a frontage of about 71 metres (233 feet) and an average depth of 216 metres (708 feet).

At the date of our inspection, we note that the site is generally vacant. The Subject Property is partly cleared and partly overgrown with lalang, bushes and wild trees. The site boundaries are not demarcated by any form of fencing. The site is generally flat to undulating in terrain but gradually slopes downward from the southern portion towards the northern portion. Based on the Demarcation of Land Boundary and Topographical Survey Plan prepared by Jurukur Bakti vide plan no. JBL/JH/39/2018/DS, we note that the spot levels are ranging from 4 metres to 12 metres within the Subject Property.

TOWN PLANNING PROVISIONS

Based on the Local Planning Guidelines of Johor Bahru & Kulai 2025 (Rancangan Tempatan Daerah Johor Bahru & Kulai 2025), we note that the Subject Property is zoned for commercial use at a plot ratio of 1:4. There is no planning approval for the Subject Property.

METHOD OF VALUATION

We have used the Comparison Approach to determine the value of the Subject Property by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Where dissimilarities exist, adjustments are made.

We have used the Comparison Approach of valuation as the ONLY method of valuation. We did not use the Income Approach (Residual Method), Income Method and Cost Method as there is no planning approval for the Subject Property as yet. In the absence of an approved detailed development plan, the Income Approach (Residual Method) will be very much arbitrary due to the high level of sensitivity in respect of the various data inputs that forms the crux of the approach.

COMPARISON APPROACH

In applying the Comparison Approach to arrive at the Market Value of the Subject Property, we have taken into consideration the following sale evidences and adjustment factors:

ITEM	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Title & Lot No.	HSD 574550, PTD 24599, Town of Johor Bahru, District of Johor Bahru, Johor	HSD 574551, PTD 24600, Town of Johor Bahru, District of Johor Bahru, Johor	HSD 10974, Lot 3081, Town of Johor Bahru, District of Johor Bahru, Johor	HSD 239043, PTD 111517, Mukim of Pientong, District of Johor Bahru, Johor	GRN 56283, Lot 1307, Town of Johor Bahru, District of Johor Bahru, Johor
Locality	Located along Persiaran Abu Bakar and approximately 10 kilometres south-west of the Subject Property	Located along Persiaran Abu Bakar and approximately 10 kilometres south-west of the Subject Property	Located along Jalan Yahya Awal, Johor Bahru and approximately 10 kilometres east of the Subject Property	Located along Jalan Suria, Bandar Seri Alam and about 28 kilometres north-east of the Subject Property	Located along Jalan Wadihana, Johor Bahru and approximately 12 kilometres west of the Subject Property
Property Type	A parcel of commercial land (Note: This comparable property is a reclaimed land. We understand that the sale is a contra payment for land in exchange for the reclamation works of Lido Waterfront Boulevard along Persiaran Abu Bakar)	A parcel of commercial land (Note: This comparable property is a reclaimed land. We understand that the sale is a contra payment for land in exchange for the reclamation works of Lido Waterfront Boulevard along Persiaran Abu Bakar)	A parcel of commercial land (Note: There was a land acquisition of 1,547 sq.m. in 1995 and surrender of land of 3,199 sq.m. in 2016. The net land area is 18,898 square metres (205,362 sf))	A parcel of commercial land	A parcel of commercial land
Land Area	4.00 acres	3.73 acres	4.71 acres	9.50 acres	0.71 acres
Land Area	174,431 sq.ft.	162,417 sq.ft.	205,362 sq ft	413,614 sq.ft.	30,737 sq ft
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Category of Land Use	Building	Building	Building	Building	Building
Town Planning	Commercial use (plot ratio 12)	Commercial use (plot ratio 12)	Commercial use (plot ratio 10)	Commercial use (plot ratio 4)	Commercial use (plot ratio 8)
Date of Transaction	1/7/2020	12/12/2019	30/8/2019	19/07/2017	18/04/2022
Consideration	RM104,648,544	RM97,447,048	RM96,000,000	RM101,000,000	RM8,806,367
Vendor	Lido Waterfront Boulevard Sdn Bhd	Lido Waterfront Boulevard Sdn Bhd	JB Citytowers Sdn Bhd	United Malayan Land Bhd	88 Leaders Sdn Bhd
Purchaser	China Communications Construction Company (M) Sdn Bhd	China Communications Construction Company (M) Sdn Bhd	Solusi Kelana Sdn Bhd	Regency Specialist Hospital Sdn Bhd	Thoong Sen Property Sdn Bhd
Source	JPPH	JPPH	JPPH	JPPH	JPPH
Analysis	RM599.94 psf	RM599.98 psf	RM462.60 psf	RM244.19 psf	RM280.00 psf

APPENDIX III – VALUATION CERTIFICATE FROM RAINE & HORNE INTERNATIONAL (CONT'D)



ITEM	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
ADJUSTMENT					
Factors Taken Into Consideration	Positive adjustment for time; negative adjustment for location, size, category of land use, town planning and no sea frontage	Positive adjustment for time; negative adjustment for location, size, category of land use town planning and no sea frontage	Positive adjustment for time; negative adjustment for location, terrain, category of land use and town planning	Positive adjustment for time, location and size; negative adjustment for terrain and category of land use	Positive adjustment for terrain; Negative adjustment for location, size, category of land use and town planning
Adjusted Land Value	RM409.46	RM409.49	RM372.55	RM269.22	RM219.24 psf

(JPPH: Jabatan Penilaian Dan Perkhidmatan Harta)

Comparable 5 is the best comparable with an adjusted land value of RM219.24 per square foot. It is the latest transacted property and has the second least net adjustment. It is also a fair representation of the Market Value of the Subject Property as we note that the Subject Property was previously transacted on 30 September 2016 for RM51,000,000 at RM209.80 per square foot as an unconverted development land zoned for commercial use. However, there was no undertaking by the then Vendor to convert the land to commercial use. The current valuation is on the basis that the Subject Property is and shall be converted to commercial use at the Vendor's cost and expense.

In addition to the benefit of the cost and expense of conversion which will be paid by the Vendor, we are of the opinion that the increase of the Market Value over the acquisition price is reasonable as the locality of Danga Bay has gone through various urban and infrastructure development over recent years. We have therefore adopted a Market Value of RM219.00 per square foot for the valuation of the Subject Property.

OPINION OF MARKET VALUE

OUR VALUATION IS ON THE ASSUMPTION THAT THE SUBJECT PROPERTY HAS BEEN CONVERTED TO A COMMERCIAL DEVELOPMENT LAND.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTION AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION THAT IS NOT YET OR FULLY REALISED.

Notwithstanding that the Subject Property is currently a parcel of unconverted development land, our valuation of the Subject Property is on the basis that it has been converted to a commercial development land pursuant to the parties' intention in the SPA.

In our opinion the Market Value of Geran 90571, Lot 726, Mukim of Pulai, District of Johor Bahru, State of Johor and all being located within Kampung Tanjung Danga, 81200 Johor Bahru, Johor, on the basis the title is free from all encumbrances and with vacant possession is **RM53,240,000 (Ringgit Fifty Three Million Two Hundred And Forty Thousand Only)**.

The Market Value is analysed over the net land area of 5.5812 acres (243,117 square feet) at **RM219 per square foot**.

Yours faithfully,
For and behalf of
**Raine & Horne International
Zaki + Partners Sdn. Bhd.**

Si. Wong Yin Fook
Registered Valuer No. V 231
Partner

Date of signing: 22 July 2022

APPENDIX IV – FURTHER INFORMATION

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

UOB Kay Hian, being the Principal Adviser for the Proposed Acquisition and Settlement, 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.

Raine & Horne International, being the Valuer to Knusford in relation to the valuation of the Subject 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 Acquisition and Settlement, 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

UOB Kay Hian 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 Principal Adviser to Knusford for the Proposed Acquisition and Settlement.

Raine & Horne International 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 Subject 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 Acquisition and Settlement.

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 Subject 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.

APPENDIX IV – FURTHER INFORMATION (CONT'D)

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:-

	RM'000
Guarantees and contingencies relating to the borrowings of subsidiaries (unsecured)	<u>20,548</u>

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 the 15-month FPE 31 March 2022, and the latest unaudited quarterly report of Knusford Group for the 3-month FPE 30 June 2022;
- (iii) the valuation certificate and valuation report for the Subject Property prepared by the Valuer;
- (iv) the SPA and Settlement Agreement; and
- (v) the letters of consent and declaration of conflict of interest referred to in Sections 2 and 3 above, respectively.



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**") which 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 Wednesday, 23 November 2022 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 ACQUISITION 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 ("SUBJECT PROPERTY") FOR A PURCHASE CONSIDERATION OF RM53,240,000 ("PURCHASE CONSIDERATION"), OF WHICH RM50,764,575.38 ("SETTLEMENT SUM") WILL BE SATISFIED VIA A SET-OFF ARRANGEMENT AND THE BALANCE OF RM2,475,424.62 ("DIFFERENTIAL AMOUNT") WILL BE SATISFIED IN CASH ("PROPOSED ACQUISITION AND SETTLEMENT")

"THAT, subject to the approvals from all relevant authorities and/or parties being obtained in respect of the Proposed Acquisition and Settlement (if required) and the conditions precedent in the sale and purchase agreement dated 22 July 2022 entered into by Knusford Resources Sdn Bhd ("**Knusford Resources**"), being a wholly-owned subsidiary of the Company, with Success Straits Sdn Bhd ("**SSSB**"), being a wholly-owned subsidiary of Iskandar Waterfront City Berhad ("**IWCB**") ("**SPA**") and the settlement agreement dated 22 July 2022 entered into by the Company with IWCB ("**Settlement Agreement**") being fulfilled and waived (as the case may be), approval be and is hereby given for the Company and Knusford Resources to acquire the Subject Property from SSSB at the Purchase Consideration upon the terms and subject to the conditions set out in the SPA and the Settlement Agreement;

THAT approval be and is hereby given for the Company and Knusford Resources to set-off part of the Purchase Consideration against the Settlement Sum in accordance with the terms of the Settlement Agreement, and to pay the Differential Amount in cash in accordance with the terms and conditions of 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 Acquisition and Settlement, the SPA and the Settlement Agreement 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 Acquisition and Settlement under the terms and conditions of the SPA and the Settlement Agreement respectively."

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 November 2022

Notes:-

1. *A member entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *A member may appoint up to two (2) proxies to attend and vote at the EGM. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited 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 appointed for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 November 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

EXTRAORDINARY GENERAL MEETING

Date : 23 November 2022
Time : 11.00 a.m.
Virtual Meeting accessible at : <https://web.vote2u.my>

In the best interest of public health and the health and safety of our shareholders, the Board of Directors and the employees, the Extraordinary General Meeting ("EGM") will be conducted fully on virtual basis 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 15 November 2022 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">Access website at https://web.vote2u.myClick "Sign Up" to sign up as a user.Read the 'Privacy Policy' and 'Terms & Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms & Conditions' on a small box <input type="checkbox"/>. Then click "Next".*Fill-in your details (note: create your own password). Then click "Continue".Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian).Log in as user completed.Your registration will be verified and an email notification will be sent to you. Please check your email. <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 Monday, 21 November 2022 at 11.00 a.m.</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">o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxyo *Email address of the Proxy <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., 23 November 2022, Wednesday, 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 "Watch Live" 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 "Ask Question" button to post question(s).</p> <p>b. Type in your question and click "Submit".</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">Click "Confirm Details & Start Voting".To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "Next" to continue voting for all resolutions.To change your vote, click "Back" and select another voting choice.After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "Confirm" to submit your vote. <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.



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

PROXY FORM

I/ We _____ Tel: _____
[Full name in block, NRIC/ Passport/ Company No.]

of _____

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

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

and

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

or failing him, 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 Wednesday, 23 November 2022 at 11.00 a.m or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Proposed Acquisition and Settlement	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 _____ 2022

Signature*
Shareholder

Notes:-

1. A member entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member may appoint up to two (2) proxies to attend and vote at the EGM. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.



4. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at #C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 November 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

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AFFIX
STAMP

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

2nd Fold Here

Fold This Flap For Sealing
