

KNUSFORD BERHAD ("KNUSFORD" OR THE "COMPANY")

PROPOSED ACQUISITION AND SETTLEMENT

1. INTRODUCTION

On behalf of the Board of Directors of Knusford ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOB Kay Hian**") wishes to announce that Knusford Resources Sdn Bhd ("**Knusford Resources**" or the "**Purchaser**"), a wholly-owned subsidiary of the Company, had on 22 July 2022 entered into a conditional sale and purchase agreement ("**SPA**") with Success Straits Sdn Bhd ("**SSSB**" or the "**Vendor**"), a wholly-owned subsidiary of Iskandar Waterfront City Berhad ("**IWCB**"), for the 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 RM53,240,000.00 ("**Purchase Consideration**") ("**Proposed Acquisition**").

The Purchase Consideration will be satisfied via a settlement arrangement, wherein a total amount of RM50,764,575.38, being the sum due and payable by IWCB and its subsidiaries (collectively, the "**IWCB Group**") to Knusford and its subsidiaries (collectively, the "**Knusford Group**" or the "**Group**") ("**Settlement Sum**") shall be set-off against the Purchase Consideration. Meanwhile, 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 a conditional settlement agreement ("**Settlement Agreement**") with IWCB to settle the Settlement Sum by way of set-off against the Purchase Consideration for the Proposed Acquisition ("**Proposed Settlement**").

The Proposed Acquisition and Proposed Settlement are collectively referred to as the "**Proposed Acquisition and Settlement**".

The Proposed Acquisition and Settlement is deemed to be a related party transaction ("**RPT**") pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). Details of the interested parties in relation to the Proposed Acquisition and Settlement are set out in Section 8 of this announcement.

In view that the Proposed Acquisition and Settlement is deemed a RPT pursuant to Paragraph 10.08 of the Listing Requirements, Thinkat Advisory Sdn Bhd ("**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.

Further details of the Proposed Acquisition and Settlement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED ACQUISITION AND SETTLEMENT

2.1 Information on the Proposed Acquisition

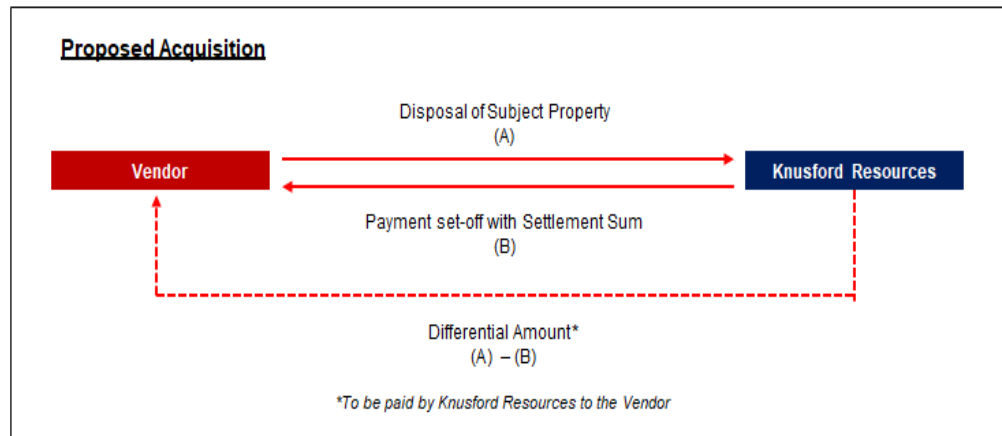
On 13 May 2022, Knusford had entered into a heads of agreement with IWCB pertaining to the proposed acquisition of two pieces of vacant land in Johor Bahru held under:-

	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 announcement, 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 said acquisition 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 2.6 of this announcement.

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



Please refer to Appendix I of this announcement 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	: 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/ 18 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 Information on the Proposed Settlement

The Proposed Settlement entails the settlement of the Settlement Sum by way of set-off against 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, 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	<u>50,764,575.38</u>

Notes:-

^{*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.

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 Pulai, 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.

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.

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 announcement for the salient terms of the Settlement Agreement.

2.4 Information on SSSB

i. Incorporation and 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 Companies Act, 2016 ("**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 1 July 2022, being the latest practicable date of this announcement ("**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	-	-	-	-
Iskandar Waterfront Holdings Berhad	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 Iskandar Waterfront Holdings Berhad.

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

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

iv. Date and original cost of investment

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

2.5 Basis of 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 Zaki + Partners Sdn Bhd ("**Valuer**") via its valuation certificate dated 22 July 2022. In arriving at the opinion of value, only the Comparison Approach was adopted due to the absence of an approved detailed development plan.

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 announcement.

2.6 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.

2.7 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.

2.8 Liabilities to be assumed

Save for the obligation and liabilities in and arising from, pursuant to or in connection with the SPA and Settlement Agreement, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by Knusford Group arising from the Proposed Acquisition and Settlement.

2.9 Additional financial commitment

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 FOR THE PROPOSED ACQUISITION AND SETTLEMENT

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 IWC 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 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 for the Malaysian economy

After experiencing significant supply and demand shocks triggered by the coronavirus disease 2019 ("COVID-19") pandemic in 2020, economic activity improved moderately in 2021. An incipient recovery which began in the second half of 2020 resumed in the first five months of 2021, despite the imposition of the Second Movement Control Order (MCO 2.0) and the Second Conditional Movement Control Order (CMCO 2.0), as most businesses were allowed to operate during these phases. Thus, together with continued policy support, domestic demand gradually improved. The recovery was further supported by robust exports performance amid favourable external demand. The labour market also rebounded, as the unemployment rate fell from 4.9% in January 2021 to 4.5% in May 2021 and underemployment declined, amid a decline in jobless claims and an increase in the pace of hiring.

The recovery momentum, however, was affected by the reimposition of nationwide containment measures under the first phase of the National Recovery Plan ("NRP") in June 2021, following a rapid resurgence of cases due to the Delta variant. These measures weighed on household spending and investment activity in the third quarter of 2021, particularly affecting the services and construction sectors. Nevertheless, the severity of containment measures in 2021 was smaller compared to the first Movement Control Order ("MCO") in the second quarter of 2020, as essential economic sectors were allowed to operate. Additionally, businesses and households adapted better to the containment measures and standard operating procedures (SOPs) during the NRP Phase 1 period. Greater adoption of technology and digitalisation, more effective remote working arrangements, and increased automation helped mitigate further losses arising from the lockdowns. Meanwhile, the rapid progress of domestic vaccinations and phased lifting of restrictions under the NRP supported a safe economic reopening and gradual normalisation in economic activity towards the end of 2021.

In terms of developments across economic sectors, the improvement in the domestic economy was fairly uneven, as the pace of recovery differed across sectors. Strong external trade supported the exceptional performance of the manufacturing sector. Meanwhile, the services sector remained constrained by weak demand amid restrictions on mobility and high-touch activities (such as dine-ins and tourism), while activity in the construction sector was hampered by labour and operating capacity restrictions. Additionally, adverse weather conditions and continued foreign worker shortages affected output in the agriculture sector.

From the demand perspective, economic activity continued to be underpinned by household spending, as labour market conditions improved. Continued investments, particularly in machinery and equipment as firms increased their efforts in automation and digitalisation, as well as expansion in production capacity provided further support to growth. In the labour market, employment improved amid a return of workers into the labour force. Underemployment also improved, albeit it remained at a slightly elevated rate compared to long-term averages.

Overall conditions, however, remained subdued during 2021, as the unemployment rate remained elevated and wage growth was modest amid an uneven recovery across labour market segments. Supportive measures continued to remain in place to enable businesses and households to better withstand the impact of these shocks, support incomes, and mitigate displacements in the labour market. These comprise in large part a continuation of measures put in place in 2020, including Bantuan Prihatin Rakyat, the Targeted Repayment Assistance (TRA) and the Wage Subsidy Programme.

Following the trough in the third quarter of 2021, economic activity resumed towards the end of 2021 in line with the lifting of restrictions. As containment measures were gradually eased during the third quarter of 2021, most economic activities restarted, and labour market conditions improved further. This enabled a quick recovery in mobility and consumer spending in the fourth quarter of 2021. The lifting of interstate travel bans in October 2021, in conjunction with the year-end holiday season, also provided support for domestic tourism activities. Towards the end of 2021, Malaysia also detected growing cases involving the new and highly transmissible Omicron variant.

The Malaysian economy is expected to improve further, with growth projected to be between 5.3% and 6.3% in 2022. The economic recovery is underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand.

(Source: Economic and Monetary Review 2021, Bank Negara Malaysia)

4.2 Overview and outlook for the Johor property market

The property market in Johor experienced an increase of 0.12% and 14.4% respectively, in the number and value of property transactions in 2021. There were 36,145 transactions worth RM19.22 billion compared to 2020 which recorded 36,101 transactions worth 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 psf.

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)

4.3 Prospects of the 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. RISKS OF THE PROPOSED ACQUISITION AND SETTLEMENT

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 announcement. 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 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.

5.4 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.

6. EFFECTS OF THE PROPOSED ACQUISITION AND SETTLEMENT

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 Net assets ("NA") per share 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 earnings per share ("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 financial year ended/ ending ("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

The Proposed Acquisition and Settlement is subject to approvals being obtained from:-

- i. the shareholders of the Company at an extraordinary general meeting to be convened ("EGM"); and
- ii. any other relevant authorities and/or parties, if required.

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 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:-

- i. Tan Sri Dato' Lim Kang Hoo is a major shareholder of Knusford. As at the LPD, he holds 0.62% direct interest and 32.53% indirect interest in Knusford.

He is also the Vice Chairman and a major shareholder of IWCB. As at the LPD, he holds 0.60% direct interest and 34.29% indirect interest in IWCB;
- ii. Aman Setegap Sdn Bhd is a major shareholder of Knusford and is a company controlled by Tan Sri Dato' Lim Kang Hoo. As at the LPD, it holds 30.11% direct interest and 2.42% indirect interest in Knusford;
- iii. Kinston Park Sdn Bhd is a major shareholder of Knusford and is a company controlled by Tan Sri Dato' Lim Kang Hoo. As at the LPD, it holds 2.42% direct interest and 30.11% indirect interest in Knusford;
- iv. Lim Chen Heng is the son of Tan Sri Dato' Lim Kang Hoo and the Executive Director of Knusford and IWCB. As at the LPD, he does not hold any equity interest in Knusford or IWCB;
- v. Lim Chen Thai is the son of Tan Sri Dato' Lim Kang Hoo and the Executive Director of Knusford. As at the LPD, he holds 0.06% direct interest in Knusford and does not hold any equity interest in IWCB;
- vi. Lim Sew Hua is the sister of Tan Sri Dato' Lim Kang Hoo and the Executive Director of Knusford. As at the LPD, she holds 1.35% and 0.014% direct interest in Knusford and IWCB respectively;
- vii. Lim Foo Seng is the Independent Non-Executive Director of Knusford and IWCB. As at the LPD, he does not hold any equity interest in Knusford or IWCB; and
- viii. Bernard Hilary Lawrence is the Independent Non-Executive Director of Knusford and IWCB. As at the LPD, he does not hold any equity interest in Knusford or IWCB.

Tan Sri Dato' Lim Kang Hoo, Aman Setegap Sdn Bhd, Kinston Park Sdn Bhd are collectively referred to as the "**Interested Major Shareholders**". Lim Chen Heng, Lim Chen Thai, Lim Sew Hua, Lim Foo Seng and Bernard Hilary Lawrence are collectively referred to as the "**Interested Directors**".

Accordingly, the Interested Major Shareholders and Interested Directors (collectively, 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 as disclosed below, there have been no transactions entered into by the Company with the Interested Parties for the 12 months preceding the date of this announcement:-

- i. the recurrent related party transactions as set out in the circular to shareholders of the Company dated 31 May 2021; and
- ii. on 3 June 2021, Knusford Equipment had entered into 6 sale and purchase agreements to acquire the Identified Properties from Bayou Management for a total consideration of RM5,006,330.00. As at the LPD, the transfers of 2 Identified Properties have been completed, whilst the transfers of the remaining 4 Identified Properties have been revoked and cancelled.

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 as an 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

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.

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. APPLICATION TO THE AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Acquisition and Settlement is expected to be made within a period of 2 months from the date of this announcement.

15. ESTIMATED TIME FRAME FOR COMPLETION

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

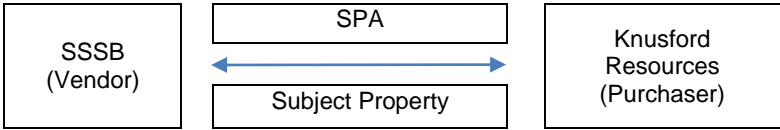
16. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and Settlement Agreement will be made 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 normal business hours on Monday to Friday (excluding public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 22 July 2022.

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 in writing:-</p> <ul style="list-style-type: none"> (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 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 (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.
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> <ul style="list-style-type: none"> (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. (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. (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.

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

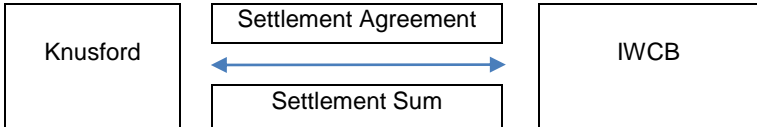
Adjustment of Purchase Consideration	<p>(a) SSSB and Knusford Resources acknowledge that, prior to the date of the SPA, the Valuer has been jointly engaged by IWCB and Knusford for the purposes of valuing inter alia the market value of the Subject Property.</p> <p>(b) In the event that the assessed market 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 an independent 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 subsists, 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 in writing:-</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.
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 this 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> <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>
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