

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY IF YOU HAVE ANY DOUBT ABOUT THE PROPOSED WAC (AS DEFINED HEREIN).

If you have sold or transferred all your warrants in Karambunai Corp Bhd ("**KCB**" or the "**Company**"), you should hand this Document together with the enclosed Proxy Form immediately to the person through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee.

The Securities Commission Malaysia ("**SC**") has notified that it has no further comments to this Document pursuant to Paragraph 2(a) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisitions. However, such notification shall not be taken to indicate that the SC recommends the Proposed WAC (as defined herein) or that the SC agrees with the recommendation of the Board of Directors of KCB, or that the SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.



KARAMBUNAI CORP BHD
Registration No. 196501000670 (6461-P)
(Incorporated in Malaysia)

PART A

CIRCULAR TO WARRANTHOLDERS IN RELATION TO THE PROPOSED ACCELERATION OF THE MATURITY OF KCB'S WARRANTS 2013/ 2023 ("WARRANT(S)") AND THE CANCELLATION OF THE WARRANTS THEREOF ("PROPOSED WAC")

PART B

INDEPENDENT ADVICE LETTER FROM PUBLIC INVESTMENT BANK BERHAD TO THE ENTITLED WARRANTHOLDERS OF KCB IN RELATION TO THE PROPOSED WAC

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No. 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))

A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

The Notice of the Warranholders' Meeting ("**Warranholders' Meeting**") of KCB and the Proxy Form are enclosed in this Document. The Warranholders' Meeting will be held as follows:-

Date and time of the Warranholders' Meeting	:	Tuesday, 22 December 2020 at 12.30 p.m., or immediately following the conclusion or adjournment of the Extraordinary General Meeting of KCB for the Proposed SCR (as defined herein) to be held at the same venue and on the same date at 11.00 a.m., whichever is later
Venue of the Warranholders' Meeting	:	Function Room, Bukit Unggul Country Club, Lot PT 2180-2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan, Malaysia
Last date and time for lodging the Proxy Form	:	Sunday, 20 December 2020 at 12.30 p.m.

A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf. The Proxy Form should be deposited with the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. The lodgment of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the meeting should you subsequently wish to do so.

This Document is dated 5 November 2020

DEFINITION

The following definitions shall apply throughout this Document unless the context requires otherwise:-

"Act"	: Companies Act, 2016
"Board"	: Board of Directors of KCB
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CDS"	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
"CDS Account"	: A securities account established by Bursa Depository for a depositor for the recording of deposits and dealings in such securities by the depositor
"Circular"	: This circular to warrant holders of KCB dated 5 November 2020 in relation to the Proposed WAC, which is set out in Part A of this Document
"CMSA"	: Capital Markets and Services Act, 2007
"Completion"	: The completion of the Proposed WAC, whereby all Warrants held by the Entitled Warrant holders will be cancelled. Upon Completion, the Non-Entitled Warrant holder will own 100.0% warrant holdings in KCB
"Deed Poll"	: The Company's deed poll dated 10 September 2013 constituting the Warrants
"Director(s)"	: A natural person who holds directorship in the Company and shall have the meaning given in Section 2(1) of the CMSA and includes:- <ul style="list-style-type: none">(i) in the case of an issuer of structured warrants, a director of the issuer of the structured warrants;(ii) in the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company; or(iii) in the case of an applicant or listed issuer which is a business trust, a director of the trustee-manager
"Document"	: This entire document (which comprises the Circular, the IAL and all the accompanying appendices) to warrant holders of KCB dated 5 November 2020 in relation to the Proposed WAC
"Effective Date"	: The date on which the office copy of the order granted by the High Court confirming the reduction of share capital in accordance with Section 116 of the Act has been lodged with the Registrar pursuant to Section 116(6) of the Act
"EGM"	: Extraordinary general meeting
"Entitled Shareholders"	: All the shareholders of KCB (other than the Non-Entitled Shareholders) whose names appear on the ROD of KCB as at the Entitlement Date
"Entitled Warrant holders"	: All the warrant holders of KCB (other than the Non-Entitled Warrant holder) whose names appear on the ROD of KCB as at the Entitlement Date

DEFINITION (Cont'd)

"Entitlement Date"	:	The date on which the names of the Entitled Warrantheolders must be registered in the ROD of KCB as at the close of business for the purpose of determining their entitlement under the Proposed WAC, which shall be determined later by the Board
"EPS/ LPS"	:	Earnings/ (loss) per share
"FACBII"	:	FACB Industries Incorporated Berhad (197901004632 (48850-K))
"FYE"	:	Financial year ended/ ending, as the case may be
"High Court"	:	High Court of Malaya
"IAL"	:	Independent advice letter dated 5 November 2020 from the Independent Adviser to the Entitled Warrantheolders in relation to the Proposed WAC, which is set out in Part B of this Document
"Interested Director"	:	Chen Yiy Fon, being the Chief Executive Officer/ Non-Independent Executive Director of KCB, who is also the son of the Ultimate Offeror
"KCB" or the "Company"	:	Karambunai Corp Bhd (196501000670 (6461-P))
"KCB Group" or the "Group"	:	Collectively, KCB and its subsidiaries
"KCB Securities"	:	KCB Shares and/ or Warrants, as the case may be
"KCB Share(s)" or "Share(s)"	:	Ordinary share(s) in KCB
"LIPKCO" or the "Offeror"	:	LIPKCO Limited (341575)
"LPD"	:	2 November 2020, being the latest practicable date, which is within 7 days prior to the despatch of this Document
"Market Day(s)"	:	A day(s) on which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all the 170,018,216 outstanding Warrants are fully exercised by the Entitled Warrantheolders prior to the Entitlement Date
"Minimum Scenario"	:	Assuming none of the 170,018,216 outstanding Warrants are exercised by the Entitled Warrantheolders prior to the Entitlement Date
"NA"	:	Net assets
"Non-Entitled Shareholders"	:	Collectively, the Offeror and the PAC
"Non-Entitled Warrantheolder"	:	Offeror
"Non-Interested Warrantheolders"	:	All warrantheolders of KCB, other than the Offeror, Ultimate Offeror or any person(s) acting in concert with them
"Offer Letter"	:	The offer letter dated 18 September 2020 from the Offeror, requesting the Company to undertake the Proposals
"Official List"	:	A list specifying all securities listed on Bursa Securities
"PAC"	:	Person acting in concert with the Offeror and the Ultimate Offeror pursuant to Section 216(3)(a) of the CMSA in respect of the Proposed SCR as at the LPD, namely FACBII
"PAT/ LAT"	:	Profit/ loss after taxation

DEFINITION (Cont'd)

"PIVB" or the "Independent Adviser"	:	Public Investment Bank Berhad (197401002880 (20027-W))
"Previous Offer"	:	An unconditional voluntary take-over offer served on the Board of KCB on 23 September 2019 by Tan Sri Dr Chen to acquire all the remaining KCB Shares and Warrants not already held by him at a cash consideration of RM0.11 per KCB Share and RM0.03 per Warrant, respectively. The Previous Offer closed on 4 November 2019
"Proposals"	:	Collectively, the Proposed SCR and the Proposed WAC
"Proposed SCR"	:	Proposed selective capital reduction and repayment exercise of KCB pursuant to Section 116 of the Act
"Proposed WAC"	:	Proposed acceleration of the maturity of the Warrants in KCB and the cancellation of the Warrants thereof
"Registrar"	:	Registrar of Companies in Malaysia
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"ROD"	:	Record of depositors
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
"SC"	:	Securities Commission Malaysia
"SCR Offer Price"	:	RM0.11 per KCB Share, being the cash consideration to be paid for each KCB Share held by the Entitled Shareholders on the Entitlement Date pursuant to the Proposed SCR
"Share Registrar"	:	Bina Management (M) Sdn Bhd (197901005880 (50164-V))
"Tan Sri Dr Chen" or the "Ultimate Offeror"	:	Tan Sri Dr Chen Lip Keong
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (199001003423 (194990-K))
"WAC Offer Price"	:	RM0.03 per Warrant, being the cash consideration to be paid for each Warrant held by the Entitled Warranholders on the Entitlement Date pursuant to the Proposed WAC
"Warrant(s)"	:	Warrants 2013/ 2023 in KCB issued on 21 October 2013 and expiring on 20 October 2023, which are exercisable into new KCB Shares at RM0.1306 per KCB Share, as stipulated in the Deed Poll

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting 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 Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Document shall be a reference to Malaysian time, unless otherwise specified. Where a period specified in the Rules which appears in this Document ends on a day which is not a Market Day, the period is extended until the next Market Day.

Any discrepancies in the tables included in this Document between the amounts listed, actual figures and the totals thereof are due to rounding.

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PART A

CIRCULAR TO WARRANTHOLDERS OF KCB IN RELATION TO THE PROPOSED WAC



KARAMBUNAI CORP BHD
Registration No. 196501000670 (6461-P)
(Incorporated in Malaysia)

Registered Office

No.1, Nexus Drive East
Karambunai, Menggatal
88450 Kota Kinabalu
Sabah

5 November 2020

Board of Directors

Datuk Wan Kassim Bin Ahmed (*Chairman, Independent Non-Executive Director*)
Chen Yiy Fon (*Chief Executive Officer, Non-Independent Executive Director*)
Dato' Dr Mohd Aminuddin Bin Mohd Rouse (*Independent Non-Executive Director*)
Lim Mun Kee (*Independent Non-Executive Director*)

To: The warrant holders of KCB

Dear Sir/ Madam,

PROPOSED ACCELERATION OF THE MATURITY OF KCB'S WARRANTS 2013/ 2023 AND THE CANCELLATION OF THE WARRANTS THEREOF

1. INTRODUCTION

- 1.1 On 18 September 2020, the Company received the Offer Letter from its direct controlling shareholder, namely LIPKCO, informing the Board of its intention to privatise KCB by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Act.

In conjunction with the Proposed SCR, the Offeror also requested KCB to accelerate the maturity of the outstanding Warrants and the cancellation of the Warrants thereof. Details of the Proposed WAC are set out in **Section 2** of this Circular.

The Proposed SCR and the Proposed WAC are inter-conditional upon each other. The Proposed WAC will not be carried out if the Proposed SCR is not implemented, or vice versa. A circular to shareholders and notice of EGM have been despatched to shareholders on the same date of this Document to seek their approval for the Proposed SCR. For warrant holders' information only, please refer to **Section 2.7** of this Circular for the salient details of the Proposed SCR. **A warrant holder does not need to take any action in relation to the Proposed SCR in the capacity as a warrant holder.**

- 1.2 On 22 September 2020, the Board (save for the Interested Director) had appointed PIVB as the Independent Adviser to provide its comments, opinion, information and recommendations on the Proposed WAC to the non-interested Directors and to the Entitled Warrant holders. The IAL is set out in **Part B** of this Document.
- 1.3 On 1 October 2020, the Board (save for the Interested Director) had deliberated on the contents of the Offer Letter and resolved to present the Proposed WAC to the Entitled Warrant holders for their consideration and approval.

- 1.4 The SC had, vide its letter dated 3 November 2020, notified that the SC has no further comments to this Document. However, such notification shall not be taken to indicate that the SC recommends the Proposed WAC or that the SC agrees with the recommendation of the Board or that SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

You should take note that in the event of any restriction in the movement control order imposed by the Malaysian government or in the case of any other emergency, an electronic documentation and service may be the only mode that can be employed. As such, it is important for you to register your e-mail address with Bursa Depository via:-

- i. **Bursa Securities' website at:**
https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement; or
- ii. **Bursa Anywhere mobile application which can be downloaded from Google Play Store or Apple App Store.**

THE PURPOSE OF THIS DOCUMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED WAC, AND TO SEEK THE APPROVAL FROM THE NON-INTERESTED WARRANTHOLDERS VIA A SPECIAL RESOLUTION TO BE TABLED AT THE FORTHCOMING WARRANTHOLDERS' MEETING. THE NOTICE OF WARRANTHOLDERS' MEETING AND THE PROXY FORM ARE ENCLOSED HEREIN.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS DOCUMENT BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED WAC AT THE FORTHCOMING WARRANTHOLDERS' MEETING.

2. PROPOSED WAC

2.1 Details of the Proposed WAC

The Proposed WAC involves the acceleration of the maturity of the outstanding Warrants and the cancellation of the Warrants thereof, and a corresponding cash repayment to all the warrant holders of KCB, other than the Offeror ("**Non-Entitled Warrantholder**"), whose names appear in the record of depositors of the Company as at the close of business on the same Entitlement Date as the Proposed SCR to be determined later ("**Entitled Warrantholder(s)**").

For information purpose, the Warrants, which are issued on 21 October 2013 and due for expiry on 20 October 2023, are exercisable into new KCB Shares at RM0.1306 per KCB Share as stipulated in the Deed Poll. Please refer to **Section 2.1(vi)** of this Circular for further details on the salient terms of the Warrants.

As at the LPD, the direct and indirect warrant holdings of the Offeror and Ultimate Offeror in KCB are as follows:-

	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants	% ^{*1}	No. of Warrants	% ^{*1}
<u>Offeror</u>				
LIPKCO	845,011,624	83.25	-	-
<u>Ultimate Offeror</u>				
Tan Sri Dr Chen	-	-	845,011,624 ^{*2}	83.25

Notes:-

^{*1} Computed based on 1,015,029,840 outstanding Warrants

^{*2} Deemed interested by virtue of his interest in LIPKCO pursuant to Section 8(4) of the Act

The salient terms of the Proposed WAC are as follows:-

- (i) Under the Proposed WAC, the Entitled Warrantheolders will receive a cash repayment of **RM0.03** for each Warrant held by them on the Entitlement Date. For avoidance of doubt, the Non-Entitled Warrantheolder will not be entitled to the cash repayment under the Proposed WAC.
- (ii) To facilitate the implementation of the Proposed WAC, the Deed Poll shall be modified by way of a supplemental deed, to allow for the early expiration of the Warrants. Under the supplemental deed to the Deed Poll, the definition of "Expiry Date" under Clause 1(A) of the Deed Poll will be deleted and substituted as follows:-

<u>Existing definition of "Expiry Date"</u>	<u>New definition of "Expiry Date"</u>
the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the tenth (10 th) anniversary of the date of issuance of the Warrants or if such a date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day	the date as at the close of business (to be determined and announced later by the Board) on which the entitled Warrants Holders whose names appear in the Record of Depositors of the Company in order to be entitled under the proposed acceleration of the maturity of the Warrants and the cancellation of the Warrants thereof

- (iii) As at the LPD, the Entitled Warrantheolders collectively hold 170,018,216 Warrants, representing 16.75% of the outstanding Warrants. Under the Proposed WAC and assuming no exercise of the outstanding Warrants prior to the Entitlement Date, the Entitled Warrantheolders will receive a total cash repayment of RM5,100,546.48.
- (iv) The actual number of Warrants to be cancelled under the Proposed WAC would be dependent on the warrantheoldings of the Entitled Warrantheolders in the Company on the Entitlement Date. Consequently, the total repayment amount will be determined at the relevant point in time.
- (v) The Offeror, the Ultimate Offeror and the person(s) acting in concert with them had not acquired any Warrants at a price higher than the WAC Offer Price during the past 3 months prior to 18 September 2020, being the date the Offer Letter was served to the Board.

Should the Offeror, Ultimate Offeror or any person(s) acting in concert with them purchases or agrees to purchase any Warrants during the period commencing from the date of the Offer Letter until the Completion at a consideration that is higher than the WAC Offer Price, the Offeror shall cause the Company to increase the WAC 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 any person(s) acting in concert with them.

- (vi) The salient terms of the Warrant are as follows:-

Issue size	: Up to 1,015,029,840 Warrants
Exercise rights	: Each Warrant entitles the registered holder, at any time during the exercise period, to subscribe for 1 new KCB Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll

- Exercise period : The Warrants may be exercised at any time within 10 years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date, but excluding the 5 clear market days prior to a book closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors of the Company and/ or Warrants Register is/ are closed. Any Warrant not exercised during the exercise period will thereafter lapse and cease to be valid
- Exercise price : RM0.1306, being the exercise price fixed by the Board and payable by a Warrant holder upon exercise of the exercise rights attached to the Warrants or such adjusted price as determined in accordance with the provisions of the Deed Poll
- Mode of exercise : The registered holder of the Warrant is required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new KCB Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities
- Rights of the Warrant holder : Warrant holders are not entitled to vote in any general meeting of KCB or to participate in any distribution and/ or offer of further securities in the Company unless and until the Warrant holders becomes a shareholder by exercising his/ her Warrants
- Rights in the event of winding-up, liquidation, compromise and/ or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then every Warrant holder shall be entitled upon and subject to the provisions of the Deed Poll at any time:
- (i) within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company; or
 - (ii) within 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants to the Company,
- by submitting the duly completed exercise form together with the payment of the exercise price and elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the exercise rights represented under such Warrants.
- Upon such exercise of the rights, he shall be entitled to receive out of the assets of the Company (which would be available in liquidation), as if he had on such date been the holder of the new KCB Shares and the liquidator of the Company must give effect to such election accordingly.
- If the Company is wound up or an order has been granted for such compromise or arrangement, all exercise rights which have not been exercised within 6 weeks of the passing of such resolution or granting of such court order, shall lapse and cease to be valid for any purpose

Adjustments in the exercise price and/ or number of Warrants	:	The exercise price and/ or number of unexercised Warrants may be adjusted by the Board, in consultation with the auditor and/ or approved adviser and certified by the auditor in the event of any alteration to the share capital of the Company by reason of the consolidation or subdivision of shares, issuance of shares by way of capitalisation of profits or reserves, capital distribution or rights issue of shares or convertible securities or any other events in accordance with the provisions of the Deed Poll
Modifications	:	Save for modification which is not materially prejudicial to the interests of the Warrant holders or to correct a manifest error or to comply with the mandatory provisions of the laws of Malaysia, any modifications, amendments, deletions or additions to the Deed Poll must be effected by a deed poll executed by the Company and expressed to be supplemental and comply with the relevant provisions of the Deed Poll
Governing law	:	Laws and regulations of Malaysia

2.2 Basis of arriving at the WAC Offer Price

The WAC Offer Price was arrived at after taking into consideration of, amongst others, the following:-

- (a) represents a nominal amount for the Warrants in compliance with Note 5 to Rule 8 of the Rules, in view that the "see-through" price* of the Warrants is negative after taking into consideration the exercise price of RM0.1306 per Warrant and the SCR Offer Price is RM0.11 per KCB Share;
- (b) it is equivalent to the previous offer price per Warrant of RM0.03 under the Previous Offer (as defined herein) which was undertaken by the Ultimate Offeror on 23 September 2019, and which had subsequently closed on 4 November 2019; and
- (c) represents a premium of 20.0% over the last transacted price of Warrants of RM0.025 as at 11 November 2019, being the last trading day prior to the suspension of trading of Warrants, and thereafter followed by the de-listing of KCB from the official list of Bursa Securities as mentioned in **Section 2.5** of this Circular.

Note:-

* *Note 2 to Rule 8 of the Rules states that the "see-through" price is the excess of the offer price for the underlying securities over the exercise price of the convertible securities. An appropriate offer price for such convertible securities is at least the higher of the "see-through" price or the highest price paid by the offeror and persons acting in concert with the offeror during the offer period and within 6 months prior to the commencement of the offer period. However, in accordance with Note 5 to Rule 8 of the Rules, if the "see through" price of the convertible instrument is zero or negative, the offeror may offer a nominal amount for such convertible instrument*

2.3 Distribution

If KCB 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 the Offer Letter up to the Completion and the shareholders are entitled to retain such Distributions, the SCR Offer Price shall be reduced by the quantum of the Distributions per Share that such shareholders are entitled to retain. For the 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.

For avoidance of doubt, any reduction in the SCR Offer Price arising from the Distributions will not result in a reduction in the WAC Offer Price.

2.4 Funding

The Proposed WAC will be funded via internally generated funds of KCB.

The Offeror has confirmed that the Proposed WAC would not fail due to the insufficient financial capability of the Company, and that every Entitled Warrantholders will be paid in full by cash.

UOBKH and the Board confirm that the Proposed WAC, once effective, will not fail by reason of insufficient financial capability of the Company and that every Entitled Warrantholders will be paid in full by way of cash.

2.5 Listing Status

KCB is currently an unlisted public entity. For information purpose, KCB was de-listed and removed from the official list of Bursa Securities on 21 November 2019.

2.6 Covenants

(i) From the date of KCB's acceptance of the terms of the Offer Letter until the Completion, KCB undertakes that:-

- (a) Save for the issuance of new KCB Shares arising from the exercise of the Warrants, if any, KCB will not conduct any form of capital raising exercise, whether in the form of debt or equity, and will not grant any options over KCB Shares or issue any new KCB Shares;
- (b) KCB and its subsidiaries, associates and joint ventures will not enter into any material commitment or material contract or undertake any obligation or acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
- (c) KCB 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 Proposals) or make any alteration to the provisions of the Constitution of KCB or any KCB's subsidiaries, unless it is in relation to the Proposals;
- (d) KCB shall not acquire any additional KCB Shares pursuant to share buy-back mandate; and
- (e) KCB 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 KCB or any of its subsidiaries;

without the prior written consent of the Offeror.

(ii) In addition, KCB agrees with and undertakes to the Offeror that it shall not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of the assets and liabilities of KCB or any privatisation proposal involving KCB or any of its subsidiaries at any time from the date of the Offer Letter until the Completion without the prior written consent of the Offeror.

(iii) KCB also agrees with and undertakes to the Offeror that, as from the date of the Offer Letter until the Completion, the Company (and using reasonable endeavours to cause and procure that 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 of the date of the Offer Letter so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at Completion, save as otherwise agreed in writing by the Offeror.

2.7 Salient details of the Proposed SCR (for warrantholders' information only)

As set out in **Section 1.1** of this Circular, the Proposed SCR involves KCB undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act in respect of the KCB Shares held by the Entitled Shareholders on the Entitlement Date.

- (i) Under the Proposed SCR, the Entitled Shareholders will receive a cash repayment sum of **RM0.11** for each KCB Share held by them on the Entitlement Date. For avoidance of doubt, the Non-Entitled Shareholders will not be entitled to the cash repayment under the Proposed SCR.
- (ii) As at the LPD, the Entitled Shareholders collectively hold 196,171,592 KCB Shares, representing 3.40% of the total issued shares of KCB. Assuming the Maximum Scenario (in event all the outstanding Warrants are fully exercised by the Entitled Warrantholders prior to the Entitlement Date), the Entitled Shareholders will collectively hold 366,189,808 KCB Shares, representing 6.16% of the total enlarged issued shares of KCB.
- (iii) As at the LPD, KCB has an issued share capital of RM655,618,071 comprising 5,776,587,696 KCB Shares. The issued share capital of KCB will be reduced by way of cancellation of all the KCB Shares held by the Entitled Shareholders. Accordingly, the issued share capital of KCB will be reduced by RM21,578,875 (under Minimum Scenario) or up to RM40,280,879 (under Maximum Scenario).
- (iv) All KCB Shares held by the Entitled Shareholders will be cancelled under the Proposed SCR. Any KCB Shares which are not cancelled will continue to be held by the Non-Entitled Shareholders, and accordingly, the Non-Entitled Shareholders will hold 5,580,416,104 KCB Shares, representing the entire equity interest in KCB upon the Completion.
- (v) The actual number of KCB Shares to be cancelled under the Proposed SCR would be dependent on the share capital of KCB and the shareholdings of the Entitled Shareholders in the Company on the Entitlement Date. Consequently, the total repayment amount will be determined at the relevant point in time.
- (vi) The Offeror, the Ultimate Offeror and the person(s) acting in concert with them had not acquired any KCB Shares at a price higher than the SCR Offer Price during the past 3 months prior to 18 September 2020, being the date the Offer Letter was served to the Board.

Should the Offeror, Ultimate Offeror or any person(s) acting in concert with them purchases or agrees to purchase any KCB Shares during the period commencing from the date of the Offer Letter until the Completion at a consideration that is higher than the SCR Offer Price, the Offeror shall cause the Company to increase the SCR 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 any person(s) acting in concert with them.
- (vii) As at the LPD, the Offeror, Ultimate Offeror or any person(s) acting in concert with them has not received any irrevocable undertaking from any Non-Interested Shareholder to vote in favour of or against the resolution on the Proposed SCR to be tabled at the forthcoming EGM. In addition, as at the LPD, save for the Offer Letter, KCB has not received any alternative proposal which is still subsisting for the KCB Shares or any other offer to acquire its assets or liabilities.
- (viii) The SCR Offer Price was arrived at after taking into consideration of, amongst others, the following:-

- (a) a price-to-book multiple of 0.73 times, based on the latest audited consolidated NA per KCB Share for the FYE 31 March 2020 of RM0.15;
- (b) it is equivalent to the previous offer price per KCB Share of RM0.11 under the Previous Offer; and
- (c) it is equivalent to the last transacted price of KCB Shares of RM0.11 as at 11 November 2019, being the last trading day prior to the suspension of trading of KCB Shares, and thereafter followed by the de-listing of KCB from the official list of Bursa Securities as mentioned in **Section 2.5** of this Circular.

For information purpose, the price-to-earnings multiple represented by the SCR Offer Price based on the latest audited consolidated EPS for the FYE 31 March 2020 of KCB is not applicable, as KCB had recorded loss after taxation of RM9.74 million for the financial year under review.

3. MODE AND TIMING OF SETTLEMENT

The settlement of the WAC Offer Price will be effected via electronic remittance to the Entitled Warranholders' eDividend accounts duly registered with Bursa Depository within 10 days from the Effective Date. For the Entitled Warranholders who do not maintain eDividend accounts, the settlement of the WAC Offer Price will be effected via remittance in the form of cheques, banker's drafts and/ or cashier's orders which will be despatched by ordinary mail to the Entitled Warranholders (or their designated agents, as they may direct) at the Entitled Warranholders' registered addresses last maintained with Bursa Depository at their own risk within 10 days from the Effective Date.

Except with the consent of the SC, settlement of the WAC Offer Price to which the Entitled Warranholders are entitled under the Proposed WAC will be implemented in full in accordance with the terms of the Proposed WAC without regard to any lien, right of set-off, counterclaim or other analogous rights to which the Company may otherwise be, or claim to be, entitled against the Entitled Warranholders.

Non-resident Entitled Warranholders are advised that the settlement of the WAC Offer Price will be made in RM. Non-resident Entitled Warranholders who wish to convert the said consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/ or charges as levied by the respective financial institutions.

4. RATIONALE

The Proposed WAC is undertaken pursuant to Paragraph 8.01 of the Rules and in conjunction with the Proposed SCR, whereby the Proposed WAC represents an appropriate offer extended by the Offeror to the warranholders of KCB and also to safeguard their interest in conjunction with the undertaking of the Proposed SCR by the Offeror.

Further, the Proposed WAC represents an opportunity for the Entitled Warranholders to exit and realise their investment in KCB, after taking into consideration the following:-

Opportunity for the Entitled Warranholders to realise their investments in the unlisted Warrants

On 23 September 2019, the Ultimate Offeror had undertaken the Previous Offer, which entails an unconditional voluntary take-over offer to acquire all the remaining KCB Shares and Warrants not already held by the Ultimate Offeror at a cash consideration of RM0.11 per KCB Share and RM0.03 per Warrant, respectively. The Previous Offer had closed on 4 November 2019.

Subsequently, on 12 November 2019, the trading in KCB Shares and Warrants on the Main Market of Bursa Securities was suspended in view that the Ultimate Offeror holds more than 90.0% equity interest in KCB as a result of the Previous Offer, and that the Ultimate Offeror has no intention to maintain the listing status of KCB as stated in the offer document dated 14 October 2019. Thereafter, KCB was de-listed and removed from the official list of Bursa Securities on 21 November 2019.

Following the abovementioned series of events and given that KCB is presently an unlisted public entity, KCB is no longer subject to the requirements and obligations of a regulatory framework, i.e. Bursa Securities, which may then lack transparency and visibility of information (such as financial performance/ position, material developments, organisational/ structural change in the KCB group of companies) that are usually or timely disclosed to the public. Further, the Entitled Warranholders may experience difficulty and limited opportunities in realising their investments in KCB as there is no formal market, i.e. Main Market of Bursa Securities, for the Entitled Warranholders to trade in their unlisted securities of KCB.

Premised on the above, the Offeror is of the opinion that the Proposed WAC provide the most appropriate avenue for the Entitled Warranholders to exit the Company and realise their investments in the unlisted securities of KCB.

5. FUTURE PLANS FOR KCB GROUP AND ITS EMPLOYEES

The Board (save for the Interested Director) has taken note of the intention of the Offeror and Ultimate Offeror in respect of the business and employees of KCB Group after the Completion, and the intended future plans for KCB Group are set out below:-

(i) Continuation of KCB Group's businesses

The Offeror and Ultimate Offeror intend to continue with the existing core businesses and operations of the KCB Group and do not have any plan and/ or intention to liquidate any companies within KCB Group. If the need arises, the Offeror and Ultimate Offeror may review the business and operations of KCB Group in the best interests of the KCB Group in order to remain competitive.

(ii) Major changes to KCB Group's businesses

The Offeror and Ultimate Offeror do not have any immediate plan and/ or intention to introduce or effect material changes to the existing businesses, dispose any major assets or undertake any major redeployment of the fixed assets of KCB Group upon the Completion, except where such change, disposal and/ or redeployment is necessary as to rationalise the business activities and/ or direction of the Group or to improve the prospects and future growth of the KCB Group.

(iii) Employees

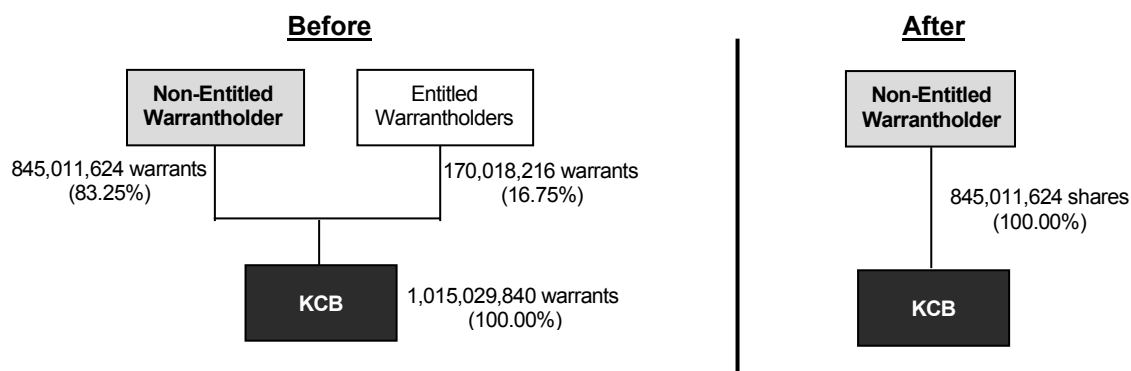
The Offeror and Ultimate Offeror do not have any plan to dismiss or make redundant any of the existing employees of KCB Group by way of a retrenchment exercise as a direct consequence of the Proposals. However, some changes with regard to staff employment and redeployment of staff may take place as a result of the subsequent review by the Offeror and Ultimate Offeror on KCB Group's employment structure, role of individual employees, rationalisation of business activities and/ or direction to further improve productivity and efficiency of the operations of KCB Group.

The abovementioned plans are only the intention of the Offeror and Ultimate Offeror, and the Offeror and Ultimate Offeror shall retain flexibility at any time to consider any options which are in the interest of KCB Group that may present itself.

As at the LPD, the Board (save for the Interested Director) has also taken note that the Offeror and Ultimate Offeror have not entered into any negotiation or arrangement or understanding whatsoever with any third party with regard to any significant change in KCB Group's businesses, assets or the Company's shareholding structure.

6. WARRANTHOLDING STRUCTURE

The warrantholding structure of KCB before and after the completion of the Proposed WAC (assuming no exercise of the outstanding Warrants prior to the Entitlement Date) is set out below:-



7. EFFECTS OF THE PROPOSALS

The effects of the Proposals are set out below:-

7.1 Issued share capital

The Proposed WAC does not have any effect on the issued share capital of KCB.

The pro forma effects of the Proposed SCR on the issued share capital of KCB as at the LPD are set out below:-

	<----- Minimum Scenario ----->		<----- Maximum Scenario ----->	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at LPD	5,776,587,696	655,618,071	5,776,587,696	655,618,071
Assuming the full exercise of outstanding Warrants by the Entitled Warranholders	-	-	170,018,216	33,850,627 ^{*1}
	<u>5,776,587,696</u>	<u>655,618,071</u>	<u>5,946,605,912</u>	<u>689,468,698</u>
Shares to be cancelled under the Proposed SCR	(196,171,592)	(21,578,875) ^{*2}	(366,189,808)	(40,280,879) ^{*3}
Resultant issued share capital	5,580,416,104	634,039,196	5,580,416,104	649,187,819

Notes:-

^{*1} Assuming all of the outstanding Warrants are exercised by the Entitled Warranholders at an exercise price of RM0.1306 each, and adjusted for the corresponding reversal of the warrants reserve portion of RM11.65 million

^{*2} Equivalent to the repayment amount of RM21,578,875, which is computed based on 196,171,592 KCB Shares held by the Entitled Shareholders (under Minimum Scenario) multiplied by the SCR Offer Price of RM0.11 each

^{*3} Equivalent to the repayment amount of RM40,280,879, which is computed based on 366,189,808 KCB Shares held by the Entitled Shareholders (under Maximum Scenario) multiplied by the SCR Offer Price of RM0.11 each

7.2 NA per Share and gearing level

Assuming the Proposals had been effected as at 31 March 2020 (being the end of the FYE 31 March 2020), the pro forma effects of the Proposals on the latest audited consolidated NA per Share and gearing level of KCB are as follows:-

Minimum Scenario

	Audited as at 31 March 2020 RM'000	I After the Proposed SCR RM'000	II After I and the Proposed WAC RM'000
Share capital	655,618	634,039	634,039
Capital reserve	269,918	269,918	269,918
Warrant reserve	69,529	69,529	57,883 ²
Asset revaluation reserve	164,181	164,181	164,181
Foreign currency translation reserve	(4,394)	(4,394)	(4,394)
Accumulated losses	(301,262)	(301,762) ^{*1}	(295,216) ^{*2}
Shareholders' funds/ NA	853,590	831,511	826,411
Number of KCB Shares ('000)	5,776,588	5,580,416	5,580,416
NA per KCB Share (RM)	0.15	0.15	0.15
Total borrowings (RM'000)	2,350	2,350	2,350
Gearing level (times)	0.003	0.003	0.003

Notes:-

^{*1} After deducting the estimated expenses (comprising professional fees, regulatory fees, administrative expenses) of approximately RM0.50 million in relation to the Proposals

^{*2} After adjusting for the transfer of RM11.65 million from warrant reserve pursuant to the cancellation of the Warrants, and deducting the Proposed WAC repayment of RM5.10 million to the Entitled Warranholders

Maximum Scenario

	Audited as at 31 March 2020 RM'000	I Assuming the full exercise of outstanding Warrants by the Entitled Warranholders RM'000	II After the Proposed SCR RM'000
Share capital	655,618	689,469 ^{*1}	649,188
Capital reserve	269,918	269,918	269,918
Warrant reserve	69,529	57,883 ^{*1}	57,883
Asset revaluation reserve	164,181	164,181	164,181
Foreign currency translation reserve	(4,394)	(4,394)	(4,394)
Accumulated losses	(301,262)	(301,262)	(301,762) ^{*2}
Shareholders' funds/ NA	853,590	875,795	835,014
Number of KCB Shares ('000)	5,776,588	5,946,606	5,580,416
NA per KCB Share (RM)	0.15	0.15	0.15
Total borrowings (RM'000)	2,350	2,350	2,350
Gearing level (times)	0.003	0.003	0.003

Notes:-

^{*1} Assuming the full exercise of 170,018,216 outstanding Warrants by the Entitled Warranholders at an exercise price of RM0.1306 each, and adjusted for the corresponding reversal of the warrants reserve portion of RM11.65 million

^{*2} After deducting the estimated expenses (comprising professional fees, regulatory fees, administrative expenses) of approximately RM0.50 million in relation to the Proposals

7.3 Earnings/ losses and EPS/ (LPS)

The Proposals are not expected to have any material effect on the earnings/ losses and EPS/ (LPS) of KCB Group for the FYE 31 March 2021. Upon the Completion and as a result of the cancellation of KCB Shares pursuant to the Proposed SCR, the total number of KCB Shares in issue will be reduced, which will affect the EPS/ (LPS) of KCB Group accordingly.

Assuming the Proposals had been effected as at 1 April 2019 (being the beginning of the FYE 31 March 2020), the pro forma effects of the Proposals on the earnings/ losses and EPS/ (LPS) of KCB Group are as follows:-

Minimum Scenario

	Audited FYE 31 March 2020	After the Proposals
LAT attributable to owners of the Company (RM'000)	(9,738)	(10,238) ^{*1}
No. of shares in issue ('000)	5,776,588	5,580,416
LPS (sen)	(0.17)	(0.18) ^{*2}

Notes:-

^{*1} After deducting the estimated expenses (comprising professional fees, regulatory fees, administrative expenses) of approximately RM0.50 million in relation to the Proposals

^{*2} Increase in LPS due to the estimated expenses incurred and reduction in KCB Shares as a result of the cancellation of KCB Shares pursuant to the Proposed SCR

Maximum Scenario

	Audited FYE 31 March 2020	I Assuming the full exercise of outstanding Warrants by the Entitled Warranholders ^{*1}	II After I and the Proposals
LAT attributable to owners of the Company (RM'000)	(9,738)	(9,738)	(10,238) ^{*2}
No. of shares in issue ('000)	5,776,588	5,946,606	5,580,416
LPS (sen)	(0.17)	(0.16)	(0.18) ^{*3}

Notes:-

^{*1} Assuming the full exercise of 170,018,216 outstanding Warrants by the Entitled Warranholders

^{*2} After deducting the estimated expenses (comprising professional fees, regulatory fees, administrative expenses) of approximately RM0.50 million in relation to the Proposals

^{*3} Increase in LPS due to the estimated expenses incurred and reduction in KCB Shares as a result of the cancellation of KCB Shares pursuant to the Proposed SCR

7.4 Substantial shareholders' shareholdings

The Proposed WAC does not have any effect on the substantial shareholders' shareholdings of KCB.

Upon Completion of the Proposed SCR, KCB will be wholly-owned by the Non-Entitled Shareholder as a result of the cancellation of all KCB Shares held by the Entitled Shareholders. The pro forma effects of the Proposed SCR on the shareholding structure of the substantial shareholder of KCB are as follows:-

Minimum Scenario

Substantial shareholders	<----- As at the LPD ----->				<----- After the Proposed SCR ----->			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}
LIPKCO	5,241,234,862	90.73	-	-	5,241,234,862	93.92	-	-
FACBII	339,181,242	5.87	-	-	339,181,242	6.08	-	-
Tan Sri Dr Chen	-	-	5,580,416,104 ^{*3}	96.60	-	-	5,580,416,104 ^{*3}	100.00

Notes:-

^{*1} Computed based on 5,776,587,696 KCB Shares in issue

^{*2} Computed based on 5,580,416,104 KCB Shares in issue

^{*3} Deemed interested by virtue of his interest in FACBII and LIPKCO pursuant to Section 8(4) of the Act

Maximum Scenario

Substantial shareholders	<----- As at the LPD ----->				I Assuming the full exercise of outstanding Warrants by the Entitled Warrantholders			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}
LIPKCO	5,241,234,862	90.73	-	-	5,241,234,862	88.14	-	-
FACBII	339,181,242	5.87	-	-	339,181,242	5.70	-	-
Tan Sri Dr Chen	-	-	5,580,416,104 ^{*4}	96.60	-	-	5,580,416,104 ^{*4}	93.84

II

Substantial shareholders	<----- After I and the Proposed SCR ----->			
	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	% ^{*3}	No. of Shares	% ^{*3}
LIPKCO	5,241,234,862	93.92	-	-
FACBII	339,181,242	6.08	-	-
Tan Sri Dr Chen	-	-	5,580,416,104 ^{*4}	100.00

Notes:-

^{*1} Computed based on 5,776,587,696 KCB Shares in issue

^{*2} Computed based on 5,946,605,912 KCB Shares in issue

^{*3} Computed based on 5,580,416,104 KCB Shares in issue

^{*4} Deemed interested by virtue of his interest in FACBII and LIPKCO pursuant to Section 8(4) of the Act

7.5 Convertible securities

Save for the 1,015,029,840 outstanding Warrants, the Company does not have any other outstanding convertible securities as at the LPD. The Company is undertaking the Proposed WAC in conjunction with the Proposed SCR.

8. CONDITIONS OF THE PROPOSED WAC

The Proposed WAC is subject to the approval of the Company's non-interested warrantholders to be tabled at a warrantholders' meeting via a special resolution which must be approved by at least 75% of the votes cast on a poll (either in person or by proxy).

In addition, the Proposed SCR and the Proposed WAC are inter-conditional upon each other. The Proposed WAC will not be carried out if the Proposed SCR is not implemented, or vice versa. Save for this, the Proposed WAC is not conditional upon any other corporate exercise of KCB.

For warrant holders' information only, the Proposed SCR is subject to and conditional upon the following approvals being obtained:-

- (i) the approval of the non-interested shareholders for the Proposed SCR to be tabled at the forthcoming EGM via a special resolution which must be approved by:-
 - (a) at least a majority in number of the non-interested shareholders and 75% in value to the votes attached to the KCB Shares held by the non-interested shareholders that are cast either in person or by proxy at the EGM; and
 - (b) the values of the votes cast against the special resolution for the Proposed SCR is not more than 10% of the votes attached to the KCB Shares held by the non-interested shareholders of the total voting shares of the Company;
- (ii) the approval or consent of the existing financiers and/ or creditors of KCB and/ or its subsidiaries, where required; and
- (iii) the grant of an order of the High Court approving the Proposed SCR under Section 116 of the Act.

The payment of the WAC Offer Price to the Entitled Warrant holders will be made as soon as practicable following the Effective Date, but in any event, not later than 10 days from the Effective Date.

9. INTERESTS OF DIRECTORS, MAJOR WARRANTHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major warrant holders and/ or persons connected with them have any interest, direct or indirect, in the Proposed WAC:-

9.1 Interested Major Warrant holders

Name	Nature of interest
Tan Sri Dr Chen	<ul style="list-style-type: none"> • Being the Ultimate Offeror • He is the sole director and sole shareholder of LIPKCO • As at the LPD, he indirectly holds 96.60% shareholdings and 83.25% warrant holdings in KCB
LIPKCO	<ul style="list-style-type: none"> • Being the Offeror/ Non-Entitled Warrant holder • As at the LPD, it directly holds 90.73% shareholdings and 83.25% warrant holdings in KCB

Tan Sri Dr Chen and LIPKCO are deemed as the Interested Major Warrant holders in this Proposed WAC. Accordingly, they will abstain from voting in respect of their direct and/ or indirect interests in KCB on the resolution pertaining to the Proposed WAC to be tabled at the forthcoming Warrant holders' Meeting.

9.2 Interested Director

Name	Nature of interest
Chen Yiy Fon	<ul style="list-style-type: none"> • He is the Chief Executive Officer/ Non-Independent Executive Director of KCB • He is the son of Tan Sri Dr Chen (Ultimate Offeror) <p>For the avoidance of doubt, as at the LPD, he does not hold any direct and/ or indirect KCB Shares and Warrants</p>

Chen Yiy Fon is deemed as the Interested Director in this Proposed WAC by virtue of his family relationship with the Ultimate Offeror. Accordingly, he has abstained and will continue to abstain from deliberating and voting at all relevant board meeting(s) of KCB in relation to the Proposed WAC.

In addition, all the abovementioned parties will ensure that person(s) connected with them will also abstain from voting in respect of their direct and/ or indirect interests in KCB, if any, on the resolution pertaining to the Proposed WAC to be tabled at the forthcoming Warranholders' Meeting.

10. INDEPENDENT ADVISER

In accordance with Paragraph 3.06 of the Rules, the Board, had on 22 September 2020, appointed PIVB as the Independent Adviser to provide comments, opinion, information and recommendations on the Proposed WAC, including the fairness and reasonableness of the Proposed WAC, to the non-interested Directors and to the Entitled Warranholders.

Please refer to **Part B** of this Document for the IAL in relation to the Proposed WAC. The Non-Interested Warranholders are advised to read and carefully consider the contents of the IAL before voting on the resolution to give effect to the Proposed WAC at the forthcoming Warranholders' Meeting.

11. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Director), after having considered all aspects of the Proposed WAC, in particular:-

- (i) the rationale of the Proposed WAC as set out in **Section 4** of this Circular; and
- (ii) the advice of the Independent Adviser, which had recommended that the Non-Interested Warranholders vote in favour of the resolution in respect of the Proposed WAC to be tabled at the forthcoming Warranholders' Meeting,

is of the opinion that the Proposed WAC is in the best interest of the Entitled Warranholders.

Accordingly, the Board (save for the Interested Director), concurs with the evaluation and recommendation of the Independent Adviser that the Proposed WAC is **fair and reasonable**, and recommends that the Non-Interested Warranholders **VOTE IN FAVOUR OF** the resolution in respect of the Proposed WAC to be tabled at the forthcoming Warranholders' Meeting.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstance, and subject to the conditions as set out in **Section 8** of this Circular, the Board expects the Proposed WAC to be completed in the first quarter of 2021.

The tentative timetable for the implementation of the Proposals is set out below:-

Date/ Timeline	Event
End December 2020	<ul style="list-style-type: none"> • EGM for the Proposed SCR • Warranholders' Meeting for the Proposed WAC • Application to seek the confirmation from the High Court for the reduction of KCB's share capital
End January 2021*	<ul style="list-style-type: none"> • Granting of the Order from the High Court confirming the reduction of KCB's share capital • Announcement of Entitlement Date
End February 2021*	<ul style="list-style-type: none"> • Entitlement Date • Lodgment of office copy of the Order with the Registrar
Early March 2021*	<ul style="list-style-type: none"> • Settlement of the Offer Price • Completion

Note:-

* *This is an indicative timetable depending on, amongst others, the date on which the High Court confirms the reduction of KCB's share capital pursuant to Section 116 of the Act*

13. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no corporate proposals which have been announced by KCB but pending completion as at the LPD.

14. WARRANTHOLDERS' MEETING

The Warranholders' Meeting, notice of which is enclosed in this Document, will be held at Function Room, Bukit Unggul Country Club, Lot PT 2180-2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan, Malaysia on Tuesday, 22 December 2020 at 12.30 p.m., or immediately following the conclusion or adjournment of the EGM of KCB for the Proposed SCR to be held at the same venue and on the same date at 11.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed WAC.

In the event that you wish to appoint a proxy to attend, participate, speak and vote on your behalf, a Proxy Form is enclosed in this Document in which the said form must be duly completed in accordance with the instructions given and deposited with the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. The lodgment of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the meeting should you subsequently wish to do so.

15. FURTHER INFORMATION

Entitled Warranholders are advised to refer to the appendices set out in this Document for further information.

Yours faithfully,
For and on behalf of the Board
KARAMBUNAI CORP BHD

DATUK WAN KASSIM BIN AHMED
Chairman, Independent Non-Executive Director

PART B

**IAL FROM PIVB TO THE ENTITLED WARRANTHOLDERS OF KCB IN RELATION TO THE
PROPOSED WAC**

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 DOCUMENT, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL. ALL REFERENCES TO “WE”, “US” OR “OUR” IN THIS IAL ARE REFERENCES TO PIVB, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED WAC.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED WAC. ENTITLED WARRANTHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THE IAL FOR FURTHER INFORMATION AND THE RECOMMENDATION FROM PIVB, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED WAC. THE IAL SHOULD ALSO BE READ IN CONJUNCTION WITH THE CIRCULAR INCLUDING THE APPENDICES THEREIN, FOR OTHER RELEVANT INFORMATION, BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED WAC AT THE FORTHCOMING WARRANTHOLDERS’ MEETING.

1. INTRODUCTION

On 18 September 2020, the Company received the Offer Letter from its direct controlling shareholder, namely LIPKCO, requesting KCB to undertake the Proposed SCR. In conjunction with the Proposed SCR, LIPKCO also requested KCB to accelerate the maturity of the outstanding Warrants and the cancellation of the Warrants thereof. The details of the Proposed WAC are set out in Section 2, Part A of this Document. The Proposed SCR and the Proposed WAC are inter-conditional upon each other. The Proposed WAC will not be carried out if the Proposed SCR is not implemented, or vice versa.

On 22 September 2020, in accordance with Paragraph 3.06 of the Rules, the Board (save for the Interested Director) had appointed PIVB as the Independent Adviser to provide comments, opinions, information and recommendation on the Proposed WAC and Proposed SCR to the Entitled Warrantholders and Entitled Shareholders, respectively and to the non-interested Directors.

On 1 October 2020, the Board (save for the Interested Director) deliberated on the contents of the Offer Letter and resolved to table the Proposed WAC and the Proposed SCR to the Entitled Warrantholders and the Entitled Shareholders, respectively for their consideration and approval at the forthcoming Warrantholders’ Meeting and EGM.

The SC had vide its letter dated 3 November 2020, notified that it has no further comments on the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with an independent evaluation on the Proposed WAC together with our recommendation on whether the Non-Interested Warrantholders should vote in favour or against the special resolution in relation to the Proposed WAC at the forthcoming Warrantholders’ Meeting, subject to the scope of our role and evaluation specified herein.

2. EVALUATION OF THE PROPOSED WAC

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Proposed WAC in accordance with Paragraphs 1 to 7 under Schedule 2: Part III of the Rules, whereby:

- (i) the term “fair and reasonable” should generally be analysed as 2 distinct criteria, i.e. whether the Proposed WAC is “fair” and whether the Proposed WAC is “reasonable”, rather than as a composite term;
- (ii) the Proposed WAC is considered as “fair” if the WAC Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Warrants. However, if the WAC Offer Price is equal to or higher than the market price but is lower than the value of the Warrants, the Proposed WAC is considered as “not fair”;

- (iii) in considering whether the Proposed WAC is “reasonable”, we have taken into consideration matters other than the valuation of the Warrants; and
- (iv) generally, the Proposed WAC would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for the Non-Interested Warranholders to vote in favour of the special resolution in respect of the Proposed WAC at the forthcoming Warranholders’ Meeting of the Company despite it being “not fair” if the independent adviser is of the view that there are sufficiently strong reasons to vote in favour of the said resolution in the absence of a higher bid and such reasons should be clearly explained.

Our evaluation on the Proposed WAC is based on the following:

Fairness of the Offer

Valuation of the Warrants

We have analysed the “**see-through**” price of the Warrants based on the difference between the offer price for each ordinary share and the exercise price of each option. We noted the offer price for the Proposed SCR is RM0.11 and the exercise price for the Warrant is RM0.1306, hence the “see-through” price of the Warrant is **negative**.

Further information on the assessment of the valuation of Warrants is set out in Section 6.1 of this IAL.

Premised on the assessment of the Warrants against the WAC Offer Price as set out in Section 6.1 of this IAL, we are of the opinion that the Proposed WAC is FAIR in view that the WAC Offer Price is at RM0.03, although the “see-through” price of the Warrant is negative. Kindly take note that the “see-through” price approach is only applicable for this situation as the KCB Shares and Warrants are delisted. In the event that the theoretical value of the option can be determined, the theoretical value of such option should be given priority to determine the fairness of the option.

Reasonableness of the Offer

An avenue for the Entitled Warranholders to exit the Company

We noted that the Proposed WAC is made to provide **an opportunity to the Entitled Warranholders to realise and monetise their investment** in KCB. We also noted that the Warrants are deemed to be out-of-money due to the offer price for the Proposed SCR is RM0.11 and the exercise price for the Warrants is RM0.1306. It would not be beneficial to the Entitled Warranholders to exercise their Warrants.

Consideration on any alternative proposal

As at LPD, the Non-Entitled Shareholders have practical control over KCB as they collectively hold 5,580,416,104 KCB Shares, representing 96.60% equity interest in KCB. Assuming all the 170,018,216 outstanding Warrants are fully exercised by the Entitled Warranholders, the Non-Entitled Shareholders will still have practical control of the Company with 93.84% equity interest in KCB. We are of the view that it is unlikely for KCB to receive any alternative proposal for the KCB Shares and as such, any other offer would not be successful unless with the support of the Non-Entitled Shareholders. We also noted that KCB has not received any alternative proposal for the KCB Shares or any other offer to acquire its assets and liabilities.

Premised on the evaluation as set out in Section 7 of this IAL, we are of the view that the Proposed WAC is REASONABLE.

3. RECOMMENDATION

Based on the above and our evaluation, we are of the opinion that the Proposed WAC is **FAIR** and **REASONABLE**. Accordingly, we advise and recommend that the Non-Interested Warranholders to **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed WAC to be tabled at the forthcoming Warranholders’ Meeting.



Registered Office:

27th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur

5 November 2020

To: The Entitled Warrantheolders of KCB

Dear Sir/Madam,

**INDEPENDENT ADVICE LETTER TO THE ENTITLED WARRANTHOLDERS OF KCB IN
RELATION TO THE PROPOSED WAC**

1. PREAMBLE

This IAL is prepared for inclusion in this Document. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the “*Definitions*” section of this Document, except where the context otherwise requires or where otherwise defined herein. All references to “we”, “us” or “our” in this IAL are references to PIVB, being the Independent Adviser in relation to the Proposed WAC.

2. INTRODUCTION

On 18 September 2020, the Company received the Offer Letter from its direct controlling shareholder, namely LIPKCO, informing the Board of its intention to privatise KCB by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Act.

In conjunction with the Proposed SCR, LIPKCO also requested KCB to accelerate the maturity of the outstanding Warrants and the cancellation of the Warrants thereof. The details of the Proposed WAC are set out in Section 2, Part A of this Document.

The Proposed SCR and the Proposed WAC are inter-conditional upon each other. The Proposed WAC will not be carried out if the Proposed SCR is not implemented, or vice versa. A circular to shareholders and notice of EGM have been despatched to shareholders on the same date of this Document to seek their approval for the Proposed SCR. A warrantholder does not need to take any action in relation to the Proposed SCR in the capacity as a warrantholder.

On 22 September 2020, in accordance with Paragraph 3.06 of the Rules, the Board (save for the Interested Director) had appointed PIVB as the Independent Adviser to provide its comments, opinion, information and recommendations on the Proposed WAC and Proposed SCR to the Entitled Warrantheolders and Entitled Shareholders, respectively and to the non-interested Directors.

On 1 October 2020, the Board (save for the Interested Director) deliberated on the contents of the Offer Letter and resolved to table the Proposed WAC and the Proposed SCR to the Entitled Warrantheolders and the Entitled Shareholders, respectively for their consideration and approval at the forthcoming Warrantheolders’ Meeting and EGM.

The SC had vide its letter dated 3 November 2020, notified that it has no further comments on the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with an independent evaluation on the Proposed WAC together with our recommendation on whether the Non-Interested Warrantheolders should vote in favour or against the special resolution in relation to the Proposed WAC at the forthcoming Warrantheolders’ Meeting, subject to the scope of our role and evaluation specified herein.

NON-INTERESTED WARRANTHOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS DOCUMENT TOGETHER WITH THE ACCOMPANYING APPENDICES BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED WAC TO BE TABLED AT THE FORTHCOMING WARRANTHOLDERS' MEETING.

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.

3. DETAILS OF THE PROPOSED WAC

The Proposed WAC involves the acceleration of the maturity of the outstanding Warrants and the cancellation of the Warrants thereof, and a corresponding cash repayment to all the warrant holders of KCB, other than the Non-Entitled Warrantholder, whose names appear in the record of depositors of the Company as at the close of business on the same Entitlement Date as the Proposed SCR to be determined later.

The details of the Proposed WAC are as follows:

1.	Consideration for the Proposed WAC	The Entitled Warrantholders will receive a cash consideration of RM0.03 per Warrant held by the Entitled Warrantholders on the Entitlement Date. For avoidance of doubt, the Non-Entitled Warrantholder will not be entitled to the cash repayment under the Proposed WAC.				
2.	Modification of the Deed Poll	<p>To facilitate the implementation of the Proposed WAC, the Deed Poll shall be modified by way of a supplemental deed, to allow for the early expiration of the Warrants. Under the supplemental deed to the Deed Poll, the definition of "Expiry Date" under Clause 1(A) of the Deed Poll will be deleted and substituted as follows:</p> <table border="0" data-bbox="555 1055 1394 1346"> <tr> <td data-bbox="555 1055 943 1084" style="text-align: center;"><u>Existing definition of "Expiry Date"</u></td> <td data-bbox="995 1055 1394 1084" style="text-align: center;"><u>New definition of "Expiry Date"</u></td> </tr> <tr> <td data-bbox="555 1099 943 1290">the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the tenth (10th) anniversary of the date of issuance of the Warrants or if such a date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day</td> <td data-bbox="995 1099 1394 1346">the date as at the close of business (to be determined and announced later by the Board) on which the entitled Warrants Holders whose names appear in the Record of Depositors of the Company in order to be entitled under the proposed acceleration of the maturity of the Warrants and the cancellation of the Warrants thereof</td> </tr> </table>	<u>Existing definition of "Expiry Date"</u>	<u>New definition of "Expiry Date"</u>	the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the tenth (10th) anniversary of the date of issuance of the Warrants or if such a date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day	the date as at the close of business (to be determined and announced later by the Board) on which the entitled Warrants Holders whose names appear in the Record of Depositors of the Company in order to be entitled under the proposed acceleration of the maturity of the Warrants and the cancellation of the Warrants thereof
<u>Existing definition of "Expiry Date"</u>	<u>New definition of "Expiry Date"</u>					
the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the tenth (10th) anniversary of the date of issuance of the Warrants or if such a date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day	the date as at the close of business (to be determined and announced later by the Board) on which the entitled Warrants Holders whose names appear in the Record of Depositors of the Company in order to be entitled under the proposed acceleration of the maturity of the Warrants and the cancellation of the Warrants thereof					
3.	Mode and timing of settlement	The settlement of the WAC Offer Price will be effected via electronic remittance to the Entitled Warrantholders' eDividend accounts duly registered with Bursa Depository within 10 days from the Effective Date. For the Entitled Warrantholders who do not maintain eDividend accounts, the settlement of the WAC Offer Price will be effected via remittance in the form of cheques, banker's drafts and/or cashier's orders which will be despatched by ordinary mail to the Entitled Warrantholders (or their designated agents, as they may direct) at the Entitled Warrantholders' registered addresses last maintained with Bursa Depository at their own risk within 10 days from the Effective Date.				
4.	Conditions to the Proposed WAC	<p>The Proposed WAC is subject to the approval of KCB's non-interested warrant holders to be tabled at a warrant holders' meeting via a special resolution which must be approved by at least 75% of the votes cast on a poll (either in person or by proxy).</p> <p>The Proposed SCR and the Proposed WAC are inter-conditional upon each other. The Proposed WAC will not be carried out if the Proposed SCR is not implemented, or vice versa. Save for this, the Proposed WAC is not conditional upon any other corporate exercise of KCB.</p>				

4.	Conditions to the Proposed WAC (Cont'd)	<p>For information purpose, the Proposed SCR is subject to and conditional upon the following approvals being obtained:</p> <ul style="list-style-type: none"> (i) the approval of the non-interested shareholders for the Proposed SCR to be tabled at the forthcoming EGM via a special resolution which must be approved by: <ul style="list-style-type: none"> (a) at least a majority in number of the non-interested shareholders and 75% in value to the votes attached to the KCB Shares held by the non-interested shareholders that are cast either in person or by proxy at the EGM; and (b) the values of the votes cast against the special resolution for the Proposed SCR is not more than 10% of the votes attached to the KCB Shares held by the non-interested shareholders of the total voting shares of the Company; (ii) the approval or consent of the existing financiers and/ or creditors of KCB and/ or its subsidiaries, where required; and (iii) the grant of an order of the High Court approving the Proposed SCR under Section 116 of the Act.
5.	Irrevocable undertaking	<p>As at the LPD, the Offeror, Ultimate Offeror, namely Tan Sri Dr Chen or the person(s) acting in concert with them have not received any irrevocable undertaking from any Non-Interested Warranholders to vote in favour of or against the special resolution pertaining to the Proposed WAC to be tabled at the forthcoming Warranholders' Meeting of the Company.</p>
6.	Financial resources for the Proposed WAC	<p>The Proposed WAC will be funded via the internally generated funds of KCB.</p> <p>LIPKCO has confirmed that the Proposed WAC would not fail due to the insufficient financial capability of the Company, and that every Entitled Warranholders will be paid in full by cash.</p> <p>UOBKH, being the Principal Adviser to KCB and the adviser to LIPKCO for the Proposed WAC, and the Board confirm that the Proposed WAC, once effective, will not fail by reason of insufficient financial capability of the Company and that every Entitled Warranholders will be paid in full by way of cash.</p>

Further details on the Proposed WAC are set out in Section 2, Part A of this Document.

4. LIMITATIONS TO THE EVALUATION OF THE PROPOSED WAC

PIVB was not involved in any formulation, deliberations and/or negotiations pertaining to the terms and conditions of the Proposed WAC. PIVB's terms of reference as an independent adviser is limited to expressing an independent opinion on the assessment of the fairness and reasonableness of the Proposed WAC based on the following:

- (i) information contained in the Offer Letter, Part A of this Document and the appendices attached thereto;
- (ii) audited consolidated financial statements of KCB for the FYE 31 March 2020;
- (iii) information furnished by the Board and management of KCB;
- (iv) discussions with the Board and management of KCB; and
- (v) other relevant publicly available information.

We have made all reasonable enquiries to the Board and management of KCB and have relied on the Board and management of KCB to take due care to ensure that all information, documents and representations in respect of the Group provided to us by them to facilitate our evaluation of the Proposed WAC are accurate, valid and complete in all material aspects. The Board has confirmed to us that all relevant material facts and information essential to the evaluation of the Proposed WAC have been disclosed to us and has accepted full responsibility for the accuracy of the information provided to us. After making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied that all relevant facts and information and/or representations necessary for our evaluation of the Proposed WAC have been disclosed to us and that such information is sufficient, accurate, valid and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on capital market, economic, industry, regulatory, monetary, socio-political and other prevailing conditions, and the information and/or documents made available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion expressed herein do not take into account the information, events or conditions arising after the LPD.

In rendering our advice, PIVB had taken note of pertinent factors, which we believe are necessary and of importance to our assessment of the Proposed WAC and therefore of general concern to the Entitled Warrantholders. As such:

- (i) PIVB's views and recommendation as contained in the IAL only cater to the Entitled Warrantholders at large and not to any Entitled Warrantholder individually. 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 Entitled Warrantholders or any specific group of Entitled Warrantholders; and
- (ii) we recommend that any individual Entitled Warrantholder or group of Entitled Warrantholders who is in doubt as to the action to be taken or require advice in relation to the Proposed WAC in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, consult their respective stockbroker, banker, solicitor, accountant or other professional advisers immediately.

PIVB will immediately notify the SC in writing and the Entitled Warrantholders by way of an announcement via press notice if, after despatching this IAL, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAL:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, a supplementary IAL will be sent to the Entitled Warrantholders in accordance with subparagraph 11.07(2) of the Rules.

5. EVALUATION OF THE PROPOSED WAC

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Proposed WAC in accordance with Paragraphs 1 to 7 under Schedule 2: Part III of the Rules, whereby:

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Proposed WAC is "fair" and whether the Proposed WAC is "reasonable", rather than as a composite term;
- (ii) the Proposed WAC is considered as "fair" if the WAC Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Warrants. However, if the WAC Offer Price is equal to or higher than the market price but is lower than the value of the Warrant, the Proposed WAC is considered as "not fair";

- (iii) in considering whether the Proposed WAC is “reasonable”, we have taken into consideration matters other than the valuation of the Warrants;
- (iv) generally, the Proposed WAC would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for the Non-Interested Warrantholders to vote in favour of the special resolution in respect of the Proposed WAC at the forthcoming Warrantholders’ Meeting via a special resolution of the Company despite it being “not fair” if the independent adviser is of the view that there are sufficiently strong reasons to vote in favour of the said resolution in the absence of a higher bid and such reasons should be clearly explained.

We have taken into consideration the following factors in our evaluation of the Proposed WAC:

<u>Fairness of the Proposed WAC:</u>	
(i) Valuation of the Warrants	Section 6.1
<u>Reasonableness of the Proposed WAC:</u>	
(i) An avenue for the Entitled Warrantholders to exit the Company	Section 7.1
(ii) Consideration on any alternative proposal	Section 7.2

6. FAIRNESS OF THE PROPOSED WAC

6.1 Valuation of the Warrants

KCB had on 21 October 2013 issued 1,015,029,840 free Warrants in conjunction with a rights issue exercise. The Warrants were constituted by a deed poll dated 10 September 2013 and were listed and quoted on the Main Market of Bursa Securities since 28 October 2013.

The Warrants entitle the warrantholders to subscribe for one (1) KCB Share at any time up to its expiry date on 20 October 2023. The Warrants that are not exercised during the exercise period up to 20 October 2023 will lapse and cease to be valid. As such, the Warrants are considered American-style call options. The Warrants were delisted on 21 November 2019 in conjunction with the delisting of the KCB Shares on the same day.

We have considered various valuation methods to determine the theoretical value of the Warrants but are unable to adopt any such methods. This is mainly due to the lack of trading reference subsequent to the delisting of KCB Shares and as such, we are unable to reasonably determine the trading volatility of KCB Shares which is a key component for the valuation of warrants.

Therefore, we have analysed the “see-through” price of the Warrants based on the difference between the offer price for each ordinary share and the exercise price of each option. We noted the offer price for the Proposed SCR is RM0.11 and the exercise price for the Warrant is RM0.1306, hence the “see-through” price of the Warrant is negative.

The Offeror, the Ultimate Offeror and the PAC have not acquired any Warrants within the six (6) months prior to 18 September 2020. As such, pursuant to the Note 5 to Rule 8 of the Rules, if the “see-through” price of the Warrant is zero or negative, the Offeror may offer a nominal amount for the Warrant, for an example of RM0.01 and above.

Premised on the assessment as set out in Section 6.1 above, we are of the opinion that the Proposed WAC is FAIR in view that the WAC Offer Price is at RM0.03, although the “see-through” price of the Warrant is negative. Kindly take note that the “see-through” price approach is only applicable for this situation as the KCB Shares and Warrants are delisted. In the event that the theoretical value of the option can be determined, the theoretical value of such option should be given priority to determine the fairness of the option.

7. REASONABLENESS OF THE PROPOSED WAC

7.1 An avenue for the Entitled Warrantholders to exit the Company

We have considered the rationale for the Proposed WAC as set out in Section 4, Part A of this Document.

We noted that the Proposed WAC is made to provide an opportunity to the Entitled Warrantholders to realise and monetise their investment in KCB. Without the Proposed WAC, the Entitled Warrantholders may not otherwise have the opportunity to realise and monetise their investment as there is no formal market for the unlisted Warrants since KCB was delisted and withdrawn from the Official List on 21 November 2019 and thus, will continue to hold the unlisted Warrants until it expires on 20 October 2023.

We also noted that the Warrants are deemed to be out-of-money due to the offer price for the Proposed SCR is RM0.11 and the exercise price for the Warrants is RM0.1306. It would not be beneficial to the Entitled Warrantholders to exercise their Warrants.

As such, the Proposed WAC allows the Entitled Warrantholders to exit from KCB at the WAC Offer Price of RM0.03 per Warrant, which is the same offer price as the Previous Offer.

7.2 Consideration on any alternative proposal

As at LPD, the Non-Entitled Shareholders have practical control over KCB as they collectively hold 5,580,416,104 KCB Shares, representing 96.60% equity interest in KCB. Assuming all the 170,018,216 outstanding Warrants are fully exercised by the Entitled Warrantholders, the Non-Entitled Shareholders will still have practical control of the Company with 93.84% equity interest in KCB. We are of the view that it is unlikely for KCB to receive any alternative proposal for the KCB Shares and as such, any other offer would not be successful unless with the support of the Non-Entitled Shareholders. We also noted that KCB has not received any alternative proposal for the KCB Shares or any other offer to acquire its assets and liabilities.

Presently, the Non-Entitled Warrantholder has the ability to determine the outcome of the ordinary and special resolutions sought at warrantholders' meeting of the Company with its' 83.25% warrant holdings of the total warrant holdings. The Non-Entitled Warrantholder, who are also part of the Non-Entitled Shareholders are generally able to determine the outcome of the ordinary and special resolutions sought at shareholders' meetings of the Company, as well as block special resolutions on matters in which the Non-Entitled Shareholders and the persons connected to them are not required to abstain. For the avoidance of doubt, Non-Entitled Shareholders are only required to abstain from voting on related party transactions, where they are the interested party.

Premised on the assessment as set out in Section 7 above, we are of the view that the Proposed WAC is REASONABLE.

8. FUTURE PLANS FOR THE KCB GROUP AND ITS EMPLOYEES

In evaluating the Proposed WAC, we have considered the intentions of LIPKCO and Tan Sri Dr Chen as set out in Section 5, Part A of this Document as follows:

(i) Continuation of the KCB Group's business

LIPKCO and Tan Sri Dr Chen intend to continue with the existing core businesses and operations of the KCB Group and do not have any plan and/or intention to liquidate any companies within KCB Group. If the need arises, LIPKCO and Tan Sri Dr Chen may review the business and operations of KCB Group in the best interests of the KCB Group in order to remain competitive.

(ii) Major changes to the KCB Group's business

LIPKCO and Tan Sri Dr Chen do not have any immediate plan and/or intention to introduce or effect material changes to the existing businesses, dispose any major assets or undertake any major redeployment of the fixed assets of KCB Group upon the Completion, except where such change, disposal and/or redeployment is necessary as to rationalise the business activities and/or direction of the Group or to improve the prospects and future growth of the KCB Group.

(iii) Employees of the KCB Group

LIPKCO and Tan Sri Dr Chen do not have any plan to dismiss or make redundant any of the existing employees of KCB Group by way of a retrenchment exercise as a direct consequence of the Proposals. However, some changes with regard to staff employment and redeployment of staff may take place as a result of the subsequent review by LIPKCO and Tan Sri Dr Chen on KCB Group's employment structure, role of individual employees, rationalisation of business activities and/or direction to further improve productivity and efficiency of the operations of KCB Group.

We noted that LIPKCO and Tan Sri Dr Chen do not intend to undertake any material changes to the existing business of KCB or to undertake any employee redundancy scheme, unless such changes are necessary to rationalise and restructure the business activities and to further improve productivity and efficiency of the operations of the KCB Group.

9. FURTHER INFORMATION

The Entitled Warrantheolders are advised to refer to the views and recommendation of the Board (save for the Interested Director) as set out in Part A of this Document as well as the accompanying appendices and other relevant information in this Document for further details in relation to the Proposed WAC.

10. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed WAC in accordance with Paragraphs 1 to 7 under Schedule 2: Part III of the Rules, whereby the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Proposed WAC is "fair" and whether the Proposed WAC is "reasonable", rather than as a composite term and have set out our evaluation in Sections 5, 6 and 7 of the IAL.

The Proposed WAC is considered as "fair" if the WAC Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Warrants. However, if the WAC Offer Price is equal to or higher than the market price but is lower than the value of the Warrants, the Proposed WAC is considered as "not fair".

In considering whether the Proposed WAC is "reasonable", we have taken into consideration matters other than the valuation of the Warrants.

Generally, the Proposed WAC would be considered "reasonable" if it is "fair". Nevertheless, an independent adviser may also recommend for the Non-Interested Warrantheolders to vote in favour of the special resolution in respect of the Proposed WAC despite it being "not fair", if the independent adviser is of the view that there are sufficiently strong reasons to vote in favour of the said resolution in the absence of a higher bid and such reasons should be clearly explained. Notwithstanding that, the Non-Interested Warrantheolders should take into careful consideration the merits and demerits of the Proposed WAC based on all relevant and pertinent factors including those set out below and other considerations as set out in the IAL and Part A of this Document.

In arriving at our opinion, we have taken into consideration various relevant and pertinent factors as set out below:

Fairness of the Proposed WAC

Based on our analysis set out in Section 6 of this IAL, we are of the opinion that the Proposed WAC is **FAIR** in view of the following:

(a)	Valuation of the Warrants	<ul style="list-style-type: none"> ▪ The “see-through” price of the Warrant is negative.
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Reasonableness of the Proposed WAC

Based on our analysis set out in Section 7 of this IAL, we are of the opinion that the Proposed WAC is **REASONABLE** after taking into consideration the following:

(a)	An avenue for the Entitled Warranholders to exit the Company	<ul style="list-style-type: none"> ▪ An opportunity to the Entitled Warranholders to realise and monetise their investment in KCB. ▪ There is no formal market for the unlisted Warrants. ▪ The Warrants are deemed to be out-of-money. ▪ The WAC Offer Price is the same as the offer price of RM0.03 per Warrant in the Previous Offer.
(b)	Consideration on any alternative proposal	<ul style="list-style-type: none"> ▪ KCB has not received any alternative proposal for KCB Shares or any other offer to acquire its assets and liabilities. ▪ Non-Entitled Shareholders have practical control over the Company.

Based on the above and our evaluation, we are of the opinion that the Proposed WAC is **FAIR** and **REASONABLE**. Accordingly, we advise and recommend that the Non-Interested Warranholders to **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed WAC to be tabled at the forthcoming Warranholders’ Meeting.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual Non-Interested Warranholder. We recommend that any Non-Interested Warranholder who requires advice in relation to the Proposed WAC in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbroker, bank manager, accountant, solicitor or other professional advisers.

Yours truly
for and on behalf of
PUBLIC INVESTMENT BANK BERHAD

Lee Yo-Hunn
Chief Executive Officer

Tan Heng Chee
Head
Corporate Finance & Advisory

ADDITIONAL INFORMATION

1. DIRECTOR'S RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy and completeness of the information contained herein. The Board confirms the following after making all reasonable enquiries and to the best of their knowledge and belief:

- (i) no statement and/or information relating to the KCB Group in this IAL is false or misleading or incomplete;
- (ii) there are no other facts and/or information, the omission of which would render any statement or information provided relating to the KCB Group herein false or misleading or incomplete; and
- (iii) all material facts and/or information in relation to the Proposed WAC, including those required under the Rules, have been accurately and completely disclosed in this IAL.

Further, the responsibility of the Board in respect of:

- (i) the information relating to LIPKCO, Tan Sri Dr Chen, FACBII and the Proposed WAC (as extracted from Part A of this Document and the appendices attached thereto) is to ensure that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by PIVB in relation to the Proposed WAC as set out in the IAL, is to ensure that accurate information in relation to the KCB Group was provided to PIVB for its evaluation of the Proposed WAC and that all information in relation to the KCB Group that is relevant to PIVB's evaluation of the Proposed WAC has been accurately and completely disclosed to PIVB and that there is no material fact, the omission of which would make any information provided to PIVB false or misleading.

2. DISCLOSURES OF INTEREST AND DEALINGS IN SHARES**2.1 By KCB****2.1.1 Disclosure of interests in the Offeror, the Ultimate Offeror and the PAC**

As at the LPD, KCB does not hold, directly or indirectly, any voting shares and/or convertible securities in the Offeror, the Ultimate Offeror and the PAC.

2.1.2 Disclosure of dealings in voting shares or convertible securities of the Offeror, the Ultimate Offeror and the PAC

KCB has not dealt, directly or indirectly, in any voting shares and/or convertible securities of the Offeror, the Ultimate Offeror, the PAC during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

2.1.3 Disclosure of dealings in KCB Shares or Warrants

KCB has not dealt, directly or indirectly, in any of its voting shares and/or convertible securities during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

ADDITIONAL INFORMATION (Cont'd)

2.2 By the Directors of KCB**2.2.1 Disclosure of interests in the Offeror, the Ultimate Offeror and the PAC**

The Directors of KCB do not have any interest, directly or indirectly, in any voting shares and/or convertible securities of the Offeror, the Ultimate Offeror and the PAC as at the LPD.

2.2.2 Disclosure of dealings in voting shares or convertible securities of the Offeror, the Ultimate Offeror and the PAC

None of the Directors of KCB has dealt in any voting shares and/or convertible securities in the Offeror, the Ultimate Offeror and the PAC during the 6 months period beginning prior to the date of the Offer Letter and ending on the LPD.

2.2.3 Disclosure of interests in KCB

As at the LPD, save for Chen Yiy Fon (being the Interested Director by virtue of his family relationship with the Ultimate Offeror), none of the Directors of KCB have any interest in KCB Shares or its related corporations. For further information, kindly refer to Appendix V, Part A of this Document.

2.2.4 Disclosure of dealings in KCB Shares

None of the Directors of KCB has dealt, directly or indirectly, in any voting shares of and/or convertible securities KCB during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

2.3 By the persons with whom KCB or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom KCB or any persons acting in concert with it has entered into an arrangement, including any arrangement involving rights over shares, any indemnity arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to KCB Shares and Warrants which may be an inducement to deal or to refrain from dealing.

2.4 By the persons with whom KCB or any persons acting in concert with it has borrowed or lent any voting shares and/or convertible securities of KCB

As at the LPD, there is no person with whom KCB or any persons acting in concert with it has borrowed or lent any voting shares and/or convertible securities of KCB.

2.5 By PIVB and funds whose investments are managed by PIVB on a discretionary basis (“Discretionary Funds”)**(i) Disclosure of interests in KCB**

PIVB and its Discretionary Funds do not have any interest, whether direct or indirect, in any voting shares and/or convertible securities of KCB as at the LPD.

(ii) Dealing in the securities of KCB

PIVB and its Discretionary Funds have not dealt, directly or indirectly, in any voting shares and/or convertible securities of KCB during the period beginning 6 months prior to the date of the Offer Letter and ending on the LPD.

ADDITIONAL INFORMATION (Cont'd)

3. SERVICE CONTRACTS

As at the LPD, the KCB Group does not have any service contracts with any of its Directors or proposed Directors, which have been entered into or amended within 6 months before the date of the Offer Letter, or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company within the KCB Group without payment of compensation within 12 months from the date of this IAL.

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OFFER LETTER

LIPKCO Limited

Date: 18 September 2020

The Board of Directors
KARAMBUNAI CORP BHD
 2nd Floor, No. 118, Jalan Professor Khoo Kay Kim
 46300 Petaling Jaya
 Selangor

Dear Sirs,

KARAMBUNAI CORP BHD ("KCB" OR THE "COMPANY")

- I. **PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE UNDER SECTION 116 OF THE COMPANIES ACT, 2016 ("PROPOSED SCR"); AND**
- II. **PROPOSED ACCELERATION OF THE MATURITY OF KCB'S WARRANTS 2013/ 2023 ("WARRANT(S)") AND THE CANCELLATION OF THE WARRANTS THEREOF ("PROPOSED WAC")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

Any discrepancies between the amount listed, actual figures and the totals thereof as set out in this letter are due to rounding.

1. INTRODUCTION

We, LIPKCO Limited ("**LIPKCO**" or the "**Offeror**"), in our capacity as the direct controlling shareholder of KCB, hereby write to notify you of our intention to undertake a selective capital reduction and repayment exercise under Section 116 of the Companies Act, 2016 in KCB ("**Offer Letter**"), after which will result in the Offeror, the Ultimate Offeror (as defined herein) and the person acting in concert with them as at the date hereof, namely FACB Industries Incorporated Berhad ("**FACBII**") ("**PAC**"), collectively holding the entire equity interest in KCB.

Tan Sri Dr Chen Lip Keong ("**Tan Sri Dr Chen**" or the "**Ultimate Offeror**"), being the sole director and sole shareholder of LIPKCO, is the ultimate offeror for the purpose of the Proposed SCR. For avoidance of doubt, the Ultimate Offeror does not hold any direct shares and Warrants in KCB.

In conjunction with the Proposed SCR, we also request KCB to accelerate the maturity of the outstanding Warrants and the cancellation of the Warrants thereof, after which would result in the Offeror holding the entire warrantholding in KCB. For avoidance of doubt, the PAC, namely FACBII, does not hold any Warrants in KCB.

As at 17 September 2020, being the latest practicable date prior to this Offer Letter ("**LPD**"), the shareholdings and warrantholdings of the Offeror, the Ultimate Offeror and the PAC in KCB are as follows:-

i. **KCB Shares**

	----- Direct -----		----- Indirect -----	
	No. of KCB Shares	> % ^{*1}	No. of KCB Shares	> % ^{*1}
<u>Offeror</u>				
LIPKCO	5,241,234,862	90.73	-	-
<u>Ultimate Offeror</u>				
Tan Sri Dr Chen	-	-	5,580,416,104 ^{*2}	96.60
<u>PAC</u>				
FACBII	339,181,242	5.87	-	-

Registered Office: **Vistra (Cayman) Limited**, P.O. Box 31119 Grand Pavillion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205 Cayman Islands
 Correspondence Address: Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
 Tel: +852 2501 8828 Fax: +852 2523 5475

OFFER LETTER

Notes:-

¹ Computed based on 5,776,587,696 KCB Shares in issue

² Deemed interested by virtue of his interest in FACBII and LIPKCO pursuant to Section 8(4)(c) of the Act

ii. **Warrants**

	←----- Direct ----->		←----- Indirect ----->	
	No. of Warrants	% ^{*1}	No. of Warrants	% ^{*1}
Offeror				
LIPKCO	845,011,624	83.25	-	-
Ultimate Offeror				
Tan Sri Dr Chen	-	-	845,011,624 ²	83.25
PAC				
FACBII	-	-	-	-

Notes:-

¹ Computed based on 1,015,029,840 outstanding Warrants

² Deemed interested by virtue of his interest in LIPKCO

The salient details of the Proposals are set out in the ensuing sections of this Offer Letter. We therefore request the Company to deliberate on the Proposals and to present the Proposals to the Entitled Shareholders (as defined herein) and Entitled Warrantheolders (as defined herein) for their consideration and approval.

2. **PROPOSED SCR**

The Proposed SCR involves KCB undertaking a selective capital reduction and a corresponding capital repayment to all the shareholders of KCB, other than the Offeror and the PAC (collectively, the "**Non-Entitled Shareholders**"), whose names appear in the record of depositors of the Company as at the close of business on an entitlement date to be determined later ("**Entitlement Date**") ("**Entitled Shareholder(s)**").

For illustrative purpose throughout this Offer Letter, the effects of the Proposed SCR shall be illustrated based on the following scenarios:-

Minimum Scenario : Assuming none of the 170,018,216 outstanding Warrants are exercised by the Entitled Warrantheolders (as defined herein) prior to the Entitlement Date

Maximum Scenario : Assuming all the 170,018,216 outstanding Warrants are fully exercised by the Entitled Warrantheolders (as defined herein) prior to the Entitlement Date

2.1 The salient terms of the Proposed SCR are as follows:-

- (a) Under the Proposed SCR, the Entitled Shareholders will receive a cash repayment sum of **RM0.11** for each KCB Share ("**SCR Offer Price**") held by them on the Entitlement Date. For avoidance of doubt, the Non-Entitled Shareholders will not be entitled to the cash repayment under the Proposed SCR.
- (b) As at the LPD, the Entitled Shareholders collectively hold 196,171,592 KCB Shares, representing 3.40% of the total issued shares of KCB. Assuming the Maximum Scenario (in event all the outstanding Warrants are fully exercised by the Entitled Warrantheolders (as defined herein) prior to the Entitlement Date), the Entitled Shareholders will collectively hold 366,189,808 KCB Shares, representing 6.16% of the total enlarged issued shares of KCB.

OFFER LETTER

- (c) As at the LPD, KCB has an issued share capital of RM655,618,071 comprising 5,776,587,696 KCB Shares. For illustrative purpose, the proforma effects of the Proposed SCR on the share capital of KCB as at the LPD are as follows:-

	<----- Minimum Scenario ----->		<----- Maximum Scenario ----->	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at LPD	5,776,587,696	655,618,071	5,776,587,696	655,618,071
Assuming the full exercise of outstanding Warrants by the Entitled Warrantholders (as defined herein)	-	-	170,018,216	33,850,627 ¹
	5,776,587,696	655,618,071	5,946,605,912	689,468,698
Shares to be cancelled under the Proposed SCR	(196,171,592)	(21,578,875) ²	(366,189,808)	(40,280,879) ³
Resultant issued share capital	5,580,416,104	634,039,196	5,580,416,104	649,187,819

Notes:-

¹ Assuming all of the outstanding Warrants are exercised by the Entitled Warrantholders (as defined herein) at an exercise price of RM0.1306 each, and adjusted for the corresponding reversal of the warrants reserve portion of RM11.65 million

² Equivalent to the repayment amount of RM21,578,875, which is computed based on 196,171,592 KCB Shares held by the Entitled Shareholders (under Minimum Scenario) multiplied by the SCR Offer Price of RM0.11 each

³ Equivalent to the repayment amount of RM40,280,879, which is computed based on 366,189,808 KCB Shares held by the Entitled Shareholders (under Maximum Scenario) multiplied by the SCR Offer Price of RM0.11 each

- (d) The issued share capital of KCB will be reduced by way of cancellation of all the KCB Shares held by the Entitled Shareholders. Accordingly, the issued share capital of KCB will be reduced by RM21,578,875 (under Minimum Scenario) or up to RM40,280,879 (under Maximum Scenario).
- (e) All KCB Shares held by the Entitled Shareholders will be cancelled under the Proposed SCR. Any KCB Shares which are not cancelled will continue to be held by the Non-Entitled Shareholders, and accordingly, the Non-Entitled Shareholders will hold 5,580,416,104 KCB Shares, representing the entire equity interest in KCB upon the completion of the Proposed SCR ("**Completion**").
- (f) The actual number of KCB Shares to be cancelled under the Proposed SCR would be dependent on the share capital of KCB and the shareholdings of the Entitled Shareholders in the Company on the Entitlement Date. Consequently, the total repayment amount will be determined at the relevant point in time.

2.2 The Proposed SCR will be funded via the internally generated funds of KCB. The Offeror has confirmed that the Proposed SCR would not fail due to the insufficient financial capability of the Company, and that every Entitled Shareholders will be paid in full by cash.

2.3 If KCB 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 of the Proposed SCR 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 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 of the Proposed SCR.

OFFER LETTER

For avoidance of doubt, any reduction in the SCR Offer Price arising from the Distributions will not result in a reduction in the WAC Offer Price.

- 2.4 KCB is currently an unlisted public entity. For information purpose, KCB was de-listed and removed from the official list of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 21 November 2019.

3. PROPOSED WAC

- 3.1 The Proposed WAC involves the acceleration of the maturity of the outstanding Warrants and the cancellation of the Warrants thereof, and a corresponding cash repayment to all the warrant holders of KCB, other than the Offeror ("**Non-Entitled Warrantholder**"), whose names appear in the record of depositors of the Company as at the close of business on the same Entitlement Date as the Proposed SCR to be determined later ("**Entitled Warrantholder(s)**").
- 3.2 For information purpose, the Warrants, which are issued on 21 October 2013 and due for expiry on 20 October 2023, are exercisable into new KCB Shares at RM0.1306 per KCB Share as stipulated in the deed poll dated 10 September 2013 constituting the said Warrants ("**Deed Poll**").
- 3.3 To facilitate the implementation of the Proposed WAC, the Deed Poll shall be modified by way of a supplemental deed, to allow for the early expiration of the Warrants. Pursuant to the terms of the Deed Poll, any modification to the Deed Poll is subject to the approvals of the warrant holders at a general meeting to be convened.
- 3.4 As at the LPD, the Entitled Warrantholders collectively hold 170,018,216 Warrants, representing 16.75% of the outstanding Warrants. Under the Proposed WAC and assuming no exercise of the outstanding Warrants prior to the Entitlement Date, the Entitled Warrantholders will receive a total cash repayment of RM5,100,546, which represents a cash repayment of **RM0.03** for each Warrant ("**WAC Offer Price**") held by them on the Entitlement Date. For avoidance of doubt, the Non-Entitled Warrantholder will not be entitled to the cash repayment under the Proposed WAC.
- 3.5 The actual number of Warrants to be cancelled under the Proposed WAC would be dependent on the warrant holdings of the Entitled Warrantholders in the Company on the Entitlement Date. Consequently, the total repayment amount will be determined at the relevant point in time.
- 3.6 The Proposed WAC will be funded via the internally generated funds of KCB. The Offeror has confirmed that the Proposed WAC would not fail due to the insufficient financial capability of the Company, and that every Entitled Warrantholders will be paid in full by cash.

4. BASIS OF ARRIVING AT THE SCR OFFER PRICE AND WAC OFFER PRICE

The SCR Offer Price and/ or WAC Offer Price shall be referred to as "**Offer Price**", and the KCB Shares and/ or Warrants shall be referred to as the "**KCB Securities**", as the case may be.

4.1 SCR Offer Price

The SCR Offer Price was arrived at after taking into consideration of, amongst others, the following:-

- (i) a price-to-book multiple of 0.73 times, based on the latest audited consolidated net assets per KCB Share for the financial year ended 31 March 2020 of RM0.15;

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- (ii) it is equivalent to the previous offer price per KCB Share of RM0.11 under the Previous Offer (as defined herein) which was undertaken by the Ultimate Offeror on 23 September 2019, and which had subsequently closed on 4 November 2019; and
- (iii) it is equivalent to the last transacted price of KCB Shares of RM0.11 as at 11 November 2019, being the last trading day prior to the suspension of trading of KCB Shares, and thereafter followed by the de-listing of KCB from the official list of Bursa Securities as mentioned in **Section 2.4** of this Offer Letter.

4.2 WAC Offer Price

The WAC Offer Price was arrived at after taking into consideration of, amongst others, the following:-

- (i) represents a nominal amount for the Warrants in compliance with Note 5 to Rule of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**"), in view that the "see-through" price* of the Warrants is negative after taking into consideration the exercise price of RM0.1306 per Warrant and the SCR Offer Price is RM0.11 per KCB Share;
- (ii) it is equivalent to the previous offer price per Warrant of RM0.03 under the Previous Offer (as defined herein) which was undertaken by the Ultimate Offeror on 23 September 2019, and which had subsequently closed on 4 November 2019; and
- (iii) represents a premium of 20.0% over the last transacted price of Warrants of RM0.025 as at 11 November 2019, being the last trading day prior to the suspension of trading of Warrants, and thereafter followed by the de-listing of KCB from the official list of Bursa Securities as mentioned in **Section 2.4** of this Offer Letter.

Note:-

- * *Note 2 to Rule 8 of the Rules states that the "see-through" price is the excess of the offer price for the underlying securities over the exercise price of the convertible securities. An appropriate offer price for such convertible securities is at least the higher of the "see-through" price or the highest price paid by the offeror and persons acting in concert with the offeror during the offer period and within 6 months prior to the commencement of the offer period. However, in accordance with Note 5 to Rule 8 of the Rules, if the "see through" price of the convertible instrument is zero or negative, the offeror may offer a nominal amount for such convertible instrument*

The Offeror, the Ultimate Offeror and the person(s) acting in concert with them had not acquired any KCB Securities at a price higher than the Offer Price during the past 3 months prior to the date of this Offer Letter.

Should the Offeror, Ultimate Offeror or any person(s) acting in concert with them purchases or agrees to purchase any KCB Securities during the period commencing from the date of this Offer Letter until the completion of the Proposals 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 any person(s) acting in concert with them.

5. RATIONALE

Opportunity for the Entitled Shareholders and Entitled Warrantholders to realise their investments in the unlisted KCB Shares and Warrants

On 23 September 2019, the Ultimate Offeror had undertaken an unconditional voluntary take-over offer to acquire all the remaining KCB Shares and Warrants not already held by the Ultimate Offeror at a cash consideration of RM0.11 per KCB Share and RM0.03 per Warrant, respectively ("**Previous Offer**"). The Previous Offer had closed on 4 November 2019.

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Subsequently, on 12 November 2019, the trading in KCB Shares and Warrants on the Main Market of Bursa Securities was suspended in view that the Ultimate Offeror holds more than 90.0% equity interest in KCB as a result of the Previous Offer, and that the Ultimate Offeror has no intention to maintain the listing status of KCB as stated in the offer document dated 14 October 2019. Thereafter, KCB was de-listed and removed from the official list of Bursa Securities on 21 November 2019.

Following the abovementioned series of events and given that KCB is presently an unlisted public entity, KCB is no longer subject to the requirements and obligations of a regulatory framework, i.e. Bursa Securities, which may then lack transparency and visibility of information (such as financial performance/ position, material developments, organisational/ structural change in the KCB group of companies) that are usually or timely disclosed to the public. Further, the Entitled Shareholders and Entitled Warrantheolders may experience difficulty and limited opportunities in realising their investments in KCB as there is no formal market, i.e. Main Market of Bursa Securities, for the Entitled Shareholders and Entitled Warrantheolders to trade in their unlisted securities of KCB.

Premised on the above, the Offeror and Ultimate Offeror are of the opinion that the Proposals provide the most appropriate avenue for the Entitled Shareholders and Entitled Warrantheolders to exit the Company and realise their investments in the unlisted securities of KCB.

Greater flexibility in managing KCB's business and operations

Upon the completion of the Proposed SCR, the Non-Entitled Shareholders will be the only shareholders of KCB and hence the Proposed SCR will accord the Non-Entitled Shareholders greater flexibility in the implementation of any business initiatives and/ or operational changes of KCB group of companies, if any, moving forward. In addition, the Proposed SCR will also facilitate the elimination of administrative efforts and costs pertaining to KCB's obligations to its shareholder, which can be utilised more efficiently in the business of KCB and/ or to facilitate the aforementioned initiatives and/ or operational changes in the future.

6. COVENANTS

6.1 From the date of your acceptance of the terms of this Offer Letter until the Completion, KCB shall undertake that:-

- (a) Save for the issuance of new KCB Shares arising from the exercise of the Warrants, if any, KCB will not conduct any form of capital raising exercise, whether in the form of debt or equity, and will not grant any options over KCB Shares or issue any new KCB Shares;
- (b) KCB and its subsidiaries, associates and joint ventures will not enter into any material commitment or material contract or undertake any obligation or acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
- (c) KCB 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 Proposals) or make any alteration to the provisions of the Constitution of KCB or any KCB's subsidiaries, unless it is in relation to the Proposals;
- (d) KCB shall not acquire any additional KCB Shares pursuant to share buy-back mandate; and
- (e) KCB 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 KCB or any of its subsidiaries,

without our prior written consent.

OFFER LETTER

- 6.2 In addition, KCB shall agree with and undertake to us that it shall not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of the assets and liabilities of KCB or any privatisation proposal involving KCB or any of its subsidiaries at any time from the date of this letter until the Completion without our prior written consent.
- 6.3 KCB shall also agree with and undertake to us that, as from the date of this Offer Letter until the Completion, the Company (and using reasonable endeavours to cause and procure that 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 of the date of this Offer Letter so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at Completion, save as otherwise agreed in writing by us.

7. CONDITIONS PRECEDENT

- 7.1 The completion of the Proposed SCR shall be subject to the fulfilment of all requisite conditions precedent including, but are not limited to the following:-
- (i) the approval of the Board of Directors of KCB ("**Board**") (save for the interested Director, namely Chen Yiy Fon ("**Interested Director**"));
 - (ii) the approval of the Company's non-interested shareholders to be tabled at an extraordinary general meeting ("**EGM**") via a special resolution which must be approved by:-
 - (a) at least a majority in number of the non-interested shareholders and 75% in value to the votes attached to the KCB Shares held by the non-interested 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 is not more than 10% of the votes attached to the KCB Shares held by the non-interested shareholders of the total voting shares of the Company;
 - (iii) the approval or consent of the existing financiers and/ or creditors of KCB and/ or its subsidiaries, if required; and
 - (iv) the grant of an order of the High Court of Malaya approving the Proposed SCR ("**Order**") under Section 116 of the Companies Act, 2016.

The Proposed SCR will become effective on a date immediately upon the lodgment of an official copy of the Order with the Registrar of Companies ("**Effective Date**"). The payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Effective Date, but in any event not later than 10 days from the Effective Date.

- 7.2 The completion of the Proposed WAC shall be subject to the fulfilment of all requisite conditions precedent including, but are not limited to, the approval of the Company's non-interested warrant holders to be tabled at a warrant holders' meeting via a special resolution which must be approved by at least 75% of the votes cast on a poll (either in person or by proxy).
- 7.3 The Proposed SCR and the Proposed WAC are inter-conditional upon each other. The Proposed SCR will not be carried out if the Proposed WAC is not implemented, or vice versa.

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8. OTHER MATTERS

Given that the Proposals are at our request, we, confirm that:-

- (i) the Offeror, the Ultimate Offeror, the Interested Director (namely Chen Yiy Fon) and any person(s) connected to them/ Interested Director, who are deemed interested in the Proposals, will abstain from all deliberations and voting at the relevant Board meeting (where applicable) pertaining to the Proposals, and will also abstain from voting on the special resolution(s) for the Proposals at the general meeting(s) to be convened in respect of their direct/ indirect shareholdings or warrant holdings in KCB (if any);
- (ii) As at the LPD, neither the Offeror, Ultimate Offeror nor any person(s) acting in concert with them has received any irrevocable undertaking from any Entitled Shareholder to vote in favour of the special resolution for the Proposed SCR at the EGM;
- (iii) As at the LPD, neither the Offeror, Ultimate Offeror nor any person(s) acting in concert with them has received any irrevocable undertaking from any Entitled Warranholder to vote in favour of the special resolution for the Proposed WAC at the warranholders' meeting;
- (iv) As at the LPD, there is no existing or proposed agreement, arrangement or understanding in relation to the KCB Shares between the Offeror, Ultimate Offeror or any person(s) acting in concert with them and any of the Entitled Shareholders; and
- (v) As at the LPD, there is no existing or proposed agreement, arrangement or understanding in relation to the Warrants between the Offeror, Ultimate Offeror or any person(s) acting in concert with them and any of the Entitled Warranholders.

9. GOVERNING LAW AND DISPUTE RESOLUTION

The Proposals 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 non-exclusive jurisdiction of the courts of Malaysia.

10. ACCEPTANCE PERIOD

If the Board (save for the Interested Director) is agreeable to take steps to implement the Proposals and to recommend the (i) Proposed SCR to the Entitled Shareholders; and the (ii) Proposed WAC to the Entitled Warranholders, upon the terms envisaged in this Offer Letter, please execute the enclosed duplicate of this letter at the place indicated, and return the same to us so as to be received by us no later than 5.00 p.m. on 2 October 2020 (or such other date as may be extended by us in writing), after which the proposals in this Offer Letter shall lapse.

Yours faithfully,
For and on behalf of
LIPKCO LIMITED

.....
TAN SRI DR CHEN LIP KEONG
Director

OFFER LETTER

TO: LIPKCO LIMITED

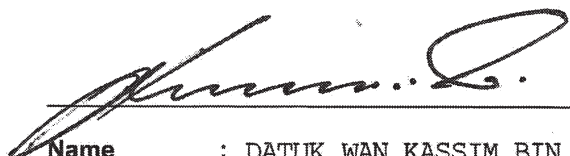
KARAMBUNAI CORP BHD ("KCB" OR THE "COMPANY")

- I. PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE UNDER SECTION 116 OF THE COMPANIES ACT, 2016 ("PROPOSED SCR"); AND
- II. PROPOSED ACCELERATION OF THE MATURITY OF KCB'S WARRANTS 2013/ 2023 ("WARRANT(S)") AND THE CANCELLATION OF THE WARRANTS THEREOF ("PROPOSED WAC")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

We hereby agree and accept the terms of your Offer Letter.

Yours faithfully,
For and on behalf of
KARAMBUNAI CORP BHD



Name : DATUK WAN KASSIM BIN AHMED

Designation : Chairman, Independent Non-Executive Director

Date : 1 October 2020

INFORMATION ON THE OFFEROR

1. HISTORY AND BUSINESS

LIPKCO was incorporated in the Cayman Islands on 17 August 2018 as a limited liability exempted company under the name of LIPKCO Limited.

The principal activity of LIPKCO is investment holding.

2. SHARE CAPITAL

2.1 Share capital

As at the LPD, the details of the share capital of LIPKCO are set out below:-

	No. of Shares	Total USD
Issued share capital	1	1.00

As at the LPD, there is only one class of shares in LIPKCO, i.e. ordinary shares in LIPKCO.

2.2 Convertible securities

As at the LPD, LIPKCO does not have any convertible securities.

3. SUBSTANTIAL SHAREHOLDER

As at the LPD, the sole shareholder of LIPKCO and his shareholding in LIPKCO are set out below:-

	Nationality/ Place of incorporation	<----- Direct ----->		<----- Indirect ----->	
		No. of shares	%	No. of shares	%
Tan Sri Dr Chen	Malaysian	1	100.0	-	-

4. DIRECTOR

As at the LPD, the sole director of LIPKCO and his shareholdings in LIPKCO are set out below:-

	Nationality	Designation	<----- Direct ----->		<----- Indirect ----->	
			No. of shares	%	No. of shares	%
Tan Sri Dr Chen	Malaysian	Director	1	100.0	-	-

5. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

5.1 Subsidiary company

As at the LPD, the subsidiary company of LIPKCO are set out below:-

Name of company	Place of incorporation	Effective equity interest %	Principal activities
Karambunai Corp Bhd	Malaysia	90.73	Investment holdings and provision of management services. Through its subsidiary companies, KCB is principally involved in the leisure and tourism business comprising resort hotel operation and management, golf and country club operation and management, travel and tour agency, property development and construction

INFORMATION ON THE OFFEROR

5.2 Associate company

As at the LPD, LIPKCO does not have any associate company.

5.3 Joint venture company

As at the LPD, LIPKCO does not have any joint venture company.

6. PROFIT AND DIVIDEND RECORD

Subsection 59(1) of the Companies Law of the Cayman Islands states that "every company shall cause to be kept proper books of account", whilst subsection 59(2) states that "for the purposes of subsection 59(1), proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions."

Based on the above, the Companies Law of the Cayman Islands does not require that accounts to be audited or that the account to be filed with any authority.

In view thereof, LIPKCO does not have any published audited accounts since its incorporation on 17 August 2018.

7. STATEMENT OF ASSETS AND LIABILITIES

LIPKCO does not have any published audited accounts since its incorporation on 17 August 2018.

8. MATERIAL CHANGES IN THE FINANCIAL POSITION

Save for the acquisition of 5,241,234,862 KCB Shares as disclosed below, there is no known material change in the financial position of LIPKCO since its incorporation on 17 August 2018 up to the LPD:-

Date of transaction	Transacting parties	No. of shares	Nature of transaction
06.11.2019 - 05.02.2020	Accepting holders of KCB*	236,374,056	Acceptance of Previous Offer*
22.11.2019	Tan Sri Dr Chen	762,819,422	Transfer of shares
26.11.2019	Tan Sri Dr Chen (held through Cartaban Nominees (Tempatan) Sdn Bhd)	4,240,524,653	Transfer of shares
26.02.2020	Tan Sri Dr Chen	1,516,731	Transfer of shares

Note:-

* Pursuant to acceptances received from accepting holders under Notice pursuant to subsection 223(2) of the CMSA in respect of the Previous Offer, which was issued to dissenting holders on 6 November 2019, and subsequently lapsed on 5 February 2020. Tan Sri Dr Chen (being offeror at that time) has exercised his discretion to credit acceptances pursuant to the Previous Offer into the designated account of his appointed nominee, namely LIPKCO

9. ACCOUNTING POLICIES

LIPKCO does not have any published audited accounts since its incorporation on 17 August 2018.

INFORMATION ON THE ULTIMATE OFFEROR

1. **NAME** : Tan Sri Dr Chen Lip Keong
2. **ADDRESS** : 18, Jalan Tengku Ampuan
Taman Duta
50480 Kuala Lumpur
Wilayah Persekutuan
3. **DATE OF BIRTH** : 22 July 1947
4. **PLACE OF BIRTH** : Perak, Malaysia
5. **NATIONALITY** : Malaysian

6. PROFILE

Tan Sri Dr Chen, a Malaysian aged 73, is currently the major shareholder of KCB.

He graduated from University of Malaya with a Bachelor of Medicine and Surgery's Degree in 1973 and has extensive corporate, managerial and business experiences since 1976.

He is also the major shareholder of FACBII, which is a public company listed on the Main Market of Bursa Securities. He does not sit on the board of FACBII.

He is the sole director and sole shareholder of LIPKCO, being the Offeror. In addition, he is the father to Chen Yiy Fon, who is the Chief Executive Officer/ Non-Independent Executive Director of KCB.

7. DIRECTORSHIPS AND/ OR SUBSTANTIAL SHAREHOLDING IN PUBLIC LISTED COMPANIES IN MALAYSIA

Save as disclosed below, as at the LPD, Tan Sri Dr Chen does not hold any directorships or substantial shareholding in other public listed companies in Malaysia:-

Company	Designation	<-----Direct----->		<-----Indirect----->	
		No. of shares	% [^]	No. of shares	% [^]
FACBII	-	16,925,000 ^{*1}	20.18	8,374,389 ^{*2}	9.98

Notes:-

[^] Computed based on 83,882,800 shares in issue in FACBII (excluding treasury shares)

^{*1} 16,925,000 ordinary shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local)

^{*2} Indirect interest by virtue of his interest in Blue Velvet Property Corp pursuant to Section 8 of the Act

INFORMATION ON KCB

1. HISTORY AND BUSINESS

KCB was incorporated in Malaysia on 30 December 1965 under the Companies Ordinances, 1940-1946 as a private limited company under the name of Electrical And Allied Industries Limited. On 6 June 1967, KCB was converted into a public limited company under the name of Electrical And Allied Industries Berhad. On 4 July 1967, KCB was listed on the former Main Board (now known as Main Market) of Bursa Securities. The name was changed to First Allied Corporation Bhd on 1 November 1983 and subsequently to FACB Berhad on 13 September 1993 before changing to FACB Resorts Berhad on 30 September 1999. It assumed the present name of Karambunai Corp Bhd on 30 September 2004. KCB was subsequently de-listed and removed from the official list of Bursa Securities on 21 November 2019.

The principal activities of KCB are investment holdings and provision of management services. Through the subsidiary companies, KCB is principally involved in the leisure and tourism business comprising resort hotel operation and management, golf and country club operation and management, travel and tour agency, property development and construction.

2. SHARE CAPITAL

2.1 Share capital

As at the LPD, the details of the share capital of KCB are set out below:-

	No. of Shares	Total RM
Issued share capital	5,776,587,696	655,618,071

As at the LPD, there is only one class of shares in KCB, i.e. ordinary shares in KCB.

2.2 Changes in the issued share capital

Since the end of the FYE 31 March 2020 up to the LPD, there are no changes in KCB's issued share capital.

2.3 Convertible securities

As at the LPD, the number of outstanding Warrants in KCB is 1,015,029,840 Warrants, constituted by the deed poll dated 10 September 2013. Each Warrant is exercisable into one (1) KCB Share at an exercise price of RM0.1306 per KCB Share payable in cash during the ten (10) years exercise period of up to 20 October 2023.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of KCB and their respective shareholdings in KCB are set out below:-

	Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Shares	% ^{*1}	No. of Shares	% ^{*1}
LIPKCO	Cayman Islands	5,241,234,862	90.73	-	-
FACBII	Malaysia	339,181,242	5.87		
Tan Sri Dr Chen	Malaysian	-	-	5,580,416,104 ^{*2}	96.60

Notes:-

^{*1} Computed based on 5,776,587,696 KCB Shares in issue

^{*2} Deemed interested by virtue of his interest in FACBII and LIPKCO pursuant to Section 8(4) of the Act

INFORMATION ON KCB

4. DIRECTORS

As at the LPD, the Directors of KCB and their respective shareholdings in KCB are set out below:-

Directors	Nationality	Designation	Address	<--- Direct --->		<- Indirect ->	
				No. of Shares	%	No. of Shares	%
Datuk Wan Kassim Bin Ahmed	Malaysian	Chairman, Independent Non-Executive Director	8, Jalan SS 14/7B Subang Jaya 47500 Petaling Jaya Selangor	-	-	-	-
Chen Yiy Fon	Malaysian	Chief Executive Officer, Non-Independent Executive Director	18, Jalan Tengku Ampuan Taman Duta 50480 Kuala Lumpur	-	-	-	-
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	Malaysian	Independent Non-Executive Director	No. 35, Jalan Hillview 2 Taman Hillview Off Jalan Hulu Kelang 68000 Ampang Selangor	-	-	-	-
Lim Mun Kee	Malaysian	Independent Non-Executive Director	No. 9, Jalan Merak 6 Puchong Jaya, 47100 Puchong Selangor	-	-	-	-

As at the LPD, save for Chen Yiy Fon (being the Interested Director by virtue of his family relationship with the Ultimate Offeror), none of the Directors of KCB have any interest in KCB Shares or its related corporations.

5. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

5.1 Subsidiary companies

As at the LPD, the subsidiary companies of KCB are set out below:-

Name of company	Place of incorporation	Effective equity interest %	Principal activities
Beribu Ukiran Sdn Bhd	Malaysia	100	Property development
Bukit Unggul Golf and Country Resort Sdn Bhd	Malaysia	100 ^{*1}	Golf club owner and investment holdings
Bukit Unggul Tele-Suburb Sdn Bhd	Malaysia	100	Property development
FACB Capital Sdn Bhd	Malaysia	100	Investment holdings, consultancy and money lending
FACB Construction Sdn Bhd	Malaysia	100	General construction and building works (inactive)
FACB Land Sdn Bhd	Malaysia	100	Property development
FACBNET Sdn Bhd	Malaysia	100	Property development

INFORMATION ON KCB

Name of company	Place of incorporation	Effective equity interest %	Principal activities
First Holdings Sdn Bhd	Malaysia	100	Investment holdings
First Travel and Tours (M) Sdn Bhd	Malaysia	100	Travel and tours agency
Golden Ecoland Sdn Bhd	Malaysia	100	Property development
Greagawarni Sdn Bhd ³	Malaysia	100	Horticulturist
Hartamas Group Bhd	Malaysia	100 ²	Hotel resort ownership and operations and investment holdings
Karambunai Residence (MM2H) Sdn Bhd	Malaysia	100	Dormant
Sunnyland Industries Limited ⁴	Hong Kong	100	Investment holdings
Trusworld Sdn Bhd	Malaysia	100	Property investment
<u>Held through FACB Land Sdn Bhd</u>			
Arosa Builders Sdn Bhd	Malaysia	100	General construction and building works (inactive)
Bukit Unggul Golf and Country Resort Sdn Bhd	Malaysia	100 ¹	Golf club owner and investment holdings
Hartamas Group Bhd	Malaysia	100 ²	Hotel resort ownership and operations and investment holdings
<u>Held through First Holdings Sdn Bhd</u>			
Hartamas Group Bhd	Malaysia	100 ²	Hotel resort ownership and operations and investment holdings
Karambunai Resorts Sdn Bhd	Malaysia	100	Property development, investment holdings and provision of infrastructure maintenance and landscape services
<u>Held through Hartamas Group Bhd</u>			
FACB Marketing and Sales Services Sdn Bhd	Malaysia	100	Property development
<u>Held through Bukit Unggul Golf and Country Resort Sdn Bhd</u>			
Bukit Unggul Country Club Bhd	Malaysia	100	Golf and country club operation and management
<u>Held through Karambunai Resorts Sdn Bhd</u>			
Clear Sky Development Sdn Bhd	Malaysia	100	Property development, sale and leaseback of properties
Dapan Construction Sdn Bhd	Malaysia	100	Construction and project contracts
Dapan Holdings Sdn Bhd	Malaysia	100	Property development

INFORMATION ON KCB

Name of company		Place of incorporation	Effective equity interest %	Principal activities
Karambunai Management Bhd	Golf	Malaysia	100	Management and operation of golf club
Nexus Resorts and Hotels International Sdn Bhd		Malaysia	100	Property development (inactive)
Nexus Resort Karambunai Sdn Bhd		Malaysia	100	Resort hotel operation and management

Notes:-

^{*1} *Bukit Unggul Golf and Country Resort Sdn Bhd is a 75% owned subsidiary company of KCB, whilst FACB Land Sdn Bhd owns remaining 25% in Bukit Unggul Golf and Country Resort Sdn Bhd*

^{*2} *Hartamas Group Bhd is a 42.91% owned subsidiary company of KCB, whilst FACB Land Sdn Bhd and First Holdings Sdn Bhd own the remaining 4.06% and 53.03%, respectively*

^{*3} *Greagawarni Sdn Bhd is under-going strike off process as at the LPD*

^{*4} *Sunnyland Industries Limited is under-going deregistration process as at the LPD*

5.2 Associate company

As at the LPD, KCB does not have any associate company.

5.3 Joint venture company

As at the LPD, KCB does not have any joint venture company.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record based on KCB's audited consolidated financial statements for the past 3 financial years up to the FYE 31 March 2020 is as follows:-

	<----- Audited FYE 31 March ----->		
	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	79,410	68,843	60,498
Profit/ (loss) before taxation	31,593	11,623	(9,509)
PAT/ (LAT) attributable to:-			
Owners of the Company	44,923	9,480	(9,738)
Non-controlling interest	-	-	-
	44,923	9,480	(9,738)
No. of Shares ('000)	5,776,588	5,776,588	5,776,588
Basic EPS/ (LPS) (sen)	0.78	0.16	(0.17)
Dividend declared	-	-	-
Net dividend per Share (sen)	-	-	-
NA attributable to owners of the Company	873,413	863,660	853,590
NA per Share (RM)	0.15	0.15	0.15

There is no exceptional item in KCB's audited consolidated financial statements for the past 3 financial years up to the FYE 31 March 2020.

INFORMATION ON KCB

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of KCB based on its consolidated audited financial statements as at 31 March 2019 and 31 March 2020 are as follows:-

	31 March 2019 RM'000	31 March 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	858,117	846,638
Land held for property development	439,753	439,753
Other investment	60	60
Goodwill	14,937	14,937
	1,312,867	1,301,388
Current assets		
Inventories	3,479	3,173
Trade receivables	1,851	804
Other receivables	4,854	6,605
Fixed deposits with licensed banks	6,154	4,789
Short-term investment funds	7,842	11,333
Cash and bank balances	19,081	16,086
	43,261	42,790
TOTAL ASSETS	1,356,128	1,344,178
SHAREHOLDERS' EQUITY		
Share capital	655,618	655,618
Capital reserve	269,918	269,918
Warrant reserve	69,529	69,529
Asset revaluation reserve	164,181	164,181
Foreign currency translation reserve	(4,062)	(4,394)
Accumulated losses	(291,524)	(301,262)
	863,660	853,590
Non-controlling interests	-	-
TOTAL EQUITY	863,660	853,590
LIABILITIES		
Non-current liabilities		
Lease liabilities	2,341	1,791
Contract liabilities	1,167	1,167
Other payables	241,039	240,537
Deferred tax liabilities	208,250	208,374
	452,797	451,869
Current liabilities		
Trade payables	24,827	26,171
Other payables	12,947	10,939
Lease liabilities	607	559
Contract liabilities	28	2
Provision for employee benefits	181	3
Tax payable	1,082	1,045
	39,671	38,719
TOTAL LIABILITIES	492,468	490,588
TOTAL EQUITY AND LIABILITIES	1,356,128	1,344,178

INFORMATION ON KCB

8. MATERIAL CHANGES IN THE FINANCIAL POSITION

There is no known material change in the financial position of KCB subsequent to its last audited consolidated financial statements for the FYE 31 March 2020 up to the LPD.

9. ACCOUNTING POLICIES

The audited consolidated financial statement of KCB for the FYE 31 March 2018 has been prepared in accordance with the Financial Reporting Standards and the requirements of the Act, whilst the audited consolidated financial statements of KCB for the past 2 financial years up to the FYE 31 March 2020 have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act. There was no audit qualification for KCB's financial statements for the respective financial years under review.

There is no change in the aforementioned adopted accounting standards which would result in a material variation to the comparable figures for the audited consolidated financial statements of KCB for the past 3 financial years up to the FYE 31 March 2020.

10. HISTORICAL WARRANT PRICES

The Warrants have been suspended from trading on the Main Market of Bursa Securities since 12 November 2019 and the last transacted price of Warrants was on 11 November 2019 at RM0.025 per Warrant. Further, KCB was delisted and removed from the official list of Bursa Securities on 21 November 2019.

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DISCLOSURE OF INTERESTS AND DEALINGS IN KCB SECURITIES

1. INTERESTS IN KCB

The disclosure of interests below is in respect of KCB Securities. There is only one (1) class of shares in KCB, being the ordinary shares.

1.1 By the Offeror, Ultimate Offeror and person(s) acting in concert

Save as disclosed below, the Offeror, Ultimate Offeror and the person(s) acting in concert with them do not have any other interest, whether direct or indirect, in KCB Shares and Warrants as at the LPD:-

KCB Shares

	<----- Direct ----->		<----- Indirect ----->	
	No. of KCB Shares	% ^{*1}	No. of KCB Shares	% ^{*1}
<u>Offeror</u>				
LIPKCO	5,241,234,862	90.73	-	-
<u>Ultimate Offeror</u>				
Tan Sri Dr Chen	-	-	5,580,416,104 ^{*2}	96.60
<u>PAC</u>				
FACBII	339,181,242	5.87	-	-

Notes:-

^{*1} Computed based on 5,776,587,696 KCB Shares in issue

^{*2} Deemed interested by virtue of his interest in FACBII and LIPKCO pursuant to Section 8(4) of the Act

Warrants

	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants	% ^{*1}	No. of Warrants	% ^{*1}
<u>Offeror</u>				
LIPKCO	845,011,624	83.25	-	-
<u>Ultimate Offeror</u>				
Tan Sri Dr Chen	-	-	845,011,624 ^{*2}	83.25
<u>PAC</u>				
FACBII	-	-	-	-

Notes:-

^{*1} Computed based on 1,015,029,840 outstanding Warrants

^{*2} Deemed interested by virtue of his interest in LIPKCO pursuant to Section 8(4) of the Act

1.2 By the director of the Offeror

Tan Sri Dr Chen is currently the sole director of the Offeror. Set out below the details of his interest, whether direct or indirect, in KCB Shares and Warrants as at the LPD:-

KCB Shares

	<----- Direct ----->		<----- Indirect ----->	
	No. of KCB Shares	% ^{*1}	No. of KCB Shares	% ^{*1}
Tan Sri Dr Chen	-	-	5,580,416,104 ^{*2}	96.60

Notes:-

^{*1} Computed based on 5,776,587,696 KCB Shares in issue

^{*2} Deemed interested by virtue of his interest in FACBII and LIPKCO pursuant to Section 8(4) of the Act

DISCLOSURE OF INTERESTS AND DEALINGS IN KCB SECURITIES

Warrants

	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants	% ^{*1}	No. of Warrants	% ^{*1}
Tan Sri Dr Chen	-	-	845,011,624 ^{*2}	83.25

Notes:-

^{*1} Computed based on 1,015,029,840 outstanding Warrants

^{*2} Deemed interested by virtue of his interest in LIPKCO pursuant to Section 8(4) of the Act

1.3 By persons who have irrevocably undertaken to vote in favour of or against the Proposed WAC

As at the LPD, the Offeror, Ultimate Offeror or the person(s) acting in concert with them has not received any irrevocable undertaking from any Non-Interested Warrantheolders to vote in favour of or against the special resolution pertaining to the Proposed WAC to be tabled at the forthcoming Warrantheolders' Meeting of the Company.

1.4 By persons who have any arrangement with the Offeror, Ultimate Offeror and person(s) acting in concert

As at the LPD, the Offeror, Ultimate Offeror and the person(s) acting in concert with them have not entered into any arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to the KCB Securities which may be an inducement to deal or to refrain from dealing in relation to the Proposed WAC.

1.5 Borrowing or lending of Warrants by the Offeror, Ultimate Offeror or person(s) acting in concert

As at the LPD, the Offeror, Ultimate Offeror and the person(s) acting in concert with them have not borrowed any KCB Securities from another person or lent any KCB Securities to another person.

2. DEALINGS IN KCB SECURITIES

2.1 By KCB and its Directors

KCB and its Directors have not dealt in KCB Securities during the period commencing 6 months prior to 18 September 2020, being the date of the Offer Letter, and up to the LPD.

2.2 By the Offeror, Ultimate Offeror and person(s) acting in concert

The Offeror, Ultimate Offeror and the person(s) acting in concert with them have not dealt in KCB Securities during the period commencing 6 months prior to 18 September 2020, being the date of the Offer Letter, and up to the LPD.

2.3 By the director of the Offeror

Tan Sri Dr Chen is currently the sole director of the Offeror. Tan Sri Dr Chen has not dealt in KCB Securities during the period commencing 6 months prior to 18 September 2020, being the date of the Offer Letter, and up to the LPD.

DISCLOSURE OF INTERESTS AND DEALINGS IN KCB SECURITIES

3. MATERIAL CHANGE TO THE FINANCIAL POSITION OR PROSPECTS OF KCB

As at the LPD, there has not been, within the knowledge of the Offeror and Ultimate Offeror, any material change to the financial position or prospects of KCB since the date of the last audited consolidated financial statements of KCB for the FYE 31 March 2020 laid before the Company in its general meeting on 29 September 2020.

4. GENERAL DISCLOSURES

- (i) As at the LPD, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Directors as compensation for loss of office or otherwise in relation to the Proposals;
- (ii) As at the LPD, save for the Proposals that involves the Interested Director, there is no agreement, arrangement or understanding existing between the Offeror, Ultimate Offeror or the person(s) acting in concert with them and any of the existing Directors or recent Directors (being such person who was, during the period of 6 months prior to 18 September 2020, being the date of the Offer Letter, a director of KCB), or any existing shareholders or recent shareholders of KCB (being such person who was, during the period of 6 months prior to 18 September 2020, being the date of the Offer Letter, a shareholder of KCB) having any connection with or dependence upon the Proposals;
- (iii) As at the LPD, save for the Proposals that involves the Interested Director, there is no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Proposals or otherwise connected with the outcome of the Proposals;
- (iv) As at the LPD, there is no agreement, arrangement or understanding which is entered into by the Offeror, Ultimate Offeror or the person(s) acting in concert with them whereby any KCB Securities held by the Offeror, Ultimate Offeror or the person(s) acting in concert with them upon the Completion will be transferred to any other person; and
- (v) As at the LPD, save for the employment contracts entered into in the ordinary course of business of KCB, there is no material contract entered into by the Offeror, Ultimate Offeror or the person(s) acting in concert with them in which any Director has a material personal interest.

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ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENTS

This Document has been seen and approved by the Board, who collectively and individually have taken reasonable care to ensure that the facts stated and opinions expressed by the Board in this Document, in so far as it relates to KCB, are fair and accurate and that no material facts have been omitted and that the Board accepts responsibility accordingly.

The Board jointly and severally accepts full responsibility for the accuracy of the information contained in this Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, the facts stated and/ or opinions expressed by the Board in this Document are fair and accurate after due and careful consideration and that no material facts have been omitted in this Document, the omission of which would make any statement in this Document misleading.

Information on the Offeror and Ultimate Offeror in this Document were provided by themselves or via their appointed representatives and/ or obtained from publicly available sources. Any statement or information in relation to the Offeror and Ultimate Offeror as disclosed in this Document are confirmed by themselves respectively to be fair and accurate with no material fact omitted. The responsibility of the Board is limited to ensuring that such information is accurately reproduced in this Document.

In respect of the IAL, the responsibility of the Board is limited to ensuring that all relevant information in relation to KCB Group that was provided to the Independent Adviser for its evaluation of the Proposed WAC is accurate and that no material fact, the omission of which would make any information provided to the Independent Adviser false or misleading.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 UOBKH**

UOBKH, being the Principal Adviser for the Proposed WAC, has given and has not subsequently withdrawn its written consent to the inclusion in this Document of its name and all references thereto, in the form and context in which it appears.

UOBKH is also the adviser to the Offeror for the Proposed WAC. The Board is fully informed of and is aware of UOBKH's capacity as the Principal Adviser to KCB and the adviser to the Offeror. Nevertheless, KCB has appointed PIVB as the Independent Adviser to advise the non-interested Directors and Entitled Warranholders on the Proposed WAC.

Further, UOBKH has given its written confirmation that there is no situation of conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser to KCB and the adviser to the Offeror for the Proposed WAC.

2.2 PIVB

PIVB, being the Independent Adviser for the Proposed WAC, has given and has not subsequently withdrawn its written consent to the inclusion in this Document of its name and all references thereto, in the form and context in which it appears. To the best of PIVB's knowledge, there is no potential conflict of interest situation which exists or is likely to exist in its capacity as the Independent Adviser for the Proposed WAC.

3. MATERIAL CONTRACTS

As at the LPD, there are no material contracts (not being the contracts entered into in the ordinary course of business) entered into or incurred or known to be entered into or incurred by the Company within 2 years preceding the date of the Offer Letter up to the LPD.

ADDITIONAL INFORMATION

4. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by KCB Group which, upon becoming due or enforceable, may have a material impact on the financial position of KCB Group.

5. BORROWINGS AND MATERIAL CONTINGENT LIABILITIES

5.1 Borrowings

As at 30 September 2020, being not more than 3 months prior to the LPD, and save as disclosed below, KCB Group does not have any other interest-bearing borrowings:-

	RM'000
<u>Long-term borrowings</u>	
Lease liabilities	1,791
<u>Short-term borrowings</u>	
Lease liabilities	320
	2,111

5.2 Contingent Liabilities

As at 30 September 2020, being not more than 3 months prior to the LPD, KCB Group does not have any contingent liabilities incurred or known to be incurred by KCB Group which, upon becoming enforceable, may have a material impact on the financial position of KCB Group.

6. MATERIAL LITIGATION

As at the LPD, KCB Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of KCB Group and the Board of KCB has no knowledge of any proceedings, pending or threatened, against KCB Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of KCB Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah during normal business hours from Mondays to Fridays (except weekends and public holidays) from the date of this Document up to and including the date of the forthcoming Warrantholders' Meeting:-

- (i) The Constitution of KCB;
- (ii) The audited consolidated financial statements of KCB for the past 3 financial years up to the FYE 31 March 2020;
- (iii) The Offer Letter dated 18 September 2020 in relation to the Proposals;
- (iv) The letters of consent referred to in **Section 2** of this **Appendix VI**; and
- (v) Deed Poll dated 10 September 2013 and the draft supplemental deed to the Deed Poll to facilitate the Proposed WAC.



KARAMBUNAI CORP BHD
Registration No. 196501000670 (6461-P)
(Incorporated in Malaysia)

NOTICE OF WARRANTHOLDERS' MEETING

NOTICE IS HEREBY GIVEN THAT a Warrantholders' Meeting of Karambunai Corp Bhd ("**KCB**" or the "**Company**") ("**Meeting**") will be held at Function Room, Bukit Unggul Country Club, Lot PT 2180-2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan, Malaysia on Tuesday, 22 December 2020 at 12.30 p.m., or immediately following the conclusion or adjournment of the Extraordinary General Meeting of KCB for the Proposed Selective Capital Reduction and Repayment Exercise ("**Proposed SCR**") to be held at the same venue and on the same date at 11.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the following resolution:-

SPECIAL RESOLUTION

PROPOSED ACCELERATION OF THE MATURITY OF KCB'S WARRANTS 2013/ 2023 ("WARRANT(S)") AND THE CANCELLATION OF THE WARRANTS THEREOF ("PROPOSED WAC")

"**THAT** subject to the passing of the resolution for the Proposed SCR to be tabled at the Extraordinary General Meeting on 22 December 2020, approval be and is hereby given to the Company to undertake and effect the Proposed WAC in the following manner:-

- i. Accelerate the maturity of all outstanding Warrants issued by KCB and the cancellation of the Warrants thereof;
- ii. To execute a supplemental deed poll for the acceleration and cancellation of Warrants thereof; and
- iii. Forthwith and conditional upon the acceleration and cancellation of the Warrants in the manner referred to in (i) above taking effect, to effect a cash payment of RM0.03 in cash for each Warrant held by the holder of Warrants (other than LIPKCO Limited, being the "**Non-Entitled Warrantholder**") ("**Entitled Warrantholders**"), whose names appear in the record of depositors of the Company as at the close of business on an entitlement date to be determined later ("**Entitlement Date**"), which has been cancelled.

THAT, pursuant to the aforesaid acceleration and cancellation, the Board of Directors of KCB ("**Board**") be and is hereby authorised to take all such steps as they may deem necessary in connection with the Proposed WAC, including:-

- i. to determine the Entitlement Date on which the names of the Entitled Warrantholders must be registered in the record of depositors of the Company in order to be entitled under the Proposed WAC;
- ii. to assent to any term(s), condition(s), stipulation(s), modification(s), variation(s) and/ or amendment(s) or as a consequence of any requirement(s) imposed by the relevant authorities, and/ or by the Registrar of Companies in Malaysia ("**Registrar**") and/ or as may be required to comply with any applicable law(s) in relation to the Proposed WAC; and
- iii. to do all such acts, deeds, and/ or things incidental, and/ or as may be required and/ or as considered necessary and/ or expedient in the best interest of the Company, and to take such steps, execute such documents and enter into any arrangements and/ or agreements with any party or parties as they may deem fit, necessary, expedient and/ or appropriate in order to implement, finalise, complete and to give full effect to the Proposed WAC.

By Order of the Board

YEW NYUK KWEI (MACS 01247)
SSM PC No. 201908001051
Company Secretary

Kota Kinabalu
5 November 2020

Notes:-

1. *A warrant holder entitled to attend, participate, speak and vote at the Meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/ her stead. Where a member appoints 2 proxies, the appointment shall be invalid unless he/ she specifies the proportions of his/ her warrant holdings to be represented by each proxy.*
2. *The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal, or the hand of an officer or attorney duly authorised.*
3. *If the Proxy Form is returned without any indications as to how the proxy shall vote, the proxy will vote or abstain as he/ she thinks fit.*
4. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power of authority, shall be deposited with the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned meeting.*
5. *Please note that in order to attend and vote at the Meeting, a warrant holder must be registered in the Record of Depositors on 14 December 2020 in accordance with Article 15.8 of the Company's Constitution. Any changes in the entries on the Record of Depositors after the above mentioned date shall be disregarded in determining the rights of any person to attend and vote at the Meeting.*
6. *Where a warrant holder of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds Warrants in the Company for multiple beneficial owners in one securities account ("**omnibus**"), is entitled to appoint multiple proxies in respect of each omnibus account it holds.*



KARAMBUNAI CORP BHD
 Registration No. 196501000670 (6461-P)
 (Incorporated in Malaysia)

Proxy Form

Number of warrants held:	
CDS Account no.	

*I/ We _____
 (Please use block letters)

of _____
 (Full address)

being a *member/ members of **KARAMBUNAI CORP BHD** ("the Company") hereby appoint:-

First Proxy			
Full name (in block)	*NRIC/ Passport No./ Company No.	Proportion of warrant holdings	
		No. of warrants	%
Address			

*and/ or

Second Proxy			
Full name (in block)	*NRIC/ Passport No./ Company No.	Proportion of warrant holdings	
		No. of warrants	%
Address			

or failing *him/ her, the Chairman of the Meeting as *my/ our proxy/ proxies to vote for *me/ us on *my/ our behalf at the Warrant holders' Meeting of the Company to be held at Function Room, Bukit Unggul Country Club, Lot PT 2180-2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan, Malaysia on Tuesday, 22 December 2020 at 12.30 p.m., or immediately following the conclusion or adjournment of the Extraordinary General Meeting of KCB for the Proposed SCR to be held at the same venue and on the same date at 11.00 a.m., whichever is later.

Please indicate with "X" in the appropriate box how you wish your vote to be cast. If this proxy form is returned without any indication as how the proxy shall vote, the proxy will vote or abstain from voting as *he/ she/ they may think fit.

SPECIAL RESOLUTION	For	Against
Proposed acceleration of the maturity of KCB's warrants 2013/ 2023 ("Warrant(s)") and the cancellation of the Warrants thereof		

* Strike out whichever not applicable

Signed this _____ day of _____, 2020.

Contact No. (during office hours) _____ Signature/ Seal of Warrant holder _____

Notes:-

1. A warrant holder entitled to attend, participate, speak and vote at the Meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/ her stead. Where a member appoints 2 proxies, the appointment shall be invalid unless he/ she specifies the proportions of his/ her warrant holdings to be represented by each proxy.
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6. Where a warrant holder of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds Warrants in the Company for multiple beneficial owners in one securities account ("**omnibus**"), is entitled to appoint multiple proxies in respect of each omnibus account it holds.



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AFFIX
STAMP

The Share Registrar of Karambunai Corp Bhd

BINA MANAGEMENT (M) SDN BHD [Reg No. 197901005880 (50164-V)]
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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