



23 December 2021

**SECURITIES COMMISSION MALAYSIA**

No. 3, Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

**Attention:** Seri Izriana Melani Mohtar  
**Takeovers and Mergers Department**

KAF-Seagroatt & Campbell Berhad (207572-T)  
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**KAF-SEAGROATT & CAMPBELL BERHAD (“KAFSC” OR “COMPANY”)**

**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAF-SEAGROATT & CAMPBELL BERHAD (“KAFSC” OR “COMPANY”) PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SCR”)**

We wish to inform the Securities Commission Malaysia (the “SC”) that the Board of Directors of KAFSC (“Board”) has, today, received a letter from its controlling shareholder, namely KAF Investment Bank Berhad (“KAF IB” or “Offeror” or “Non-Entitled Shareholder”), requesting for KAFSC to undertake the Proposed SCR. The Proposed SCR involves KAFSC undertaking a selective capital reduction and a corresponding capital repayment (equivalent to RM2.76 for each ordinary share in KAFSC) to all the entitled shareholders of KAFSC on an entitlement date to be determined later.

A copy of the above-mentioned letter is attached herewith for your information.

The Board (save for the interested directors, namely Datuk Khatijah binti Ahmad, Dato’ Ahmad bin Kadis and Faisol Zulkifli (“Interested Directors”)) had on 23 December 2021 appointed:

- (i) KAF IB as the Principal Adviser for the Proposed SCR. KAF IB’s role as the Principal Adviser for the Proposed SCR is only limited to:-
  - (a) managing the due diligence for the Proposed SCR including the preparation of the circular and submission of application to the SC;
  - (b) advising the Company and the due diligence working group on the timing and implementation of the Proposed SCR;
  - (c) coordinate the implementation of the Proposed SCR until completion; and
- (ii) DWA Advisory Sdn Bhd as the Independent Adviser to provide its comments, opinions, information and recommendations on the Proposed SCR to the Offeree Board (save for the Interested Directors) and all the shareholders of KAFSC (other than the Non-Entitled Shareholder) whose names appear in the Record of Depositors of KAFSC as at the close of business day on an entitlement date to be determined later by the Board (“Entitled Shareholders”),

in relation to the Proposed SCR.

The Board (save for the Interested Directors) will deliberate and decide on the above matter after taking into consideration the advice from the appointed independent adviser.

Yours faithfully  
For and on behalf of the Board of Directors of  
**KAF-SEAGROATT & CAMPBELL BERHAD**

  
**Dato’ Saiful Bahri bin Zainuddin**  
Independent Non Executive Director

C.c.: Encik Rohaizad Ismail, Chief Executive Officer, KAF Investment Bank Berhad (Offeror)

Company : The News Straits Times  
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Company : The Malaysian Reserve  
Attention : The Editor, Business Section  
Fax No. : 03-6211 1852

Company : Nanyang Siang Pau  
Attention : The Editor, Business Section  
Fax No. : 03-7872 6993

Company : Sin Chew Jit Poh (Malaysia)  
Attention : The Editor, Business Section  
Fax No. : 03-2031 5466

23 December 2021

The Board of Directors  
**KAF-SEAGROATT & CAMPBELL BERHAD**  
12<sup>th</sup> Floor, Chulan Tower  
No.3 Jalan Conlay  
50450 Kuala Lumpur

Dear Sirs,

**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAF-SEAGROATT & CAMPBELL BERHAD ("KAFSC" OR "COMPANY") PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED SCR")**

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**1. INTRODUCTION**

- 1.1 We, KAF Investment Bank Berhad ("**KAF IB**" or "**Offeror**" or "**Non-Entitled Shareholder**"), in our capacity as the controlling shareholder of KAFSC, are writing to request KAFSC to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Act ("**Offer Letter**"), after which will result in the Offeror, holding the entire equity interest in KAFSC.
- 1.2 As at 21 December 2021, being the latest practicable date ("**LPD**"), the issued share capital of KAFSC is RM120,000,000.00 comprising 120,000,000 ordinary shares ("**KAFSC Shares**"). KAF IB holds 118,685,567 KAFSC Shares, representing approximately 98.90% of the share capital of KAFSC.
- 1.3 Yang Berbahagia Datuk Khatijah binti Ahmad ("**Datuk Khatijah**"), who indirectly holds the equity interest in KAF IB via AKKA Sdn Bhd ("**AKKA**"), her spouse's and son's shareholdings in AKKA, and her indirect interest in AKKA Holdings Sdn Bhd ("**AKKA Holdings**"), is deemed to be the ultimate offeror for the Proposed SCR ("**Ultimate Offeror**"). The persons acting in concert with us are as set out in **Section 1.4** of this Offer Letter ("**PACs**").

For avoidance of doubt, the Ultimate Offeror and the PACs do not hold any direct shareholdings in KAFSC.

*[The rest of this page is intentionally left blank]*

1.4 As at LPD, the shareholding of the Ultimate Offeror, the Offeror and the PACs are as follows:-

	Direct		Indirect	
	KAFSC Shares	%	KAFSC Shares	%
<b><u>Ultimate Offeror</u></b>				
Datuk Khatijah <sup>1</sup>	-	-	118,685,567	98.90
<b><u>Offeror</u></b>				
KAF IB <sup>2</sup>	118,685,567	98.90	-	-
<b><u>PACs</u></b>				
AKKA <sup>3</sup>	-	-	118,685,567	98.90
AKKA Holdings <sup>4</sup>	-	-	118,685,567	98.90
Dato' Ahmad bin Kadis ("Dato' Ahmad") <sup>5</sup>	-	-	118,685,567	98.90
Thariq Usman bin Ahmad ("Thariq Usman") <sup>6</sup>	-	-	118,685,567	98.90
Faisol Zulkifli ("Faisol Zulkifli") <sup>7</sup>	-	-	-	-

**Notes:**

- <sup>1</sup> *Datuk Khatijah is a director and a major shareholder of KAF IB and KAFSC via her interest, her spouse, Dato' Ahmad's and her son, Thariq Usman's interest in AKKA and her indirect interest in AKKA Holdings.*
- <sup>2</sup> *KAF IB is the holding company of KAFSC.*
- <sup>3</sup> *AKKA is the holding company of KAF IB.*
- <sup>4</sup> *AKKA Holdings is a subsidiary company of AKKA and a 33.90% equity owner of KAF IB.*
- <sup>5</sup> *Dato' Ahmad is a director of KAFSC as well as a major shareholder of KAF IB and KAFSC via his interest in AKKA and his indirect interest in AKKA Holdings. He is also the spouse of Datuk Khatijah.*
- <sup>6</sup> *Thariq Usman is a major shareholder of KAF IB and KAFSC via his interest in AKKA and his indirect interest in AKKA Holdings, and he is the Deputy Chief Executive Officer of KAF IB. He is also the son of Datuk Khatijah and Dato' Ahmad.*
- <sup>7</sup> *Faisol Zulkifli is a director of KAFSC and the Chief Operation Officer of KAF IB. He is also the nephew of Datuk Khatijah.*

## 2. DETAILS OF THE PROPOSED SCR

- 2.1 The Proposed SCR involves KAFSC undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act, to all the shareholders of KAFSC (other than the Non-Entitled Shareholder) whose names appear in the Record of Depositors of KAFSC as at the close of business on an entitlement date to be determined later by the Board of Directors of KAFSC ("**Board**") ("**Entitlement Date**") ("**Entitled Shareholders**").
- 2.2 As at LPD, the Entitled Shareholders hold 1,314,433 KAFSC Shares, representing approximately 1.10% of the share capital of KAFSC.
- 2.3 Pursuant to the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM3,627,835.08, which represents a cash amount of RM2.76 for each KAFSC Share ("**SCR Offer Price**") held by them on the Entitlement Date.
- 2.4 The share capital of KAFSC will be reduced by RM3,627,835.08 by way of cancellation of 1,314,433 KAFSC Shares held by the Entitled Shareholders at the SCR Offer Price.
- 2.5 Upon completion of the Proposed SCR ("**Completion**"), the Non-Entitled Shareholder will hold the remaining 118,685,567 KAFSC Shares that are not cancelled, representing the entire share capital of KAFSC.
- 2.6 The pro forma effects of the Proposed SCR on the share capital of KAFSC are as follows:

	<u>No. of KAFSC Shares</u>	<u>RM</u>
Share capital as at LPD	120,000,000	120,000,000
Less: Shares to be cancelled pursuant to the Proposed SCR	(1,314,433)	<sup>1</sup> 3,627,835
<b>Resultant share capital of KAFSC after the Proposed SCR</b>	<b><u>118,685,567</u></b>	<b><u>116,372,165</u></b>

*Note:*

<sup>1</sup> *Based on 1,314,433 KAFSC Shares held by the Entitled Shareholders as at the LPD, the total cash payment pursuant to the Proposed SCR is RM3,627,835.08, which represents a cash amount of RM2.76 for each KAFSC Share.*

- 2.7 The Proposed SCR is expected to be funded by way of an advance from the Offeror and/or via the Company's internally-generated funds. We confirm that the Proposed SCR will not fail by reason of insufficient financial capability of KAFSC and every Entitled Shareholder will be fully paid in cash.
- 2.8 If KAFSC declares and/ or pays any dividends and/ or distributions of any nature whatsoever ("**Distributions**") in favour of its shareholders whereby the entitlement date for such Distributions is on or after the date of this Offer Letter up to the Completion and the shareholders are entitled to retain such Distributions, the Offeror shall cause the Company to reduce the SCR Offer Price by the quantum of the Distributions per KAFSC Share that such shareholders are entitled to retain. For avoidance of doubt, no adjustment shall be made to the SCR Offer Price in the event that the entitlement date for the Distributions is after the Completion.
- 2.9 KAFSC is currently an unlisted public entity. For information purpose, KAFSC was de-listed and removed from the official list of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 28 July 2016.

### **3. BASIS OF ARRIVING AT THE SCR OFFER PRICE**

- 3.1 The SCR Offer Price of RM2.76 for each KAFSC Share was arrived at after taking into consideration the following:
- (a) a premium of RM0.06 or approximately 2.22% to the previous offer price per KAFSC Share of RM2.70 under the Previous Offer (as defined in Section 4 of this Offer Letter) which was undertaken by the Offeror on 21 April 2016, and which had subsequently closed on 11 July 2016; and
  - (b) a premium of RM0.08 or approximately 2.99% to the last transacted price of KAFSC Shares of RM2.68 as at 18 July 2016, being the last trading day prior to the suspension of trading of KAFSC Shares, and thereafter followed by the de-listing of KAFSC from the official list of Bursa Securities as mentioned in Section 2.9 of this Offer Letter.
- 3.2 The Offeror, the Ultimate Offeror and the PACs had not acquired any KAFSC Share during the past 3 months prior to the date of this Offer Letter.
- 3.3 Should the Offeror, Ultimate Offeror or any PACs purchases or agrees to purchase any KAFSC Shares during the period commencing from the date of this Offer Letter until the Completion at a consideration that is higher than the Offer Price, the Offeror shall cause the Company to increase the Offer Price to be not less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the Offeror, Ultimate Offeror or the PACs.

### **4. RATIONALE FOR THE PROPOSED SCR**

**(a) Opportunity for the Entitled Shareholders to realise their investments in the unlisted KAFSC Shares**

On 21 April 2016, the Offeror had undertaken an unconditional mandatory take-over offer to acquire all the remaining KAFSC Shares not already held by the Offeror at a cash consideration of RM2.70 per KAFSC Share ("**Previous Offer**"). The Previous Offer was closed on 11 July 2016.

Subsequent to the Previous Offer, the trading in KAFSC Shares on the Main Market of Bursa Securities was suspended on 19 July 2016 in view that the Offeror held more than 90.00% equity interest in KAFSC after the closing of the Previous Offer, and that the Offeror had no intention to maintain the listing status of KAFSC as stated in the offer document dated 12 May 2016. Thereafter, KAFSC was de-listed and removed from the official list of Bursa Securities on 28 July 2016.

Following the above, the Entitled Shareholders may experience difficulty and limited opportunities in realising their investments in KAFSC as there is no formal market for the Entitled Shareholders to trade their unlisted securities held.

Premised on the above, the Offeror are of the opinion that the Proposed SCR will provide an appropriate avenue for the Entitled Shareholders to exit the Company and realise their investments in the unlisted securities of KAFSC.

**(b) Greater flexibility in managing KAFSC's business and operations**

Upon the completion of the Proposed SCR, the Non-Entitled Shareholder will be the sole shareholder of KAFSC and hence the Proposed SCR will accord the Non-Entitled Shareholder greater flexibility in the implementation of any business initiatives and/ or operational changes of KAFSC and its subsidiaries ("**KAFSC Group**"), if any, moving forward.

In addition, the Proposed SCR will also facilitate the elimination of administrative efforts and costs pertaining to KAFSC's obligations to its shareholder, which can be utilised more efficiently in the business of KAFSC and/ or to facilitate the aforementioned initiatives and/ or operational changes in the future.

**5. COVENANTS**

5.1 From the date of your acceptance of the terms of this Offer Letter until the Completion, KAFSC shall undertake that:

- (i) KAFSC will not conduct any capital raising exercise, whether in the form of debt or equity and will not grant any options over KAFSC Shares or issue any new KAFSC Shares;
- (ii) KAFSC Group will not enter into any material commitment or material contract or undertake any obligation to acquire or dispose of any of their assets or create a security interest over any of its assets outside the ordinary course of business;
- (iii) KAFSC will not pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or in connection with the Proposed SCR) or make any alteration to the provisions of the constitution of KAFSC Group, unless it is in relation to the Proposed SCR;
- (iv) KAFSC will not acquire any more of its own Shares pursuant to its share buy-back mandate; and
- (v) KAFSC will not do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful obligation of KAFSC Group,

without our prior written consent.

5.2 In addition, KAFSC shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of KAFSC Group or any privatisation proposal involving KAFSC Group at any time until the Completion without our prior written consent.

5.3 KAFSC shall also undertake that, as from the date hereof until the Completion, save as otherwise agreed in writing by us, the Company (and using reasonable endeavours to cause and procure that each of its subsidiaries) shall carry on its business only in the usual, regular and ordinary course in substantially the same manner as the same is carried on as at the date hereof so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at the Completion.

## 6. CONDITIONS PRECEDENT

The Proposed SCR is subject to and conditional upon the following being obtained:

- (i) notification by the Securities Commission Malaysia (the “**SC**”) that it has no further comments on the circular to the shareholders of KAFSC and the independent advice letter to the Entitled Shareholders in relation to the Proposed SCR;
- (ii) approval of the Entitled Shareholders for the Proposed SCR via a special resolution to be tabled at an extraordinary general meeting (“**EGM**”) (“**Special Resolution**”). The Special Resolution is required to be approved by:
  - (a) at least a majority in number of the Entitled Shareholders and 75% in value to the votes attached to the KAFSC Shares held by the Entitled Shareholders that are cast either in person or by proxy at the EGM; and
  - (b) the value of the votes cast against the Special Resolution at the EGM is not more than 10% of the votes attached to the KAFSC Shares held by the Entitled Shareholders of the total voting shares of the Company;
- (iii) confirmation by the High Court of Malaya for the reduction of the share capital in accordance with Section 116 of the Act (“**Order**”) giving effect to the Proposed SCR, followed by the lodgement of an office copy of the Order with the Registrar of Companies (“**Lodgement**”);
- (iv) approval and/or consent of the existing financiers and/or creditors of the KAFSC Group, if required; and
- (v) approval and/or consent of any other relevant authorities or parties, if required.

The Proposed SCR will become effective on the date of the Lodgement. It is contemplated that the payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Lodgement, and shall not be later than 10 days from the date of Lodgement.

## 7. OTHER MATTERS

We wish to confirm that:

- (i) we have not received any irrevocable undertaking from any Entitled Shareholder to vote in favour of the Special Resolution as at the LPD;
- (ii) we are not aware of any existing or proposed agreement, arrangement or understanding in relation to the KAFSC Shares between us and any of the Entitled Shareholders as at the LPD;
- (iii) Datuk Khatijah, Dato’ Ahmad and Faisal Zulkifli (collectively, “**Interested Directors**”) will abstain from deliberating and voting on the Proposed SCR at the relevant meeting(s) of the Board. We, being the Offeror, the Ultimate Offeror, the Interested Directors, PACs and any persons connected to them will also abstain from voting in respect of our direct and/or indirect shareholdings in the Company, if any, on the Special Resolution pertaining to the Proposed SCR to be tabled at an EGM to be convened by the Company; and
- (iv) we will assist and co-operate with KAFSC and the Board on the provision of such information on the part of the Non-Entitled Shareholder that may be required to enable the preparation of the circular to shareholders of KAFSC, independent advice letter to the Entitled Shareholders and application to the High Court of Malaya for the Order.



**8. GOVERNING LAW AND DISPUTE RESOLUTION**

The Proposed SCR and any agreement constituted by the acceptance of this Offer Letter shall be governed by the laws of Malaysia and each party will submit to the non-exclusive jurisdiction of the courts of Malaysia.

**9. NOTIFICATION TO THE SC**

Upon receiving this Offer Letter, Board is required to immediately inform the SC of the same.

**10. ACCEPTANCE PERIOD**

The Board is required to appoint the following parties to assist the smooth implementation of the Proposed SCR:-

- (i) Principal Adviser;
- (ii) Independent Adviser; and
- (iii) Solicitors.

Upon consultation with its appointed Independent Adviser, if the Board (save for the Interested Directors) is agreeable to take steps to implement the Proposed SCR and to recommend the Proposed SCR to the Entitled Shareholders upon the terms envisaged in this Offer, please execute the enclosed duplicate of this Offer Letter, and return the same to us no later than 5:00 p.m. on **6 January 2022** (or such other date as may be extended by us in writing) after which the proposal in this Offer Letter shall lapse.

Yours faithfully,  
For and on behalf of  
**KAF Investment Bank Berhad**



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Name: Rohaizad bin Ismail  
Designation: Chief Executive Officer

**TO: KAF INVESTMENT BANK BERHAD**

**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAF-SEAGROATT & CAMPBELL BERHAD PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016**

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We refer to the Offer Letter dated 23 December 2021.

We, **KAF-Seagroatt & Campbell Berhad**, hereby agree and accept the terms of your Offer Letter as set out above.

Yours faithfully,

For and on behalf of  
**KAF-Seagroatt & Campbell Berhad**

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Name :

Designation :