

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 SCR (as defined herein).

If you have sold or transferred all your shares in KAF-Seagroatt & Campbell Berhad ("KAFSC" or "Company"), you should at once hand this document ("Document") together with the enclosed Proxy Form immediately to the person or agent through whom you 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 on 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 suggest that the SC recommends the Proposed SCR or that the SC agrees with the recommendation of the Board of Directors of KAFSC (other than interested directors) or that the SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

The SC takes no responsibility for the contents of this Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Document.



SEAGROATT & CAMPBELL BERHAD

Registration No. 199001015903 (207572-T)
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAFSC PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED SCR")

PART B

INDEPENDENT ADVICE LETTER FROM DWA ADVISORY SDN BHD TO THE ENTITLED SHAREHOLDERS OF KAFSC IN RELATION TO THE PROPOSED SCR

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



INVESTMENT BANK BERHAD

Registration No. 197401003530 (20657-W)

KAF Investment Bank Berhad
Registration No. 197401003530 (20657-W)

Independent Adviser



DWA Advisory Sdn Bhd
Registration No. 201301002419 (1032257-D)

The Extraordinary General Meeting ("EGM") of KAFSC will be held fully virtual through the online meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> on Friday, 25 March 2022 at 10.30 a.m. or at any adjournment thereof. The Notice of EGM, together with the Proxy Form are enclosed in this Document. The Administrative Guide is available for download from the Company's website at <https://www.kaf.com.my/KAFSC-EGM-PROPOSED-SCR>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely at the EGM.

The Proxy Form must be completed and lodged with the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, you may submit the Proxy Form electronically via email to is.enquiry@mytricorglobal.com or lodged with the poll administrator via TIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof.

Last date and time for lodgement of : Wednesday, 23 March 2022 at 10.30 a.m.
the Proxy Form

Date and time of the EGM : Friday, 25 March 2022 at 10.30 a.m., or at any adjournment

This Document is dated 3 March 2022

DEFINITIONS

For the purpose of this Document, except where the context otherwise requires, the following words and abbreviations shall have the following meaning:

Act	:	Companies Act 2016 and any amendments made thereto from time to time
AKKA	:	AKKA Sdn Bhd (Registration No. 198101010053 (76177-K))
AKKA Holdings	:	AKKA Holdings Sdn Bhd (Registration No. 197301001557 (15079-H))
Board	:	Board of Directors of KAFSC
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	:	The circular dated 3 March 2022 issued to the shareholders of KAFSC in relation to the Proposed SCR, as set out in Part A of this Document
CMSA	:	Capital Markets and Services Act 2007 and any amendments made thereto from time to time
Completion	:	The completion of the Proposed SCR, being the date on which all SCR Offer Price for KAFSC Shares held by the Entitled Shareholders have been paid and the Non-Entitled Shareholder will be the only shareholder of KAFSC
Dato' Ahmad	:	Dato' Ahmad bin Kadis
Dato' Saiful Bahri	:	Dato' Saiful Bahri bin Zainuddin
Datuk Khatijah or Ultimate Offeror	:	Datuk Khatijah binti Ahmad
Document	:	This entire document dated 3 March 2022 comprising the Circular, IAL and all the accompanying appendices, collectively, issued to the shareholders of KAFSC in relation to the Proposed SCR
DWA Advisory or Independent Adviser	:	DWA Advisory Sdn Bhd (Registration No. 201301002419 (1032257-D))
Effective Date	:	The date on which the Order is lodged with the Registrar of Companies pursuant to Section 116(6) of the Act
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	The shareholders of KAFSC (save for the Non-Entitled Shareholder) whose names appear in the Record of Depositors of KAFSC as at the Entitlement Date
Entitlement Date	:	The date on which the names of the Entitled Shareholders must be registered in the Record of Depositors of KAFSC as at the close of business for the purpose of determining their entitlement under the Proposed SCR, which shall be determined and announced later by the Board

DEFINITIONS (Cont'd)

EPS/LPS	:	Earnings per share or loss per share, as the case may be
FPE	:	Financial period ended
Extension of Time	:	The extension of time to dispatch the Document to the shareholders of KAFSC within 21 days from 10 February 2022 (being the dispatch date for the Document as required under Schedule 3 of the Rules) until 3 March 2022
FYE	:	Financial year ended/ending, as the case may be
High Court	:	High Court of Malaya
IAL	:	The independent advice letter dated 3 March 2022 prepared by the Independent Adviser to the Entitled Shareholders in relation to the Proposed SCR, as set out in Part B of this Document
Interested Directors	:	Collectively, Datuk Khatijah, Dato' Ahmad, Faisal Zulkifli and Dato' Saiful Bahri, who are deemed interested in the Proposed SCR, as set out in Section 9 of the Circular
KAF IB or Offeror or Principal Adviser	:	KAF Investment Bank Berhad (Registration No. 197401003530 (20657-W))
KAFSC or Company	:	KAF-Seagroatt & Campbell Berhad (Registration No. 199001015903 (207572-T))
KAFSC Group or Group	:	KAFSC and its subsidiaries, collectively
KAFSC Shares or Shares	:	Ordinary shares of KAFSC
LPD	:	24 February 2022, being the latest practicable date, which is within 7 days prior to the date of this Document
NA	:	Net assets
Non-Entitled Shareholder	:	The shareholder who will not be entitled to the capital repayment pursuant to the Proposed SCR, namely the Offeror
Non-Independent Directors	:	Datuk Khatijah, Dato' Ahmad and Faisal Zulkifli
Non-Interested Shareholders	:	All shareholders of KAFSC other than the Offeror and any person acting in concert with it
Official List	:	A list specifying all securities listed on Bursa Securities
Order	:	An order granted by the High Court confirming the reduction of the issued share capital of KAFSC pursuant to Section 116 of the Act
PACs	:	The persons acting in concert with the Offeror and Ultimate Offeror as at the LPD in relation to the Proposed SCR pursuant to Sections 216(2) and 216(3) of the CMSA, namely: (i) AKKA; (ii) AKKA Holdings; (iii) Dato' Ahmad; (iv) Thariq Usman; and (v) Faisal Zulkifli

DEFINITIONS (Cont'd)

PAT/LAT	:	Profit after taxation or loss after tax
Previous Offer	:	An unconditional mandatory take-over offer served on the Board on 21 April 2016 by the Offeror to acquire all the remaining KAFSC Shares not already held by the Offeror at a cash consideration of RM2.70 per KAFSC Share. The Previous Offer had closed on 11 July 2016
Proposed SCR	:	Proposed selective capital reduction and repayment exercise of KAFSC pursuant to Section 116 of the Act
Record of Depositors	:	A record of securities holders provided by Bursa Depository pursuant to the rules of the central depository as defined in the Securities Industry (Central Depositories) Act 1991
Registrar of Companies	:	Registrar of Companies in Malaysia
RM and sen	:	Ringgit Malaysia and sen respectively
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
Savills	:	Savills (Malaysia) Sdn Bhd (Registration No. 199501004315 (333510-P))
SC	:	Securities Commission Malaysia
SCR Offer Letter	:	The offer letter dated 23 December 2021 issued by the Offeror to the Board requesting KAFSC to undertake the Proposed SCR
SCR Offer Price	:	RM2.76 per KAFSC Share, being the cash consideration to be paid for each KAFSC Share held by the Entitled Shareholders on the Entitlement Date pursuant to the Proposed SCR. Based on the 1,314,433 KAFSC Shares held by the Entitled Shareholders as at LPD and the SCR Offer Price, the Entitled Shareholders will receive a total capital repayment of RM3,627,835.08
Special Resolution	:	The special resolution in respect of the Proposed SCR to be tabled at our Company's forthcoming EGM which, pursuant to Paragraph 2(f) of Schedule 3 of the Rules: <ul style="list-style-type: none">(i) must be approved by at least a majority in number of the Non-Interested Shareholders and 75% in value to the votes attached to the KAFSC Shares held by the Non-Interested Shareholders that are cast either in person or by proxy at the EGM; and(ii) the value of votes cast against the resolution for the scheme at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of KAFSC
Thariq Usman	:	Thariq Usman bin Ahmad

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

DEFINITIONS (Cont'd)

Any reference in this Document to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time or re-enacted thereof. Any reference to a time of day in this Document shall be a reference to Malaysian time, unless otherwise stated.

References to “**our Company**” in this Document are to KAFSC. References to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and where the context requires, shall include our subsidiaries. References to “**you**” or “**your**” are to our shareholders.

Any discrepancy in the figures included in this Document between the amounts stated and the totals of such amounts are due to rounding.

All statements other than statements of historical facts included in this Document are or may be forward-looking. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements.

This Document includes certain historical information, estimates and reports thereon derived from sources mentioned in this Document and other parties with respect to the Malaysian economy, the business which our Group operates and certain other matters.

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PART A

**CIRCULAR TO SHAREHOLDERS OF KAFSC IN RELATION
TO THE PROPOSED SCR**



SEAGROATT & CAMPBELL BERHAD
Registration No. 199001015903 (207572-T))
(Incorporated in Malaysia)

Registered Office:
Level 14, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur
Wilayah Persekutuan

3 March 2022

Board of Directors

Dato' Ahmad bin Kadis	<i>(Chairman/Non-Independent Non-Executive Director)</i>
Datuk Khatijah binti Ahmad	<i>(Non-Independent Non-Executive Director)</i>
Faisol Zulkifli	<i>(Non-Independent Non-Executive Director)</i>
Dato' Saiful Bahri bin Zainuddin	<i>(Independent Non-Executive Director)</i>
Shahrizam bin A.Shukor	<i>(Independent Non-Executive Director)</i>

To: Our shareholders

Dear Sir/Madam,

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAFSC PURSUANT TO SECTION 116 OF THE ACT

1. INTRODUCTION

On 23 December 2021, our Board received the SCR Offer Letter from its controlling shareholder, namely KAF IB, requesting KAFSC to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Act.

On even date, our Board (save for the Non-Independent Directors), had appointed DWA Advisory as the Independent Adviser to provide their comments, opinions, information, and recommendations to our Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR. The IAL is set out in **Part B** of this Document.

On 6 January 2022, our Board (save for the Non-Independent Directors), after taking into consideration the advice from the Independent Adviser had deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

On 10 February 2022, KAF IB had on behalf of the Board, announced that the application for the Extension of Time has been made to the SC on 9 February 2022. The Extension of Time is required to allow sufficient time for KAFSC to, among others, identify and appoint a new independent director to the Board. The SC vide its letter dated 9 February 2022 approved the Extension of Time application. Subsequently, KAFSC had on 11 February 2022 appointed Shahrizam bin A.Shukor as an Independent Director.

Subsequent to the appointment of the new Independent Director as mentioned above, the Board (save for the Interested Directors) had on 15 February 2022, after taking into consideration the advice from the Independent Adviser, deliberated on the contents of the SCR Offer Letter and had resolved to continue to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

SC had vide its letter dated 1 March 2022 notified us that SC has no further comments on this Document. However, such notification shall not be taken to indicate that the SC recommends the Proposed SCR or that SC agrees with the recommendation of our Board or that SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

THE PURPOSE OF THIS DOCUMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED SCR, AND TO SEEK YOUR APPROVAL FOR THE PROPOSED SCR VIA THE SPECIAL RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM 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 TO BE TABLED AT THE FORTHCOMING EGM. YOU SHOULD ALSO CONSIDER CAREFULLY THE RECOMMENDATION OF THE INDEPENDENT ADVISER AS SET OUT IN PART B OF THIS DOCUMENT BEFORE VOTING ON THE SPECIAL RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED SCR

2.1 Details of the Proposed SCR

The Proposed SCR involves KAFSC undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act, in relation to the KAFSC Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, the issued share capital of KAFSC is RM120,000,000 comprising 120,000,000 KAFSC Shares.

As at the LPD, the Non-Entitled Shareholder holds 118,685,567 KAFSC Shares, representing approximately 98.90% of the total issued share capital of KAFSC.

The shareholdings of the Ultimate Offeror, Offeror and the PACs in KAFSC as well as the details of their relationship are as follows:

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

Notes:

- * Computed based on 120,000,000 KAFSC Shares.
- ¹ *Datuk Khatijah is a director and a major shareholder of KAF IB and KAFSC via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.*
- ² *KAF IB is the holding company of KAFSC.*
- ³ *AKKA is the holding company of KAF IB. AKKA holds 33.05% direct shareholding in KAF IB and indirect shareholding in KAF IB via its direct shareholding in AKKA Holdings.*
- ⁴ *AKKA Holdings is a subsidiary company of AKKA and a 33.90% equity owner of KAF IB.*
- ⁵ *Dato' Ahmad is a director of KAFSC as well as a major shareholder of KAF IB and KAFSC via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA. He is also the spouse of the Ultimate Offeror.*
- ⁶ *Thariq Usman is a major shareholder of KAF IB and KAFSC via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA. He is the Deputy Chief Executive Officer of KAF IB. He is also the son of the Ultimate Offeror and Dato' Ahmad.*
- ⁷ *Faisal Zulkifli is a director of KAFSC and the Chief Operation Officer of KAF IB. He is also the nephew of the Ultimate Offeror.*

As at the LPD, the Entitled Shareholders collectively hold 1,314,433 KAFSC Shares, representing approximately 1.10% of the total issued share capital of KAFSC. Pursuant to the Proposed SCR, the Entitled Shareholders will receive a capital repayment of RM2.76 per Share, which represents a total cash amount of RM3,627,835.08, for KAFSC Shares held by them on the Entitlement Date. For the avoidance of doubt, the Non-Entitled Shareholder will not be entitled to the capital repayment pursuant to the Proposed SCR.

Pursuant to the Proposed SCR, the share capital of KAFSC will be reduced by RM3,627,835.08 by way of cancellation of 1,314,433 KAFSC Shares held by the Entitled Shareholders at the SCR Offer Price. Please refer to **Section 7.1** of this Circular for the changes in the share capital of our Company.

Upon completion of the Proposed SCR, the Non-Entitled Shareholder will hold the remaining 118,685,567 KAFSC Shares that are not cancelled, representing the entire issued share capital of KAFSC. The resultant corporate structure of our Company upon Completion is set out in **Section 6** of this Circular.

The SCR Offer Price will be paid to each Entitled Shareholder as soon as practicable following the Effective Date, but in any event no later than 10 days from the Effective Date.

The Ultimate Offeror, Offeror and persons acting in concert with them have not acquired any KAFSC Shares at a price higher than the SCR Offer Price during the period commencing 3 months prior to 23 December 2021, being the date the SCR Offer Letter was served to the Board.

In compliance with Paragraph 6.03 of the Rules, should the Ultimate Offeror, Offeror or any person(s) acting in concert with them purchase or agree to purchase any of the KAFSC Shares at a price higher than the SCR Offer Price during the period commencing from the date of the SCR Offer Letter until the Completion, the Offeror shall increase the SCR Offer Price to be not less than the highest price (excluding stamp duty and commission) of the KAFSC Shares paid or agreed to be paid by the Ultimate Offeror, Offeror or any person(s) acting in concert with them.

As at the LPD, the Ultimate Offeror, Offeror and persons acting in concert with them have not received any irrevocable undertaking from any Entitled Shareholders to vote in favour of or against the Special Resolution to be tabled at the forthcoming EGM.

In addition, as at the LPD, save for the SCR Offer Letter, KAFSC has not received any alternative offer which is still subsisting for the KAFSC Shares or any other offer to acquire its assets and/or liabilities.

2.2 KAFSC covenants under the SCR Offer Letter

KAFSC's covenants set out under the SCR Offer Letter are set out below:

- (a) From the date of KAFSC's acceptance of the terms of the SCR Offer Letter until the Completion, KAFSC undertakes that:
 - (i) KAFSC will not conduct any capital raising exercise, whether in the form of debt or equity and will not grant any options over KAFSC Shares or issue any new KAFSC Shares;
 - (ii) KAFSC Group will not enter into any material commitment or material contract or undertake any obligation to acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
 - (iii) KAFSC will not pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or in connection with the Proposed SCR) or make any alteration to the provisions of the constitution of the Group, unless it is in relation to the Proposed SCR;
 - (iv) KAFSC will not acquire its own Shares; and
 - (v) KAFSC will not do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful obligation of our Group,without prior written consent of the Offeror.
- (b) In addition, KAFSC shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of our Group or any privatisation proposal involving our Group at any time until the Completion without prior written consent of KAF IB.
- (c) Save as otherwise agreed in writing by KAF IB, KAFSC also undertakes that, as from the date of the SCR Offer Letter until the Completion, the Company (and using reasonable endeavours to cause and procure that each of its subsidiaries) shall carry on its business only in the usual, regular and ordinary course of business in substantially the same manner as the same is carried on as at the date of the SCR 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 the Completion.

2.3 Basis of arriving at the SCR Offer Price

As set out in the SCR Offer Letter, the SCR Offer Price of RM2.76 for each KAFSC Share was arrived at after taking into consideration the following:

- (i) a premium of RM0.06 or approximately 2.22% to the previous offer price per KAFSC Share of RM2.70 under the Previous Offer; and
- (ii) a premium of RM0.08 or approximately 2.99% to the last transacted price of KAFSC Shares of RM2.68 as at 18 July 2016, being the last trading day prior to the suspension of trading of KAFSC Shares, and thereafter followed by the de-listing of KAFSC from the official list of Bursa Securities on 28 July 2016.

2.4 Distribution

If KAFSC declares, makes and/or pays any dividend and/or distribution of any nature whatsoever ("**Distributions**") in favour of its shareholders whereby the entitlement date of which is on or after the date of the SCR Offer Letter up to the Completion, the SCR Offer Price will be reduced by the quantum of the Distributions per KAFSC Share. As at the LPD, there has been no Distributions declared, made and/or paid by our Company on or after the date of the SCR Offer Letter.

2.5 Funding

The Proposed SCR will be funded via the Company's internally-generated funds.

KAF IB, being the Principal Adviser for the Proposed SCR and the Board confirmed that the Proposed SCR will not fail by reason of insufficient financial capability of the Company and every Entitled Shareholder will be fully paid in cash.

2.6 Listing status of KAFSC

KAFSC is currently an unlisted public entity. For information purpose, KAFSC was de-listed and removed from the official list of Bursa Securities on 28 July 2016.

3. MODE AND TIMING OF SETTLEMENT

The settlement of the SCR Offer Price will be effected via electronic remittance to the Entitled Shareholders' eDividend accounts duly registered with Bursa Depository within 10 days from the Effective Date. For the Entitled Shareholders who do not maintain eDividend accounts, the settlement of the SCR 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 Shareholders (or their designated agents, as they may direct) at the Entitled Shareholders' 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 which would only be granted in exceptional circumstances, settlement of the SCR Offer Price to which the Entitled Shareholders are entitled under the Proposed SCR will be implemented in full in accordance with the terms of the Proposed SCR without regard to any lien, right of set-off, counter claim or other analogous rights to which the Company may otherwise be, or claim to be, entitled against the Entitled Shareholders.

Entitled Shareholders who are not residents of Malaysia are advised that the settlement of the SCR Offer Price will be made in RM. Such Entitled Shareholders who wish to convert the 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 FOR THE PROPOSED SCR

The Board (save for the Interested Directors) wishes to highlight that the rationale for the Proposed SCR is as follows:

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

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

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

Following the abovementioned series of events and given that KAFSC is presently an unlisted public entity, the Entitled Shareholders may experience difficulty and limited opportunities in realising their investments in KAFSC as there is no formal market, i.e. Main Market of Bursa Securities, for the Entitled Shareholders to trade in their unlisted securities of KAFSC.

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

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

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

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

5. FUTURE PLANS FOR OUR GROUP AND OUR EMPLOYEES

The Board (save for the Interested Directors) has taken note of the intention of the Offeror and Ultimate Offeror in relation to KAFSC Group's business and employees after the Completion. The intended future plans for KAFSC Group are set out below:

(i) Continuation of KAFSC Group's business

The Offeror and Ultimate Offeror intend to continue with the existing core business of the Group and do not have any plan and/or intention to liquidate any companies within the Group (save for dormant or inactive companies, if any). Nevertheless, the Offeror and Ultimate Offeror may review the business and operations of the Group and make such arrangements, rationalisation and reorganisation of the Group as they consider suitable and in the best interests of the Group in order to remain competitive.

(ii) Major changes to KAFSC Group's business

The Offeror and Ultimate Offeror do not have any plan and/or intention to introduce or effect major changes to the existing business, dispose of any major assets or undertake any major redeployment of the fixed assets of the Group upon Completion, except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities and/or direction of the Group or to improve the use of resources.

(iii) Employees

The Offeror and Ultimate Offeror do not have any plan to dismiss or make redundant any of the Group's existing employees by way of a retrenchment exercise as a direct consequence of the Proposed SCR. However, it should be noted that some changes with regard to staff employment and redeployment of staff may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations and/or to optimise staff productivity and efficiency, in the best interest of the Group.

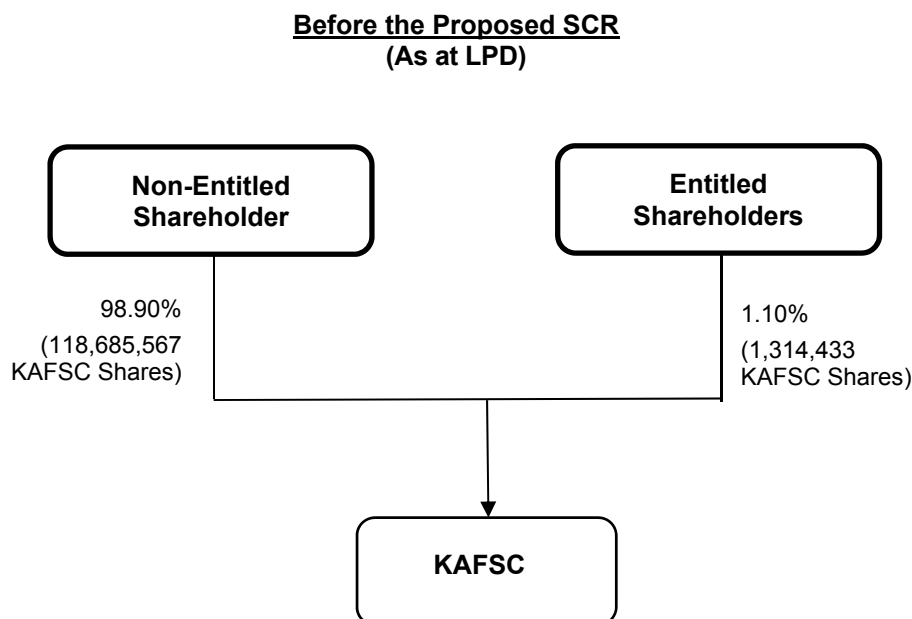
Notwithstanding the above, the Offeror and Ultimate Offeror shall retain the flexibility to consider any options which are in the best interest of the Group that may present themselves.

The Board (save for the Interested Directors) has also taken note that, as at the LPD, the Offeror and Ultimate Offeror have not entered into any negotiations or arrangements or understanding with any third party with regard to any significant changes in the business, assets or shareholding structure of the Group.

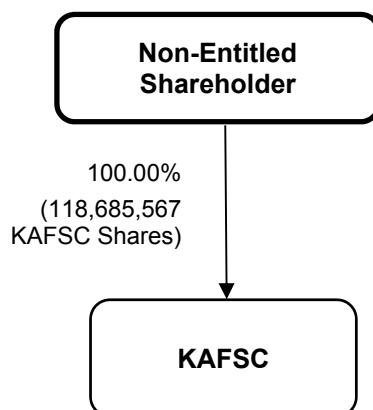
The Board (save for the Interested Directors) is of the view that the rationale for the Proposed SCR and the future plans for our Group and the employees of our Group intended by the Offeror are in the best interest of the Company.

6. CORPORATE STRUCTURE

The corporate structure of KAFSC before the Proposed SCR and upon Completion is set out below:



Upon Completion



7. EFFECTS OF THE PROPOSED SCR

7.1 Share capital

The pro forma effects of the Proposed SCR on the share capital of KAFSC are as follows:

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

Note:

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

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7.2 Substantial shareholders' shareholdings

Based on the register of substantial shareholders and Record of Depositors of KAFSC as at LPD, the pro forma effects of the Proposed SCR on the shareholdings of the substantial shareholders of KAFSC are as follows:

	As at the LPD			After the Proposed SCR		
	Direct	Indirect	% *	Direct	Indirect	% ^
KAF IB	118,685,567	-	98.90	118,685,567	-	100
AKKA	-	118,685,567 ¹	98.90	-	118,685,567 ¹	100.00
AKKA Holdings	-	118,685,567 ²	98.90	-	118,685,567 ²	100.00
Permodalan Nasional Berhad	-	118,685,567 ³	98.90	-	118,685,567 ³	100.00
Datuk Khatijah	-	118,685,567 ⁴	98.90	-	118,685,567 ⁴	100.00
Dato' Ahmad	-	118,685,567 ⁵	98.90	-	118,685,567 ⁵	100.00
Thariq Usman	-	118,685,567 ⁵	98.90	-	118,685,567 ⁵	100.00
YTM Raja Dato' Seri Eleena Sultan Azlan Shah	-	118,685,567 ⁶	98.90	-	118,685,567 ⁶	100.00

Notes:

- * Computed based on 120,000,000 KAFSC Shares.
- ^ Computed based on 118,685,567 KAFSC Shares pursuant to the Proposed SCR.
- ¹ Deemed interested as AKKA is the holding company of KAF IB. AKKA holds 33.05% direct shareholding in KAF IB and indirect shareholding in KAF IB via its direct shareholding in AKKA Holdings.
- ² Deemed interested as AKKA Holdings is a subsidiary company of AKKA and a 33.90% equity owner of KAF IB.
- ³ Deemed interested as Permodalan Nasional Berhad is a 33.05% equity owner of KAF IB.
- ⁴ Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.
- ⁵ Deemed interested by virtue of his indirect interest in KAF IB via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA.
- ⁶ Deemed interested by virtue of her indirect interest in KAF IB via her direct interest in AKKA Holdings. She holds 22.50% direct shareholding in AKKA Holdings.

Upon Completion, KAFSC will be wholly-owned by the Non-Entitled Shareholder as a result of the cancellation of all KAFSC Shares held by the Entitled Shareholders as shown in **Section 6** above.

7.3 NA, NA per KAFSC Share and gearing

For illustrative purpose, the pro forma effects of the Proposed SCR on the consolidated NA and gearing of KAFSC based on the latest audited consolidated statement of financial position of KAFSC as at 31 May 2021 and on the assumption that the Proposed SCR had been effected on that date are as follows:

	Audited as at 31 May 2021	After the Proposed SCR
	RM'000	RM'000
Share capital	120,000	116,372
Reserves	113,734	¹ 113,419
Equity attributable to owners of the company/NA	233,734	229,791
Number of Shares ('000)	120,000	118,686
NA per Share (RM)	1.95	1.94
Total borrowings (RM'000)	15,143	15,143
Gearing ratio (times)	0.06	0.07

Note:

¹ After deducting the estimated expenses comprising the professional fees, regulatory fee and administrative expenses of approximately RM315,000 in relation to the Proposed SCR.

7.4 Earnings/losses and EPS

The KAFSC Group reported a PAT of RM20.34 million for the FYE 31 May 2021, as compared to LAT of RM5.72 million recorded for the FYE 31 May 2020.

The improvement in profit by RM26.06 million was mainly due to an increase in brokerage and management fee income and significant improvement of the market value of the Group's investment portfolio.

The Proposed SCR is not expected to have any material effect on the consolidated earnings and EPS of KAFSC for the FYE 31 May 2022 other than the estimated expenses for the Proposed SCR of approximately RM315,000.

Upon Completion and as a result of cancellation of KAFSC Shares pursuant to the Proposed SCR, the total number of KAFSC Shares in issue will be reduced, which will affect the EPS of KAFSC Group accordingly.

7.5 Convertible securities

As at the LPD, the Company does not have any convertible securities in issue.

8. CONDITIONS OF THE PROPOSED SCR

The Completion is subject to and conditional upon the following approvals being obtained or conditions being satisfied:

- (i) Approval of the Non-Interested Shareholders for the Proposed SCR to be tabled at the Company's forthcoming EGM via a Special Resolution which:
 - (a) must be approved by at least a majority in number of Non-Interested Shareholders and 75% in value to the votes attached to the KAFSC Shares held by Non-Interested Shareholders that are cast either in person or by proxy at the EGM; and

- (b) the value of votes cast against the resolution for the scheme at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of KAFSC; and
- (ii) Grant of the Order giving effect to the Proposed SCR, followed by the lodgement of an office copy of the Order with the Registrar of Companies.

The Proposed SCR will become effective on the Effective Date. It is contemplated that the payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Effective Date, and shall not be later than 10 days from the Effective Date. In this respect, the Proposed SCR shall be binding on all Entitled Shareholders notwithstanding that there may have been Non-Interested Shareholders who voted against the Special Resolution. The Proposed SCR is not conditional upon any other corporate exercise of KAFSC.

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

9.1 Interested Directors

The following directors of KAFSC are deemed interested in the Proposed SCR:

- (i) Datuk Khatijah is a Non-Independent Non-Executive Director of Offeror and a Non-Independent Non-Executive Director of KAFSC. She is also a major shareholder of the Offeror and KAFSC via her direct interest in AKKA, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA, and her indirect interest in AKKA Holdings. She is also the Ultimate Offeror;
- (ii) Dato' Ahmad is a Non-Independent Non-Executive Director of KAFSC. He is a major shareholder of the Offeror and KAFSC via his direct interest in AKKA and indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA. He is also the spouse of the Ultimate Offeror;
- (iii) Faisol Zulkifli is a Non-Independent Non-Executive Director of KAFSC and the Chief Operation Officer of the Offeror. He is also the nephew of the Ultimate Offeror; and
- (iv) Dato' Saiful Bahri is an Independent Non-Executive Director of Offeror and an Independent Non-Executive Director of KAFSC.

Subsequent to the appointment of Shahrizam bin A.Shukor as the new Independent Director on 11 February 2022, the Board (save for the Interested Directors) had on 15 February 2022, after taking into consideration the advice from the Independent Adviser, deliberated on the contents of the SCR Offer Letter and had resolved to continue to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

The Interested Directors have abstained from the deliberation and voting at the relevant Board meeting pertaining to the Proposed SCR and have also abstained from providing recommendation on the Proposed SCR. The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings in KAFSC, if any, on the Special Resolution to be tabled at KAFSC's forthcoming EGM.

The Interested Directors will also ensure that person(s) connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in KAFSC, if any, on the Special Resolution to be tabled at KAFSC's forthcoming EGM.

Non-Interested Director

Shahrizam bin A.Shukor the Independent Non-Executive Director of KAFSC, is the only non-interested director of KAFSC. He does not hold any share in the Offeror or KAFSC. He does not hold any directorship in Offeror and its PACs.

9.2 Interested major shareholders

The following major shareholders of KAFSC are deemed interested in the Proposed SCR:

- (i) KAF IB, being the Offeror, with a direct interest of 98.90% in KAFSC;
- (ii) AKKA, with an indirect interest of 98.90% in KAFSC through KAF IB;
- (iii) AKKA Holdings, with an indirect interest of 98.90% in KAFSC through KAF IB;
- (iv) Datuk Khatijah, with an indirect interest of 98.90% in KAFSC through her direct interest in AKKA and her indirect interest in AKKA Holdings, the major shareholders of KAF IB;
- (v) Dato' Ahmad, with an indirect interest of 98.90% in KAFSC through his direct interest in AKKA and his indirect interest in AKKA Holdings, the major shareholders of KAF IB; and
- (vi) Thariq Usman, with an indirect interest of 98.90% in KAFSC through his direct interest in AKKA and his indirect interest in AKKA Holdings, the major shareholders of KAF IB.

As such, KAF IB, AKKA, AKKA Holdings, Datuk Khatijah, Dato' Ahmad and Thariq Usman (collectively, the "**Interested Major Shareholders**") will abstain from voting in respect of their direct and/or indirect shareholdings in KAFSC on the Special Resolution to be tabled at KAFSC's forthcoming EGM. The Interested Major Shareholders will also ensure that person(s) connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in KAFSC, if any, on the Special Resolution to be tabled at KAFSC's forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and upon the requisite clearance, approvals and consent being obtained, the Board expects the Proposed SCR to be completed in the second quarter of 2022.

The tentative timetable for the implementation of the Proposed SCR is as follows:

<u>Date</u>	<u>Event ¹</u>
25 March 2022	▪ EGM for the Proposed SCR
Early April 2022	▪ Filing of application to High Court to seek for the Order
Early May 2022	▪ Granting of the Order from the High Court ▪ Announcement of Entitlement Date for the capital repayment to the Entitled Shareholders
Early June 2022	▪ Entitlement Date ▪ Lodgement of an office copy of the Order with the Registrar of Companies ▪ Settlement of the SCR Offer Price ▪ Completion

Note:

¹ This is an indicative timetable depending on, amongst others, the date on which the Order is obtained. If any of the events are changed or delayed, the subsequent events will be adjusted accordingly.

11. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed SCR, there are no outstanding corporate proposals which have been announced by the Company but pending completion as at the LPD.

12. INDEPENDENT ADVISER

In accordance with Paragraph 3.06 of the Rules, our Board (save for the Non-Independent Directors) had on 23 December 2021 appointed DWA Advisory as the Independent Adviser to advise our Board (save for the Interested Directors) and the Entitled Shareholders on the Proposed SCR. The SC had, vide its letter dated 6 January 2022, taken note of the declaration of independence by DWA Advisory as the Independent Adviser in relation to the Proposed SCR.

Please refer to **Part B** of this Document for the IAL in relation to the Proposed SCR. The Non-Interested Shareholders are advised to read and carefully consider the contents of the IAL before voting on the Special Resolution to give effect to the Proposed SCR at the Company's forthcoming EGM.

13. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), after having considered all aspects of the Proposed SCR, in particular:

- (i) The rationale of the Proposed SCR as set out in **Section 4** of this Circular;
- (ii) The advice of the Independent Adviser, that the Proposed SCR is deemed fair and reasonable; and
- (iii) The Independent Adviser's recommendation for the Non-Interested Shareholders to **vote in favour** of the Special Resolution,

is of the opinion that the Proposed SCR is in the best interest of the Non-Interested Shareholders.

Accordingly, the Board (save for the Interested Directors), concurs with the evaluation and recommendation of the Independent Adviser that the Proposed SCR is deemed fair and reasonable, and recommends that the Non-Interested Shareholders **VOTE IN FAVOUR** of the Special Resolution pertaining to the Proposed SCR.

14. EGM

The notice convening the EGM is enclosed herewith in this Document. The EGM will be conducted fully virtual through the online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> on Friday, 25 March 2022 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the Special Resolution to give effect to the Proposed SCR.

If you are unable to attend or vote in person at the EGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Proxy Form in accordance with the instructions printed thereon. In such event, the Proxy Form must be completed and deposited with Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, you may submit the Proxy Form electronically via email to is.enquiry@mytricorglobal.com or lodged with the poll administrator via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof.

The lodging of the Proxy Form will not preclude you from participating and voting in person at the EGM should you subsequently wish to do so. Should you subsequently decide to participate in the EGM, you are requested to revoke your earlier appointment of proxy by notifying our Share Registrar in writing, not later than Wednesday, 23 March 2022 at 10.30 a.m.

15. FURTHER INFORMATION

Entitled Shareholders are advised to refer to the attached appendices which form part of this Document.

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

SHAHORIZAM BIN A.SHUKOR
Independent Non-Executive Director

PART B

**IAL FROM THE INDEPENDENT ADVISER TO THE ENTITLED
SHAREHOLDERS OF KAFSC IN RELATION TO THE
PROPOSED SCR**

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE “DEFINITIONS” SECTION AND PART A OF THE CIRCULAR, 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 DWA ADVISORY, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED SCR.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED SCR. ENTITLED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THE IAL FOR FURTHER INFORMATION AND THE RECOMMENDATION FROM DWA ADVISORY, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED SCR. 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 SCR AT THE FORTHCOMING EGM OF KAFSC.

1. INTRODUCTION

On 23 December 2021, the Board received the SCR Offer Letter from its controlling shareholder, namely, KAF IB, requesting KAFSC to undertake the Proposed SCR pursuant to Section 116 of the Act. The details of the Proposed SCR are set out in Section 2, Part A of this Document.

On even date, in accordance with Paragraph 3.06 of the Rules, the Board (save for the Non-Independent Directors) had appointed DWA Advisory as the Independent Adviser to provide comments, opinions, information and recommendations to the Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR. Following thereto, DWA Advisory had vide its letter to the SC dated 28 December 2021 declared its independence from any conflict of interest or potential conflict of interest in its capacity as the Independent Adviser in relation to the Proposed SCR.

On 6 January 2022, the Board (save for the Non-Independent Directors), after taking into consideration the advice from the Independent Adviser had deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

On 10 February 2022, KAF IB had on behalf of the Board, announced the application for the Extension of Time has been made to the SC on 9 February 2022. The Extension of Time is required to allow sufficient time for KAFSC to, among others, identify and appoint a new independent director to the Board. The SC vide its letter dated 9 February 2022 approved the Extension of Time application. Subsequently, KAFSC had on 11 February 2022 appointed Shahrizam bin A.Shukor as an Independent Director.

Subsequent to the appointment of the new Independent Director as mentioned above, the Board (save for the Interested Directors) had on 15 February 2022, after taking into consideration the advice from the Independent Adviser, deliberated on the contents of the SCR Offer Letter and had resolved to continue to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

The SC had vide its letter dated 1 March 2022, 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 SCR together with our recommendation on whether the Entitled Shareholders should vote in favour or against the Special Resolution in relation to the Proposed SCR at the forthcoming EGM, subject to the scope of our role and evaluation specified herein.

2. EVALUATION OF THE PROPOSED SCR

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

- (i) the term “fair and reasonable” should generally be analysed as two distinct criteria, i.e. whether the Proposed SCR is “fair” and whether the Proposed SCR is “reasonable”, rather than as a composite term;
- (ii) the Proposed SCR is considered as “fair” if the SCR Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the KAFSC Shares. However, if the SCR Offer Price is equal to or higher than the market price but is lower than the value of the KAFSC Shares, the Proposed SCR is considered as “not fair”; and
- (iii) pursuant to Paragraph 4 of Schedule 2: Part III of the Rules, in considering whether the Proposed SCR is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the Proposed SCR. The Proposed SCR would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for shareholders to accept the Proposed SCR despite it being “not fair”, if the independent adviser is of the view that there are sufficiently strong reasons to accept the Proposed SCR in the absence of a higher bid and such reasons should be clearly explained.

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

Fairness of the Proposed SCR

The KAFSC Group is principally involved in the provision of stock broking, management of unit trust and provision of corporate fund management services.

In arriving at the value of the KAFSC Shares, we have adopted the adjusted NA as our methodology in arriving at the valuation of KAFSC Shares. The adjusted NA methodology seeks to adjust the value of the assets and liabilities of a company to reflect its current market value.

Based on our evaluation in Section 5 of this IAL, the SCR Offer Price of RM2.76 is equivalent to the estimated value per Share of KAFSC.

As such, we are of the view that the Proposed SCR is **FAIR**.

Reasonableness of the Proposed SCR

Based on our evaluation in Sections 6.1 and 6.2 of this IAL, we have taken into consideration the following factors:

- (i) the Proposed SCR provides another opportunity for the Entitled Shareholders to realise and monetise their investment in KAFSC. The Entitled Shareholders may not otherwise have the opportunity to realise and monetise their investment as there is no active market for the unlisted KAFSC Shares since KAFSC was delisted and withdrawn from the Main Market of Bursa Securities on 28 July 2016. It should also be noted that the SCR Offer Price represents a premium of RM0.06 or equivalent to 2.22% over the offer price of RM2.70 per KAFSC Share based on the Previous Offer.

Furthermore, KAFSC has not declared any dividend for past two financial years up to FYE 31 May 2021.

- (ii) as at the LPD, save for the Proposed SCR, we noted that the Board has not received any alternative offer for the KAFSC Shares or any other offer to acquire its assets and liabilities.

The Non-Entitled Shareholder is the largest shareholder of KAFSC and currently holds a controlling stake of 98.90% in KAFSC. Therefore, any alternative proposal will not be successful without its support. With the current level of control, the Non-Entitled Shareholder is able to influence the outcome of the resolutions sought at the shareholders' general meetings of KAFSC (save for resolutions in which the Non-Entitled Shareholder is interested and required to abstain from voting), including the ability to approve any ordinary resolutions or special resolutions as well as to vote against any ordinary resolutions or special resolutions (as these resolutions require approval from at least 50% and 75% respectively of the total votes cast).

Based on the above, we are of the view that the Proposed SCR is **REASONABLE**.

3. RECOMMENDATION

Based on the above and our evaluation, we are of the opinion that the Proposed SCR is **FAIR** and **REASONABLE**. Accordingly, we advise and recommend that the Non-Interested Shareholders **VOTE IN FAVOUR** of the Special Resolution pertaining to the Proposed SCR at the forthcoming EGM and it is in the best interest of the Non-Interested Shareholders.

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Registered Office:

E-2-1, Block E, Oasis Square
No. 2, Jalan PJU 1A/7A, Ara
Damansara 47301 Petaling Jaya
Selangor Darul Ehsan

3 March 2022

To: The Entitled Shareholders of KAFSC

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE ENTITLED SHAREHOLDERS OF KAFSC IN RELATION TO THE PROPOSED SCR

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 DWA Advisory, being the Independent Adviser in relation to the Proposed SCR.

1. INTRODUCTION

On 23 December 2021, the Board received the SCR Offer Letter from its controlling shareholder, namely KAF IB, requesting KAFSC to undertake the Proposed SCR pursuant to Section 116 of the Act. The details of the Proposed SCR are set out in Section 2, Part A of this Document.

On even date, in accordance with Paragraph 3.06 of the Rules, the Board (save for the Non-Independent Directors) had appointed DWA Advisory as the Independent Adviser to provide comments, opinions, information and recommendations to the Board (save for the Interested Directors) and the Entitled Shareholders in respect of the Proposed SCR. Following thereto, DWA Advisory had vide its letter to the SC dated 28 December 2021 declared its independence from any conflict of interest or potential conflict of interest in its capacity as the Independent Adviser in relation to the Proposed SCR.

On 6 January 2022, the Board (save for the Non-Independent Directors), after taking into consideration the advice from the Independent Adviser had deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

On 10 February 2022, KAF IB had on behalf of the Board, announced the application for the Extension of Time has been made to the SC on 9 February 2022. The Extension of Time is required to allow sufficient time for KAFSC to, among others, identify and appoint a new independent director to the Board. The SC vide its letter dated 9 February 2022 approved the Extension of Time application. Subsequently, KAFSC had on 11 February 2022 appointed Shahrizam bin A.Shukor as an Independent Director.

Subsequent to the appointment of the new Independent Director as mentioned above, the Board (save for the Interested Directors) had on 15 February 2022, after taking into consideration the advice from the Independent Adviser, deliberated on the contents of the SCR Offer Letter and had resolved to continue to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at the forthcoming EGM.

The SC had vide its letter dated 1 March 2022, 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 SCR together with our recommendation on whether the Entitled Shareholders should vote in favour or against the Special Resolution in relation to the Proposed SCR at the forthcoming EGM, subject to the scope of our role and evaluation specified herein.

ENTITLED SHAREHOLDERS 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 SCR TO BE TABLED AT THE FORTHCOMING EGM OF KAFSC.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED SCR

The Proposed SCR involves KAFSC undertaking a selective capital reduction and a corresponding capital repayment exercise pursuant to Section 116 of the Act in respect of the KAFSC Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, the issued share capital of KAFSC is RM120,000,000 comprising 120,000,000 KAFSC Shares.

As at the LPD, the Non-Entitled Shareholder holds 118,685,567 KAFSC Shares, representing approximately 98.90% of the total issued share capital of KAFSC.

The details of the Proposed SCR are as follows:

<p>1. Consideration for the Proposed SCR</p>	<p>The Entitled Shareholders will receive a cash consideration of RM2.76 per KAFSC Share pursuant to the Proposed SCR.</p> <p>If KAFSC declares, makes and/or pays any dividend and/or distributions of any nature whatsoever (“Distributions”) in favour of its shareholders whereby the entitlement date of which is on or after the date of the SCR Offer Letter up to the Completion, the SCR Offer Price will be reduced by the quantum of the Distributions per KAFSC Share. As at the LPD, there has been no Distributions declared, made and/or paid by KAFSC on or after the date of the SCR Offer Letter.</p>
<p>2. Mode and timing of settlement</p>	<p>The settlement of the SCR Offer Price will be effected via electronic remittance to the Entitled Shareholders’ eDividend accounts duly registered with Bursa Depository within 10 days from the Effective Date. For the Entitled Shareholders who do not maintain eDividend accounts, the settlement of the SCR 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 Shareholders (or their designated agents, as they may direct) at the Entitled Shareholders’ registered addresses last maintained with Bursa Depository at their own risk within 10 days from the Effective Date.</p> <p>Except with the consent of the SC which would only be granted in exceptional circumstances, settlement of the SCR Offer Price to which the Entitled Shareholders are entitled under the Proposed SCR will be implemented in full in accordance with the terms of the Proposed SCR without regard to any lien, right of set-off, counter claim or other analogous rights to which the Company may otherwise be, or claim to be, entitled against the Entitled Shareholders.</p>

	<p>Entitled Shareholders who are not residents of Malaysia are advised that the settlement of the SCR Offer Price will be made in RM. Such Entitled Shareholders who wish to convert the 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.</p>
<p>3. Conditions of the Proposed SCR</p>	<p>The Completion is subject to and conditional upon the following approvals being obtained or conditions being satisfied:</p> <ul style="list-style-type: none"> (i) approval of the Non-Interested Shareholders for the Proposed SCR to be tabled at the Company's forthcoming EGM via a Special Resolution which: <ul style="list-style-type: none"> (a) must be approved by at least a majority in number of Non-Interested Shareholders and 75% in value to the votes attached to the KAFSC Shares held by Non-Interested Shareholders that are cast either in person or by proxy at the EGM; and (b) the value of votes cast against the resolution for the scheme at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of KAFSC; and (ii) grant of the Order giving effect to the Proposed SCR, followed by lodgement of an office copy of the Order with the Registrar of Companies. <p>The Proposed SCR will become effective on the Effective Date. It is contemplated that the payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Effective Date, and shall not be later than 10 days from the Effective Date. In this respect, the Proposed SCR shall be binding on all Entitled Shareholders notwithstanding that there may have been Non-Interested Shareholders who voted against the Special Resolution. The Proposed SCR is not conditional upon any other corporate exercise of KAFSC.</p>
<p>4. Irrevocable undertaking</p>	<p>As at the LPD, the Ultimate Offeror, Offeror and their persons acting in concert have not received any irrevocable undertaking from any Entitled Shareholders to vote in favour or against the Special Resolution to be tabled at the forthcoming EGM.</p>
<p>5. Financial resources for the Proposed SCR</p>	<p>The Proposed SCR will be funded via Company's internally-generated funds.</p> <p>KAF IB, being the Principal Adviser for the Proposed SCR and the Board confirmed that the Proposed SCR will not fail by reason of insufficient financial capability of the Company and every Entitled Shareholder will be fully paid in cash.</p>

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

3. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED SCR

DWA Advisory was not involved in any formulation, deliberations and/or negotiations pertaining to the terms and conditions of the Proposed SCR. DWA Advisory'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 SCR based on the following:

- (i) information contained in the SCR Offer Letter, Part A of this Document and the appendices attached thereto;
- (ii) audited consolidated financial statements of KAFSC for the FYE 31 May 2019, FYE 31 May 2020 and FYE 31 May 2021;
- (iii) information furnished by the Board and management of KAFSC;
- (iv) discussions with the Board and management of KAFSC;
- (v) valuation reports by the independent valuer; and
- (vi) other relevant publicly available information.

We have made all reasonable enquiries to the Board and management of KAFSC and have relied on the Board and management of KAFSC 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 SCR 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 SCR 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 SCR 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, we had taken note of pertinent factors, which we believe are necessary and of importance to our assessment of the Proposed SCR and therefore of general concern to the Entitled Shareholders. As such:

- (i) our views and recommendation as contained in the IAL only cater to the Entitled Shareholders at large and not to any Entitled Shareholder 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 Shareholder or any specific group of Entitled Shareholders; and
- (ii) we recommend that any individual Entitled Shareholder or group of Entitled Shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposed SCR 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.

We will immediately notify the SC in writing and the Entitled Shareholders 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 Shareholders in accordance with subparagraph 11.07(2) of the Rules.

4. EVALUATION OF THE PROPOSED SCR

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

- (i) the term “fair and reasonable” should generally be analysed as two distinct criteria, i.e. whether the Proposed SCR is “fair” and whether the Proposed SCR is “reasonable”, rather than as a composite term;
- (ii) the Proposed SCR is considered as “fair” if the SCR Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the KAFSC Shares. However, if the SCR Offer Price is equal to or higher than the market price but is lower than the value of the KAFSC Shares, the Proposed SCR is considered as “not fair”; and
- (iii) pursuant to Paragraph 4 of Schedule 2: Part III of the Rules, in considering whether the Proposed SCR is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the Proposed SCR. The Proposed SCR would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for shareholders to accept the Proposed SCR despite it being “not fair”, if the independent adviser is of the view that there are sufficiently strong reasons to accept the Proposed SCR 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 SCR:

<u>Fairness of the Proposed SCR:</u>	
(i) Valuation of KAFSC Shares	Section 5.1
<u>Reasonableness of the Proposed SCR:</u>	
(i) An opportunity for Entitled Shareholders to realise their investment in the unlisted KAFSC Shares	Section 6.1
(ii) No alternative offer and level of control	Section 6.2

5. FAIRNESS OF THE PROPOSED SCR

5.1 Valuation of KAFSC Shares

In making this assessment, the value of KAFSC Shares was assessed based on the assumption that 100.00% of the issued share capital of KAFSC is the subject matter of the Proposed SCR.

The KAFSC Group is principally involved in the provision of stock broking, management of unit trust and provision of corporate fund management services.

Valuation methodology

In arriving at the value of the KAFSC Shares, we have considered discounted cash flow (“DCF”) and adjusted NA as the valuation methodologies for the valuation of KAFSC Shares.

(i) **DCF**

The DCF methodology takes into consideration both the time value of money and the future cash flows to be generated by a business at a specified period of time. As the methodology entails the discounting of future cash flows to be generated from a business at a specified discount rate to arrive at the value, the riskiness of generating such cash flows will also be taken into consideration.

Save for the FYE 31 May 2020, KAFSC Group has been operating profitably for the past 3 FYEs up to FYE 31 May 2019 and for the FYE 31 May 2021. We expect KAFSC Group will continue to generate positive cashflow in the future. We have also reviewed the future financial information of KAFSC Group from FYE 31 May 2022 until FYE 31 May 2024, which was prepared by the management of KAFSC based on the estimates and assumptions on a best-effort basis (“**Future Financials**”).

Based on the Future Financials, and key bases and assumptions adopted, we have discounted the net operating income of KAFSC Group together with the estimated terminal value, anticipated at the end of the projected period, and found that the ascribed equity value of the entire equity interest in KAFSC based on the DCF methodology is lower than the NA of KAFSC Group as at 31 May 2021. Hence, we are of the opinion that the earnings streams generated by the assets of KAFSC Group under DCF methodology cannot be used to justify the valuation of the said assets.

(ii) **Adjusted NA**

In view of the above, we are of the opinion that the adjusted NA is the most appropriate valuation methodology in arriving at the valuation of KAFSC Shares. The adjusted NA methodology seeks to adjust the value of the assets and liabilities of a company to reflect its current market value.

The composition of total assets of KAFSC Group as at 31 May 2021 is summarised as below:

	Audited as at 31 May 2021	
	(RM'000)	(%)
Non-current assets		
Property and equipment	2,646	0.55
Computer software	1,064	0.23
Right-of-use assets	377	0.08
Intangible assets	8,937	1.90
Investment properties ⁽¹⁾	8,374	1.78
Investment in associate ⁽²⁾	50,918	10.81
Deferred tax assets	893	0.19
Trust deposit	100	0.02
Total non-current assets	73,309	15.56
Current assets		
Financial assets at fair value through profit and loss ⁽³⁾	37,195	7.89
Balances due from clients and brokers ⁽⁴⁾	175,478	37.24
Trade and other receivables	24,519	5.20
Cash and cash equivalents ⁽⁵⁾	154,862	32.87
Tax recoverable	5,820	1.24
Total current assets	397,874	84.44
TOTAL ASSETS	471,183	100.00

(Source: Audited financial statement for KAFSC for the FYE 31 May 2021)

Notes:

- (1) The investment properties comprise of freehold commercial and residential lands, namely Changkat Kia Peng Land and Lukut Land (as define herein). The carrying amount of the investment properties under this category, representing 1.78% of the total assets of KAFSC Group are measured at cost.
- (2) Consists of effective equity interest of 21.00% in KAF Cash Fund, a unit trust fund incorporated in Malaysia and managed by KAF Investment Funds Berhad.
- (3) Consists of quoted shares in Malaysia, Indonesia and Guernsey and unit trust in Malaysia of which the values were marked to market based on the last transacted prices and net asset value, respectively as at 31 May 2021. The detailed breakdown of financial assets at fair value through profit or loss is as follows:

	(RM'000)
Quoted shares in Malaysia	1,979
Quoted shares in Indonesia	1,432
Quoted shares in Guernsey	22,312
Unit trust in Malaysia	11,472
Total	37,195

- (4) Balances representing the total transacted value of shares including brokerage fees which are due from the clients and brokers before the settlement day, which happens on the third (3rd) transaction day. The detailed breakdown of balances due from clients and brokers are as follows:

	(RM'000)
Amount due from brokers	111,434
Amount due from clients	
- Margin clients	1,377
- Trading clients	62,667
Total	175,478

- (5) Mainly consists of deposits placed in with a license bank amounting to approximately RM101.18 million and the remainder of approximately RM53.68 million are cash and bank balances.

As at 31 May 2021, we note that approximately 83.20% of KAFSC Group's total assets consists mainly of cash and cash equivalents, financial assets, and receivables, whose carrying value are reasonably expected to approximate their market values.

We noted that the investment properties of approximately RM8.37 million represents 1.78% of the total assets of KAFSC Group as at 31 May 2021. The property assets under this category are stated at cost less accumulated depreciation and impairment losses, if any.

Save for the cash and cash equivalents, financial assets, receivables and investment properties mentioned above, the remaining total asset represents 15.02% of KAFSC Group. We were made to understand from the management of KAFSC that there is no impairment or any material appreciation in value of the said assets and hence no significant change to the value of KAFSC Shares.

The management of KAFSC Group had appointed Savills (“**Independent Valuer**”) to conduct valuation of the investment properties to reflect the market value of the investment properties. We have relied upon the valuations conducted by the Independent Valuer on such properties for management purposes. We have reviewed the qualifications of the Independent Valuer and their scope of engagement. The Independent Valuer has valued the properties in accordance with the Malaysian Valuation Standard issued by the Board of Valuer, Appraisers, Estate Agents and Property Managers Malaysia with necessary professional responsibility and due diligence. We are of the view that the valuation methodology is reasonable, appropriate and consistent with generally applied valuation methodologies. In addition, we are also satisfied with the reasonableness of the key bases and assumptions adopted by the Independent Valuer. As such, we are satisfied and have relied upon the valuation of the properties conducted by the Independent Valuer.

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The details of the valuation conducted by the Independent Valuer are set out below:

No.	Description of subject property	Land Area (square metres)	Tenure	Status	Registered owner	Category of land use	Valuer	Valuation date	Valuation method	Date of acquisition	Market value (RM'000)	Audited net book value (RM'000)	Revaluation surplus (RM'000)
1	A 0.786-acre parcel of commercial land located at the intersection of Jalan Kia Peng and Changkat Kia Peng within city centre of Kuala Lumpur held under GRN 5337/Lot 286 Seksyen 63 Bandar Kuala Lumpur, District of Kuala Lumpur Wilayah Persekutuan ("Changkat Kia Peng Land")	3,180	Freehold	Vacant land	KAFSC	Commercial	Savills (Malaysia) Sdn Bhd	29 November 2021	Comparison approach	May 1998 ⁽¹⁾	103,000	5,687	97,313
2	Three (3) vacant bungalow lots, forty-one (41) vacant semi-detached house lots and thirty-seven (37) vacant terrace shop lots within Taman D'Ambang Kota in Mukim of Jimah & Pekan Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus ("Lukut Land")	23,191	Freehold	Vacant lands	KAF Equities Sdn Bhd	Residential for bungalow and semi-detached house lots, and commercial for terraced shop lots	Savills (Malaysia) Sdn Bhd	2 December 2021	Comparison approach	January 2005	4,756	2,687	2,069

Note:

⁽¹⁾ On 17 September 2013, KAFSC had acquired Changkat Kia Peng Land from its subsidiary, namely KAF Equities Sdn Bhd.

Based on the audited NA of KAFSC Group as at 31 May 2021 and the valuation updates of Changkat Kia Peng Land and Lukut Land, the adjusted NA of KAFSC Group is as follows:

	(RM'000)
Share Capital	120,000
Reserve	113,734
Audited NA as at 31 May 2021	233,734
Add: Net revaluation surplus ⁽¹⁾	97,282
Adjusted NA	331,016
No of outstanding shares in issue ('000)	120,000
Adjusted NA per KAFSC Share (RM)	2.76
SCR Offer Price (RM)	2.76

Note:

⁽¹⁾ The detailed calculation of the net revaluation surplus is as follows:

	(RM'000)
Market Value of Changkat Kia Peng Land and Lukut Land as appraised by the Independent Valuer	107,756
Less: Audited net book value of the properties as at 31 May 2021	(8,374)
Revaluation surplus	99,382
Less: Adjustment for deferred taxation #	(2,100)
Net revaluation surplus	97,282

Note:

Adjusted for the real property gain tax ("**RPGT**") in respect of Changkat Kia Peng Land and Lukut Land which are assumed to be realised through sale, whereby both Changkat Kia Peng Land and Lukut Land are subject to tax value of 10% given they are held for more than five years.

Based on our evaluation in Section 5 of this IAL, the SCR Offer Price of RM2.76 is equivalent to the estimated value per Share of KAFSC.

As such, we are of the view that the Proposed SCR is **FAIR**.

6. REASONABLENESS OF THE PROPOSED SCR

6.1 An opportunity for the Entitled Shareholders to realise their investment in the unlisted KAFSC Shares

The Proposed SCR provides another opportunity for the Entitled Shareholders to realise and monetise their investment in KAFSC. The Entitled Shareholders may not otherwise have the opportunity to realise and monetise their investment as there is no active market for the unlisted KAFSC Shares since KAFSC was delisted and withdrawn from the Main Market of Bursa Securities on 28 July 2016. It should also be noted that the SCR Offer Price represents a premium of RM0.06 or equivalent to 2.22% over the offer price of RM2.70 per KAFSC Share based on the Previous Offer.

Furthermore, KAFSC has not declared any dividend for the past two financial years up to FYE 31 May 2021.

6.2 No alternative offer and level of control

As at LPD, save for the Proposed SCR, we noted that the Board has not received any alternative offer for the KAFSC Shares or any other offer to acquire its assets and liabilities.

The Non-Entitled Shareholder is the largest shareholder of KAFSC and currently holds a controlling stake of 98.90% in KAFSC. Therefore, any alternative proposal will not be successful without its support. With the current level of control, the Non-Entitled Shareholder is able to influence the outcome of the resolutions sought at the shareholders' general meetings of the KAFSC (save for resolutions in which the Non-Entitled Shareholder is interested and required to abstain from voting), including the ability to approve any ordinary resolutions or special resolutions as well as to vote against any ordinary resolutions or special resolutions (as these resolutions require approval from at least 50% and 75% respectively of the total votes cast).

Based on our evaluation in Sections 6.1 and 6.2 of this IAL, we are of the view that the Proposed SCR is **REASONABLE**.

7. FUTURE PLANS FOR THE KAFSC GROUP AND ITS EMPLOYEES

The intention of the Offeror in relation to the future plans for KAFSC Group and its employees as set out in Section 5, Part A of this Document are as follows:

(i) Continuation of the KAFSC Group's business

The Offeror and Ultimate Offeror intend to continue with the existing core business of the Group and do not have any plan and/or intention to liquidate any companies within the Group (save for dormant or inactive companies, if any). Nevertheless, the Offeror and Ultimate Offeror may review the business and operations of the Group and make such arrangements, rationalisation and reorganisation of the Group as they consider suitable and in the best interests of the Group in order to remain competitive.

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

The Offeror and Ultimate Offeror do not have any plan and/or intention to introduce or effect major changes to the existing business, dispose of any major assets or undertake any major redeployment of the fixed assets of the Group upon Completion, except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities and/or direction of the Group or to improve the use of resources.

(iii) Employees of the KAFSC Group

The Offeror and Ultimate Offeror do not have any plan to dismiss or make redundant any of the Group's existing employees by way of a retrenchment exercise as a direct consequence of the Proposed SCR. However, it should be noted that some changes with regard to staff employment and redeployment of staff may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations and/or to optimise staff productivity and efficiency, in the best interest of the Group.

Premised on the above, we are of the view that the business and management of KAFSC Group will remain the same in all material aspects and that the KAFSC Group is expected to continue as a going concern given the Offeror's and Ultimate Offeror's intention to continue with KAFSC Group's existing business and operations and there is no immediate plan and/or intention to dispose of any major assets of KAFSC Group or to liquidate any company in KAFSC Group. We further note that the Offeror has not entered into any negotiation, arrangement or understanding with any third party in relation to any significant change in KAFSC Group's business and assets, as at the LPD.

8. FURTHER INFORMATION

The Entitled Shareholders are advised to refer to the views and recommendation of the Board (save for the Interested Directors) 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 SCR.

9. CONCLUSION AND RECOMMENDATION

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

- (i) the term “fair and reasonable” should generally be analysed as two distinct criteria, i.e. whether the Proposed SCR is “fair” and whether the Proposed SCR is “reasonable”, rather than as a composite term;
- (ii) the Proposed SCR is considered as “fair” if the SCR Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the KAFSC Shares. However, if the SCR Offer Price is equal to or higher than the market price but is lower than the value of the KAFSC Shares, the Proposed SCR is considered as “not fair”; and
- (iii) pursuant to Paragraph 4 of Schedule 2: Part III of the Rules, in considering whether the Proposed SCR is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the Proposed SCR. The Proposed SCR would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for shareholders to accept the Proposed SCR despite it being “not fair”, if the independent adviser is of the view that there are sufficiently strong reasons to accept the Proposed SCR in the absence of a higher bid and such reasons should be clearly explained.

We have assessed and evaluated the terms of the Proposed SCR and have set out our evaluation in Sections 5 and 6 of this IAL. Entitled Shareholders should carefully consider the merits and demerits of the Proposed SCR based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAL and Part A of this Document.

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

Fairness of the Proposed SCR

Based on our evaluation in Section 5 of this IAL, the SCR Offer Price of RM2.76 is equivalent to the estimated value per Share of KAFSC.

As such, we are of the view that the Proposed SCR is **FAIR**.

Reasonableness of the Proposed SCR

Based on our evaluation in Sections 6.1 and 6.2 of this IAL, we have taken into consideration the followings factors:

- (i) the Proposed SCR provides another opportunity for the Entitled Shareholders to realise and monetise their investment in KAFSC. The Entitled Shareholders may not otherwise have the opportunity to realise and monetise their investment as there is no active market for the unlisted KAFSC Shares since KAFSC was delisted and withdrawn from the Main Market of Bursa Securities on 28 July 2016. It should also be noted that the SCR Offer Price represents a premium of RM0.06 or equivalent to 2.22% over the offer price of RM2.70 per KAFSC Share based on the Previous Offer.

Furthermore, KAFSC has not declared any dividend for the past two financial years up to FYE 31 May 2021.

- (ii) as at the LPD, save for the Proposed SCR, we noted that the Board has not received any alternative offer for the KAFSC Shares or any other offer to acquire its assets and liabilities.

The Non-Entitled Shareholder is the largest shareholder of KAFSC and currently holds a controlling stake of 98.90% in KAFSC. Therefore, any alternative proposal will not be successful without its support. With the current level of control, the Non-Entitled Shareholder is able to influence the outcome of the resolutions sought at the shareholders' general meetings of the KAFSC (save for resolutions in which the Non-Entitled Shareholder is interested and required to abstain from voting), including the ability to approve any ordinary resolutions or special resolutions as well as to vote against any ordinary resolutions or special resolutions (as these resolutions require approval from at least 50% and 75% respectively of the total votes cast).

Based on the above, we are of the view that the Proposed SCR is **REASONABLE**.

Premised on the above and our assessment, we are of the opinion that the Proposed SCR is **FAIR** and **REASONABLE**. Accordingly, we advise and recommend that the Non-Interested Shareholders **VOTE IN FAVOUR** of the Special Resolution pertaining to the Proposed SCR at the forthcoming EGM and it is in the best interest of the Non-Interested Shareholders.

Our advice as contained in this IAL is addressed to the Entitled Shareholders at large and not to any particular Entitled Shareholder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situation and particular need of any individual Entitled Shareholder. We recommend that any Entitled Shareholder who requires advice in relation to the Proposed SCR 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 faithfully
For and on behalf of
DWA ADVISORY SDN BHD

Md Noor Abd Rahim
Senior Principal

Dato' Wan Asmadi Wan Ahmad
Managing Principal

ADDITIONAL INFORMATION

1. DIRECTOR'S RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAL. The Board, collectively and individually, accept full responsibility for the accuracy and completeness of the information contained in this IAL and confirms that, after having made all reasonable enquiries, that to the best of knowledge and belief:

- (i) there are no statement and/or information, the omission of which would render any statement or information relating to KAFSC Group in this IAL incomplete, false and/or misleading;
- (ii) all material facts and/or information in relation to the Proposed SCR (including those required under the Rules) have been accurately and completely disclosed in this IAL; and
- (iii) opinions expressed by the Board (save for the Interested Directors) in this IAL have been arrived at after due and careful consideration.

Further, the responsibility of the Board in respect of:

- (i) the information relating to the Non-Entitled Shareholder and the Proposed SCR (as extracted from Part A of this Document and the appendices attached thereto) is limited to ensure that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by DWA Advisory in relation to the Proposed SCR as set out in the IAL, is to ensure that accurate information in relation to the KAFSC Group was provided to DWA Advisory for its evaluation of the Proposed SCR and to ensure that all information in relation to the KAFSC Group for DWA Advisory's evaluation of the Proposed SCR has been accurately and completely disclosed to DWA Advisory and that there is no material fact, the omission of which would make any information provided to DWA Advisory false or misleading.

2. DISCLOSURES OF INTEREST AND DEALINGS IN SHARES

2.1 By KAFSC

(i) Disclosure of interests in the Non-Entitled Shareholder

KAFSC does not have any interest, whether direct or indirect, in any voting shares or convertible securities in the Non-Entitled Shareholder as at the LPD.

(ii) Disclosure of dealings in voting shares or convertible securities of the Non-Entitled Shareholder

KAFSC has not dealt, directly or indirectly, in any voting shares and/or convertible securities of the Non-Entitled Shareholder, during the period beginning 6 months prior to the date of the SCR Offer Letter and ending on the LPD.

(iii) Disclosure of dealings in KAFSC Shares

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

ADDITIONAL INFORMATION (Cont'd)
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2.2 By the directors of KAFSC**(i) Disclosure of interests in Non-Entitled Shareholder**

Saved as disclosed below, as at the LPD, none of the directors of KAFSC have any interest, whether direct or indirect, in any voting shares or convertible securities of the Non-Entitled Shareholder:

Name	Direct		Indirect	
	No. of KAF IB shares	% ⁽¹⁾	No. of KAF IB shares	% ⁽¹⁾
Dato' Ahmad	-	-	53,560,998 ⁽²⁾	66.95
Datuk Khatijah	-	-	53,560,998 ⁽³⁾	66.95

Notes:

⁽¹⁾ Computed based on 80,000,000 ordinary shares of KAF IB.

⁽²⁾ Deemed interested by virtue of his indirect interest in KAF IB via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA.

⁽³⁾ Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

(ii) Disclosure of dealings in securities of the Non-Entitled Shareholder

As at the LPD, the directors of KAFSC have not dealt, directly or indirectly, in any voting shares or convertible securities of the Non-Entitled Shareholder during the period commencing 6 months before the commencement of the date of SCR Offer Letter.

(iii) Disclosure of interests in KAFSC

Saved as disclosed below, as at the LPD, none of the directors of KAFSC have any interest, whether direct or indirect, in any voting shares or convertible securities of KAFSC:

Name	Direct		Indirect	
	No. of KAFSC Shares	% ⁽¹⁾	No. of KAFSC Shares	% ⁽¹⁾
Dato' Ahmad	-	-	118,685,567 ⁽²⁾	98.90
Datuk Khatijah	-	-	118,685,567 ⁽³⁾	98.90

Notes:

⁽¹⁾ Computed based on 120,000,000 KAFSC Shares.

⁽²⁾ Deemed interested by virtue of his indirect interest in KAF IB via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA.

⁽³⁾ Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

(iv) Disclosure of dealings in KAFSC Shares

As at the LPD, none of the directors of KAFSC had directly or indirectly, dealt in securities of KAFSC during the period commencing 6 months before the date of SCR Offer Letter.

ADDITIONAL INFORMATION (Cont'd)**2.3 By the persons with whom KAFSC or any persons acting in concert with it has any arrangement**

As at the LPD, there is no person with whom KAFSC 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 KAFSC Shares which may be an inducement to deal or to refrain from dealing.

2.4 By the persons with whom KAFSC or any persons acting in concert with it has borrowed or lent

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

2.5 By DWA Advisory**(i) Disclosure of interests in KAFSC**

As at the LPD, DWA Advisory does not have any interest, whether direct or indirect, in any voting shares or convertible securities of KAFSC.

(ii) Dealing in the securities of KAFSC

DWA Advisory has not dealt, directly or indirectly, in any of the voting shares or convertible securities of KAFSC during the period commencing 6 months before the date of SCR Offer Letter.

3. SERVICE CONTRACTS

As at the LPD, neither KAFSC nor its subsidiaries have any service contracts with any directors or proposed directors of KAFSC, which have been entered into or amended within 6 months before the date of the SCR 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 without payment of compensation within 12 months from the date of this IAL.

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SCR OFFER LETTER



23 December 2021

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

Dear Sirs,

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

1. INTRODUCTION

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

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

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SCR OFFER LETTER (Cont'd)



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

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

Notes:

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

SCR OFFER LETTER (Cont'd)



2. DETAILS OF THE PROPOSED SCR

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

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

Note:

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

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

SCR OFFER LETTER (Cont'd)

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

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

4. RATIONALE FOR THE PROPOSED SCR**(a) Opportunity for the Entitled Shareholders to realise their investments in the unlisted KAFSC Shares**

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

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

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

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

SCR OFFER LETTER (Cont'd)

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

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

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

5. COVENANTS

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

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

without our prior written consent.

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

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

 SCR OFFER LETTER (Cont'd)



6. CONDITIONS PRECEDENT

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

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

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

7. OTHER MATTERS

We wish to confirm that:

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

SCR OFFER LETTER (Cont'd)

**8. GOVERNING LAW AND DISPUTE RESOLUTION**

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

9. NOTIFICATION TO THE SC

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

10. ACCEPTANCE PERIOD

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

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

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

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

A handwritten signature in black ink, appearing to read 'Rohaizad bin Ismail', is written over a horizontal line.

Name: Rohaizad bin Ismail
Designation: Chief Executive Officer

SCR OFFER LETTER (Cont'd)

TO: KAF INVESTMENT BANK BERHAD

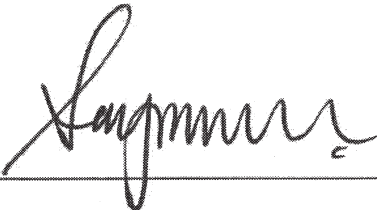
PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAF-SEAGROATT & CAMPBELL BERHAD PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016

We refer to the Offer Letter dated 23 December 2021.

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

Yours faithfully,

For and on behalf of
KAF-Seagroatt & Campbell Berhad



Name : Dato' Saiful Bahri bin Zainuddin

Designation : Independent Non-Executive Director

6 January 2022

INFORMATION ON KAF IB

1. HISTORY AND PRINCIPAL ACTIVITIES

KAF IB was incorporated in Malaysia on 12 October 1974 under the Companies Act 1965 and deemed registered under the Act as a public limited company under the name of KAF Discounts Berhad. On 16 January 2007, it changed to its present name, KAF Investment Bank Berhad.

KAF IB is principally involved in investment banking, Islamic banking and provision of financial related services. The principal activities of its subsidiaries and associated company are set out in **Section 5 of this Appendix II**.

2. SHARE CAPITAL

The issued share capital of KAF IB as at the LPD is as follows:

	<u>No. of shares</u>	<u>RM</u>
Ordinary shares	80,000,000	80,000,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of KAF IB and their respective shareholdings as at the LPD are as follows:

<u>Name</u>	Shareholdings as at the LPD			
	<u><-----Direct-----></u>		<u><-----Indirect-----></u>	
	<u>No. of Shares</u>	<u>% *</u>	<u>No. of Shares</u>	<u>% *</u>
AKKA	26,439,134	33.05	27,121,864 ¹	33.90
AKKA Holdings	27,121,864	33.90	-	-
Permodalan Nasional Berhad	26,439,002	33.05	-	-
Datuk Khatijah	-	-	53,560,998 ²	66.95
Dato' Ahmad	-	-	53,560,998 ³	66.95
Thariq Usman	-	-	53,560,998 ³	66.95
YTM Raja Dato' Seri Eleena Sultan Azlan Shah	-	-	27,121,864 ⁴	33.90

Notes:

* Computed based on 80,000,000 ordinary shares of KAF IB.

¹ Deemed interested by virtue of its direct interest in AKKA Holdings.

² Deemed interested by virtue of her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

³ Deemed interested by virtue his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA.

⁴ Deemed interested by virtue of her direct interest in AKKA Holdings. She holds 22.50% direct shareholding in AKKA Holdings.

INFORMATION ON KAF IB (Cont'd)

4. DIRECTORS

The directors of KAF IB and their respective shareholdings in KAF IB as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
Paisol bin Ahmad	-	-	-	-
Datuk Khatijah	-	-	53,560,998 ¹	66.95
Dato' Saiful Bahri	-	-	-	-
Khoo Guan Huat	-	-	-	-
Mohammad Ridzuan bin Abdul Aziz	-	-	-	-

Notes:

* Computed based on 80,000,000 ordinary shares of KAF IB.

¹ Deemed interested by virtue of her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

5.1 As at the LPD, the subsidiaries and associated companies of KAF IB are as follows:

Name of company	Principal activities	Date / Country of incorporation	Effective interest (%)
<u>Direct subsidiaries of KAF IB:</u>			
KAFSC	Investment holding	12 November 1990 / Malaysia	98.90
KAF Capital Sdn Bhd	Dormant	5 June 1995 / Malaysia	100.00
<u>Direct associate of KAF IB:</u>			
KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004 / Malaysia	20.00
<u>Indirect associate, held through KAF Capital Sdn Bhd:</u>			
KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	20.00

INFORMATION ON KAF IB (Cont'd)

Indirect subsidiaries, held through KAFSC:

KAF Equities Sdn Bhd	Stockbroking	31 January 1985/ Malaysia	98.90
KAF Investment Funds Berhad	Unit trust funds, provision of private mandate management and investment advisory services	20 February 1995/ Malaysia	69.23
KAF Research Sdn Bhd	Provide research and analysis services of securities and capital market	25 August 1999/ Malaysia	98.90
KAF Asia Equities Fund*	Unit Trust	20 May 2013 / Guernsey	55.15

Indirect subsidiaries, held through KAF Equities Sdn Bhd:

PT KAF Sekuritas Indonesia	stockbroking	3 October 1989 / Indonesia	97.35
KAF Nominees (Tempatan) Sdn Bhd	Providing nominee services, safe custody and management of securities	8 March 1961/ Malaysia	98.90
KAF Nominees (Asing) Sdn Bhd	Providing nominee services, safe custody and management of securities	2 November 1992/ Malaysia	98.90

Indirect associate, held through KAF Equities Sdn Bhd:

KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	19.78
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Indirect associate, held through KAF Nominees (Tempatan) Sdn Bhd:

KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	19.78
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Indirect associate, held through KAF Nominees (Asing) Sdn Bhd:

KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	19.78
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Note:

- * Classified as subsidiary in accordance with the Malaysian Financial Reporting Standards (MFRS).

INFORMATION ON KAF IB (Cont'd)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of KAF IB based on the audited consolidated financial statements of KAF IB for the past 3 FYEs 31 May 2019 to 2021 and its latest unaudited consolidated financial statements as at 31 August 2021 are as follows:

	←-----Audited FYE 31 May-----→			Unaudited as at 31 August
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	240,174	180,752	191,391	38,029
Interest income for financial assets at fair value through profit or loss	8,227	9,280	6,252	2,427
Interest expense	(174,041)	(82,387)	(54,636)	(15,485)
	<u>74,360</u>	<u>107,645</u>	<u>143,007</u>	<u>24,971</u>
Other operating income	77,013	100,386	124,502	19,574
Income from Islamic banking operations	<u>37,086</u>	<u>30,779</u>	<u>39,576</u>	<u>7,899</u>
Profit from operations	<u>108,897</u>	<u>160,081</u>	<u>213,951</u>	<u>29,727</u>
Profit before taxation and zakat	<u>108,879</u>	<u>156,902</u>	<u>215,611</u>	<u>31,745</u>
Net profit for the financial year	<u>82,532</u>	<u>115,180</u>	<u>166,370</u>	<u>23,971</u>
Total comprehensive income/(loss) for the financial year	<u>204,675</u>	<u>280,010</u>	<u>(4,725)</u>	<u>36,197</u>
Net profit / (loss) for the financial year attributable to:				
- Owners of the parent	82,260	121,799	158,915	24,046
- Non-controlling interests	272	(6,619)	7,455	(75)
Total comprehensive income/(loss) for the financial year attributable to:				
- Owner of the parent	204,403	286,629	(12,180)	36,272
- Non controlling interests	272	(6,619)	7,455	(75)
Net EPS (sen)	103.17	143.98	207.96	29.96
Net dividends per share (sen)	125.00	250.00	187.50	-

There are no exceptional items in the audited consolidated financial statements of KAF IB for the past 3 financial years and its latest unaudited consolidated financial statements for the 3-month FPE 31 August 2021.

INFORMATION ON KAF IB (Cont'd)

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of KAF IB based on its audited consolidated statements of financial position as at 31 May 2019, 31 May 2020 and 31 May 2021 and its latest unaudited consolidated financial position as at 31 August 2021 are as follows:

	Audited as at 31 May 2019	Audited as at 31 May 2020	Audited as at 31 May 2021	Unaudited as at 31 August 2021
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and cash equivalents	68,730	897,862	1,141,313	1,744,410
Statutory deposits with Bank Negara Malaysia	192,000	10,000	10,000	10,000
Fair value through profit or loss financial assets	267,748	517,410	402,208	544,436
Fair value through other comprehensive income financial assets	4,967,109	3,439,029	3,455,394	3,034,186
Amortised cost financial assets	1,020,373	-	-	-
Corporate loan	-	25,094	23,420	22,296
Receivables, deposits and prepayments	185,982	227,314	203,356	114,723
Tax recoverable	5,425	3,957	4,777	5,540
Deferred tax assets	2,052	1,526	883	498
Investment in associates	-	51,302	50,918	50,909
Investment properties	108,162	108,162	108,162	108,162
Intangible assets	61,437	61,437	61,437	61,437
Property and equipment	27,943	29,564	23,277	23,703
Right-of-use asset	-	3,850	1,152	5,228
TOTAL ASSETS	6,906,961	5,376,507	5,486,297	5,725,528
LIABILITIES				
Deposits from customers	3,805,364	3,188,064	3,417,130	3,610,743
Deposits and placements of banks and other financial institutions	1,460,740	250,135	400,087	502,534
Other liabilities	182,693	228,345	220,939	122,138
Derivative liabilities	389	366	209	925
Provision for zakat	928	749	1,009	1,390
Tax payable	942	3,467	9,326	5,518
Deferred tax liabilities	11,982	63,895	9,803	14,243
Lease liabilities	-	3,867	1,122	5,167
TOTAL LIABILITIES	5,463,038	3,738,888	4,059,625	4,262,658
EQUITY				
Share capital	80,000	80,000	80,000	80,000
Reserves	1,355,209	1,543,179	1,324,777	1,361,051
Total equity attributable to owners of the parent	1,435,209	1,623,179	1,404,777	1,441,051
Non-controlling interest	8,714	14,440	21,895	21,819
TOTAL EQUITY	1,443,923	1,637,619	1,426,672	1,462,870
TOTAL EQUITY AND LIABILITIES	6,906,961	5,376,507	5,486,297	5,725,528

INFORMATION ON KAF IB (Cont'd)

8. MATERIAL CHANGES IN FINANCIAL POSITION

As at the LPD, there is no material change in the financial position of KAF IB since the latest audited consolidated financial statements for the FYE 31 May 2021.

9. ACCOUNTING POLICIES

The audited consolidated financial statements of KAF IB for the FYEs 31 May 2019 to 2021 have been prepared based on the approved Malaysian accounting standards and there was no audit qualification on KAF IB's financial statements for the respective years under review.

There is no significant change in the accounting policies which would result in a material variation to the comparable figures for the audited financial statements of KAF IB for the FYEs 31 May 2019 to 2021.

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INFORMATION ON ULTIMATE OFFEROR

1. NAME

Datuk Khatijah binti Ahmad

2. NATIONALITY

Malaysian.

3. CORRESPONDENCE ADDRESS

3, Simpangan Tunku, Bukit Tunku, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

4. OCCUPATION

Economist.

5. BACKGROUND INFORMATION OF ULTIMATE OFFEROR

Datuk Khatijah, a Malaysian, aged 82, holds a Degree in Economics from the London School of Economics & Political Science of the University of London, United Kingdom.

Datuk Khatijah is a major shareholder of AKKA, which is the major shareholder of KAF IB.

She is also a director of KAF IB, KAFSC, AKKA, AKKA Holdings, KAF Investment Funds Berhad and several other private limited companies.

6. DIRECTORSHIPS AND/OR SUBSTANTIAL SHAREHOLDINGS IN PUBLIC LISTED COMPANIES

As at the LPD, Datuk Khatijah does not have any directorship and/or substantial shareholdings in public listed companies.

7. RELATIONSHIP BETWEEN ULTIMATE OFFEROR WITH THE OFFEROR AND THE PACS

<u>Name</u>	<u>Description of relationship</u>
KAF IB	She is a director and an indirect 66.95% shareholder of KAF IB
AKKA	She is a director and direct 80.00% shareholder of AKKA
AKKA Holdings	She is a director and an indirect 77.50% shareholder of AKKA Holdings
Dato' Ahmad	She is the spouse of Dato' Ahmad
Thariq Usman	She is the mother of Thariq Usman
Faisol Zulkifli	She is the aunt of Faisol Zulkifli

INFORMATION ON PACS

1. INFORMATION ON AKKA**1.1 History and Principal Activities**

AKKA was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 25 September 1981 under the name of AKKA Sdn Bhd. AKKA is principally an investment holding company.

1.2 Share Capital

AKKA has an issued share capital of RM25,000,000 comprising 25,000,000 ordinary shares.

1.3 Substantial Shareholders

The substantial shareholders of AKKA and their respective shareholdings as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
Datuk Khatijah	20,000,000	80.00	-	-
Dato' Ahmad	2,500,000	10.00	-	-
Thariq Usman	2,500,000	10.00	-	-

Note:

* Computed based on 25,000,000 ordinary shares of AKKA.

1.4 Directors

The directors of AKKA and their respective shareholdings in AKKA as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
Datuk Khatijah	20,000,000	80.00	-	-
Dato' Ahmad	2,500,000	10.00	-	-
Thariq Usman	2,500,000	10.00	-	-

Note:

* Computed based on 25,000,000 ordinary shares of AKKA.

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INFORMATION ON PACS (Cont'd)

2. INFORMATION ON AKKA HOLDINGS**2.1 History and Principal Activities**

AKKA Holdings was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 12 July 1973 under the name of Chan Wing Finance Sdn Bhd and changed its name to Chan Wing Credit Sdn Bhd on 10 May 1982. On 22 July 1987, it changed to its present name, AKKA Holdings Sdn Bhd. AKKA Holdings is principally an investment holding company.

2.2 Share Capital

AKKA Holdings has an issued share capital of RM10,000,000 comprising 10,000,000 ordinary shares.

2.3 Substantial Shareholders

The substantial shareholders of AKKA Holdings and their respective shareholdings as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
AKKA	7,750,000	77.50	-	-
YTM Raja Dato' Seri Eleena Sultan Azlan Shah	2,250,000	22.50	-	-
Datuk Khatijah	-	-	7,750,000 ¹	77.50
Dato' Ahmad	-	-	7,750,000 ²	77.50
Thariq Usman	-	-	7,750,000 ²	77.50

Notes:

* Computed based on 10,000,000 ordinary shares of AKKA Holdings.

¹ Deemed interested by virtue of her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA.

² Deemed interested by virtue his direct interest in AKKA. He holds 10.00% direct shareholding in AKKA.

2.4 Directors

The directors of AKKA Holdings and their respective shareholdings in AKKA Holdings as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
Datuk Khatijah	-	-	7,750,000 ¹	77.50
YTM Raja Dato' Seri Eleena Sultan Azlan Shah	2,250,000	22.50	-	-
Dato' Ahmad	-	-	7,750,000 ²	77.50
Thariq Usman	-	-	7,750,000 ²	77.50

INFORMATION ON PACS (Cont'd)

Notes:

- * *Computed based on 10,000,000 ordinary shares of AKKA Holdings.*
- ¹ *Deemed interested by virtue of her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA.*
- ² *Deemed interested by virtue his direct interest in AKKA. He holds 10.00% direct shareholding in AKKA.*

3. Dato' Ahmad

Dato Ahmad, a Malaysian, aged 77, holds an Electrical Engineering Degree from the University of Canterbury, New Zealand.

He is the Chairman and Non-Independent Non-Executive Director of KAFSC since 23 November 1990. Prior to joining KAF-Seagroatt & Campbell in 1984, he served in various senior positions at Jabatan Telekom Malaysia and several other private companies, among them being GEC Malaysia Sdn Bhd and Pernas (NEC) Kedah Sdn Bhd.

He is also a director of AKKA, AKKA Holdings and other several private limited companies.

Dato' Ahmad is a substantial shareholder of AKKA, which is the major shareholder of KAF IB.

Dato' Ahmad is the spouse of Datuk Khatijah and the father of Thariq Usman.

Dato' Ahmad does not hold any directorships or substantial shareholding in public listed companies in Malaysia.

4. Thariq Usman

Thariq Usman, a Malaysian, aged 49, holds a Master and Bachelor of Arts (Honors) in Mathematics from St. John's College, the University of Oxford. Thariq Usman is a leading Malaysian Fixed Income Fund Manager with 20 years of experience in the Malaysian bond market. He started KAF Fund Management in 1997 with a seed Asset Under Management (AUM) of RM10 million, which grew to a peak in excess of RM3.5 billion in 2014 when the fixed income business was acquired by Amundi Asset Management, the largest European asset manager. During his tenure as CEO/CIO at KAF Fund Management, the flagship KAF Bond Fund was the winner of several awards and he was named among the Most Astute Investors in Malaysian Ringgit Bonds by The Asset Magazine from 2011-2013. Thariq Usman is a Founding Partner of Tuas Capital Partners

Thariq Usman is the Deputy Chief Executive Officer of KAF IB.

He is also a director of AKKA, AKKA Holdings and other several private limited companies.

Thariq Usman is a substantial shareholder of AKKA, which is the major shareholder of KAF IB.

Thariq Usman is the son of Datuk Khatijah and Dato' Ahmad.

Thariq Usman does not hold any directorships or substantial shareholding in public listed companies in Malaysia.

INFORMATION ON PACS (Cont'd)

5. Faisal Zulkifli

Faisal Zulkifli, a Malaysian, aged 51, holds Bachelor of Science (Honours) Degree from the University of East Anglia, Norwich, United Kingdom. He is a member of the Association of Certified Chartered Accountants and Malaysian Institute of Accountants.

He is the Non-Independent Non-Executive Director of KAFSC as well as the Chief Operating Officer of KAF IB.

He is also a director of other several private limited company.

Faisal Zulkifli is the nephew of Datuk Khatijah.

Faisal Zulkifli does not hold any directorships or substantial shareholding in public listed companies in Malaysia.

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INFORMATION ON KAFSC

1. HISTORY AND PRINCIPAL ACTIVITIES

KAFSC was incorporated in Malaysia under the Companies Act 1965 on 12 November 1990 as a private limited company under the name of Strategic Choice Sdn Bhd. On 19 December 1990, it was converted into a public company limited by shares and changed its name to Strategic Choice Berhad. On 18 May 1991, it changed its name to Seagroatt & Campbell Holdings Berhad. Subsequently, it changed to its present name, KAF-Seagroatt & Campbell Berhad on 6 August 1997.

The Company was listed on the Main Board (now the Main Market of Bursa Securities) on 2 August 1991 and was subsequently de-listed and removed from the official list of Bursa Securities on 28 July 2016.

The principal activity of KAFSC is investment holding. The principal activities of its subsidiaries are set out in **Section 5 of Appendix V** of this Document.

2. SHARE CAPITAL**2.1 Share capital**

The issued share capital of KAFSC as at the LPD is as follows:

	<u>No. of shares</u>	<u>RM</u>
Ordinary shares	120,000,000	120,000,000

2.2 Changes in the share capital

Since the end of FYE 31 May 2021 up to the LPD, there is no change in the issued share capital of KAFSC.

2.3 Convertible securities

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

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of KAFSC and their shareholdings as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
KAF IB	118,685,567	98.90	-	-
AKKA	-	-	118,685,567 ¹	98.90
AKKA Holdings	-	-	118,685,567 ²	98.90
Permodalan Nasional Berhad	-	-	118,685,567 ³	98.90
Datuk Khatijah	-	-	118,685,567 ⁴	98.90
Dato' Ahmad	-	-	118,685,567 ⁵	98.90
Thariq Usman	-	-	118,685,567 ⁵	98.90
YTM Raja Dato' Seri Eleena Sultan Azlan Shah	-	-	118,685,567 ⁶	98.90

INFORMATION ON KAFSC (Cont'd)

Notes:

- * Computed based on 120,000,000 KAFSC Shares.
- ¹ Deemed interested as AKKA is the holding company of KAF IB. AKKA holds 33.05% direct shareholding in KAF IB and indirect shareholding in KAF IB via its direct shareholding in AKKA Holdings.
- ² Deemed interested as AKKA Holdings is a subsidiary company of AKKA and a 33.90% equity owner of KAF IB.
- ³ Deemed interested as Permodalan Nasional Berhad is a 33.05% equity owner of KAF IB.
- ⁴ Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato's Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.
- ⁵ Deemed interested by virtue of his indirect interest in KAF IB via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA,
- ⁶ Deemed interested by virtue of her indirect interest in KAF IB via her direct interest in AKKA Holdings. She holds 22.50% direct shareholding in AKKA Holdings.

4. DIRECTORS

4.1 The Directors of KAFSC as at the LPD are as follows:

Name	Designation	Date of Appointment	Address	Nationality
Dato' Ahmad	<i>Chairman/ Non-Independent Non-Executive Director</i>	23 November 1990	3, Simpangan Tunku, Bukit Tunku, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Malaysian
Datuk Khatijah	<i>Non-Independent Non-Executive Director</i>	22 June 1993	3, Simpangan Tunku, Bukit Tunku, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Malaysian
Faisol Zulkifli	<i>Non-Independent Non-Executive Director</i>	15 November 2001	No. 2A, Jalan Wangsamas 2, Bukit Wangsamas, 53300 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Malaysian
Dato' Saiful Bahri	<i>Independent Non-Executive Director</i>	1 December 2021	255, Jalan Damansara, Damansara Heights, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Malaysian
Shahrizam bin A.Shukor	<i>Independent Non-Executive Director</i>	11 February 2022	134, Lorong Aminuddin Baki 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	Malaysian

INFORMATION ON KAFSC (Cont'd)

- 4.2 The Directors of KAFSC and their respective shareholdings in KAFSC as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
Dato' Ahmad	-	-	118,685,567 ¹	98.90
Datuk Khatijah	-	-	118,685,567 ²	98.90
Faisal Zulkifli	-	-	-	-
Dato' Saiful Bahri	-	-	-	-
Shahrizam bin A.Shukor	-	-	-	-

Notes:

* Computed based on 120,000,000 KAFSC Shares.

¹ Deemed interested by virtue of his indirect interest in KAF IB via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA.

² Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

- 5.1 As at the LPD, the subsidiaries and associated companies of KAFSC are as follows:

Name of company	Principal activities	Date / Country of incorporation	Effective Interest (%)
<u>Direct subsidiaries of KAFSC:</u>			
KAF Equities Sdn Bhd	Stockbroking	31 January 1985/ Malaysia	100.00
KAF Investment Funds Berhad	Unit trust funds, provision of private mandate management and investment advisory services	20 February 1995/ Malaysia	70.00
KAF Research Sdn Bhd	Provide research and analysis services of securities and capital market	25 August 1999/ Malaysia	100.00
KAF Asia Equities Fund*	Unit Trust	20 May 2013 / Guernsey	55.76

INFORMATION ON KAFSC (Cont'd)

Indirect subsidiaries, held through KAF Equities Sdn Bhd:

PT KAF Sekuritas Indonesia	Stockbroking	3 October 1989 / Indonesia	98.43
KAF Nominees (Tempatan) Sdn Bhd	Providing nominee services, safe custody and management of securities	8 March 1961/ Malaysia	100.00
KAF Nominees (Asing) Sdn Bhd	Providing nominee services, safe custody and management of securities	2 November 1992/ Malaysia	100.00

Indirect associate, held through KAF Equities Sdn Bhd:

KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	20.00
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Indirect associate, held through KAF Nominees (Tempatan) Sdn Bhd:

KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	20.00
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Indirect associate, held through KAF Nominees (Asing) Sdn Bhd:

KAF Trustee Berhad	Providing bond trustee, custodial and settlement services and corporate actions	10 April 2004/ Malaysia	20.00
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Note:

- * Classified as subsidiary in accordance with the Malaysian Financial Reporting Standards (MFRS).

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INFORMATION ON KAFSC (Cont'd)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of our Group based on its audited consolidated financial statements for the FYE 31 May 2019, FYE 31 May 2020 and FYE 31 May 2021 are as follows:

	Audited		
	←-----FYE 31 May----->		
	2019	2020	2021
	RM'000	RM'000	RM'000
Operating revenue	42,950	35,540	59,778
Profit/(loss) from operations	6,633	(4,022)	22,347
Profit/(loss) before taxation	6,465	(4,659)	21,929
Net profit/(loss) for the financial year	5,783	(5,718)	20,344
Total comprehensive income/(loss) for the financial year	5,783	(5,718)	20,344
Net profit/(loss) for the financial year attributable to:			
- Owners of the parent	5,487	(3,805)	15,654
- Non-controlling interest	296	(1,913)	4,690
Total comprehensive income/(loss) attributable to:			
- Owners of the parent	5,487	(3,805)	15,654
- Non-controlling interest	296	(1,913)	4,690
Net EPS/LPS (sen)	4.82	(4.77)	16.95
Net dividends per share (sen)	25.00	-	-

There are no exceptional items in the audited consolidated financial statements of our Company for the past 3 financial years.

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INFORMATION ON KAFSC (Cont'd)

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of our Group based on its audited consolidated financial statements as at 31 May 2019, 31 May 2020 and 31 May 2021 are as follows:

	Audited as at 31 May 2019	Audited as at 31 May 2020	Audited as at 31 May 2021
	RM'000	RM'000	RM'000
NON-CURRENT ASSETS			
Properties and equipment	1,064	2,113	2,646
Computer software	920	441	1,064
Right-of-use assets	-	1,855	377
Intangible assets	8,937	8,937	8,937
Investment properties	8,374	8,374	8,374
Investment in associate	-	51,302	50,918
Deferred tax assets	2,052	1,119	893
Trust deposits	100	100	100
	<u>21,447</u>	<u>74,241</u>	<u>73,309</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss	65,467	24,183	37,195
Balance due from clients and brokers	173,840	214,317	175,478
Trade and other receivables	6,348	9,734	24,519
Cash and cash equivalents	131,240	127,624	154,862
Tax recoverable	5,424	4,554	5,820
	<u>382,319</u>	<u>380,412</u>	<u>397,874</u>
CURRENT LIABILITIES			
Balances due to clients and brokers	161,332	202,474	172,246
Trade and other payables	13,934	15,003	29,919
Short term borrowings	-	2,117	15,143
Lease liabilities	-	1,562	291
	<u>175,266</u>	<u>221,156</u>	<u>217,599</u>
NET CURRENT ASSETS	207,053	159,256	180,275
	<u>228,500</u>	<u>233,497</u>	<u>253,584</u>
EQUITY AND LIABILITIES			
Share capital	120,000	120,000	120,000
Reserves	101,885	98,080	113,734
Total equity attributable to owners of the parent	221,885	218,080	233,734
Non-controlling interests	6,615	15,118	19,808
TOTAL EQUITY	<u>228,500</u>	<u>233,198</u>	<u>253,542</u>
NON-CURRENT LIABILITIES			
Lease liabilities	-	299	42
	<u>228,500</u>	<u>233,497</u>	<u>253,584</u>

INFORMATION ON KAFSC (Cont'd)

8. BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**8.1 Loans and borrowings**

As at 31 January 2022, being not more than three (3) months preceding LPD, our Group have no interest-bearing borrowing.

8.2 Contingent liabilities

To the best of the Board's knowledge, as at the LPD there are no material contingent liabilities incurred or known to be incurred by our Group which upon becoming enforceable, may have a material impact on the financial results or position of our Group except as below:

Corporate Guarantees given by the Company for credit facilities granted to subsidiaries of the Company:

By KAFSC to Standard Chartered Bank (Singapore) Limited	SGD40,000,000
By KAFSC to Standard Chartered Bank Malaysia Berhad	MYR2,210,000*

Note:

* *This amount is subject to variation after taking into consideration, among others, the interest, discount, commission and all other charges, costs and expenses for which the relevant subsidiary may be or become liable to Standard Chartered Bank Malaysia Berhad.*

8.3 Material commitments

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

9. MATERIAL CHANGES IN THE FINANCIAL POSITION AND PROSPECTS OF OUR GROUP

As at the LPD, there has not been, within the knowledge of the Offeror, the Board and/or the Company, any material changes in the financial position or prospects of our Group since the last audited financial statements laid before KAFSC's shareholders at its annual general meeting on 19 November 2021.

10. ACCOUNTING POLICIES

The audited financial statements of our Group for the FYEs 31 May 2019 to 2021 have been prepared based on approved Malaysian accounting standards and there was no audit qualification on our Group's financial statements for the respective years under review.

There is no significant change in the accounting policies which would result in a material variation to the comparable figures for the audited financial statements of our Group for the FYEs 31 May 2019 to 2021.

DISCLOSURE OF INTERESTS AND DEALINGS IN KAFSC SHARES

1. DISCLOSURE OF INTERESTS IN KAFSC SHARES

There is only 1 class of shares in the Company, being the ordinary shares. As at the LPD, the Company does not have any convertible securities in issue.

1.1 By KAF IB

Save as disclosed below, KAF IB does not have any other interest, whether direct or indirect, in KAFSC as at the LPD:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
KAF IB	118,685,567	98.90	-	-

Note:

* Computed based on 120,000,000 ordinary shares of the Company.

1.2 By the Directors of KAF IB

Save as disclosed below, none of the directors of KAF IB has any interest, whether direct or indirect, in KAFSC as at the LPD:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Datuk Khatijah ¹	-	-	118,685,567	98.90

Note:

¹ Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

1.3 By the Ultimate Offeror

Save as disclosed below, the Ultimate Offeror does not have any other interest, whether direct or indirect, in KAFSC as at the LPD:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Datuk Khatijah ¹	-	-	118,685,567	98.90

Note:

¹ Deemed interested by virtue of her indirect interest in KAF IB via her, her spouse, Dato' Ahmad's and her son, Thariq Usman's direct interest in AKKA and her indirect interest in AKKA Holdings.

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DISCLOSURE OF INTERESTS AND DEALINGS IN KAFSC SHARES (Cont'd)

1.4 By the persons acting in concert with the Offeror and the Ultimate Offeror

Save as disclosed below, none of the persons acting in concert with the Offeror and the Ultimate Offeror have any interest, whether direct or indirect, in KAFSC as at the LPD:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% *	No. of Shares	% *
AKKA ¹	-	-	118,685,567	98.90
AKKA Holdings ²	-	-	118,685,567	98.90
Dato' Ahmad ³	-	-	118,685,567	98.90
Thariq Usman ⁴	-	-	118,685,567	98.90
Faisol Zulkifli ⁵	-	-	-	-

Notes:

* Based on 120,000,000 ordinary shares of the Company.

¹ AKKA is the holding company of KAF IB. AKKA holds 33.05% direct shareholding in KAF IB and indirect shareholding in KAF IB via its direct shareholding in AKKA Holdings.

² AKKA Holdings is a subsidiary company of AKKA and a 33.90% equity owner of KAF IB.

³ Dato' Ahmad is a director of KAFSC and major shareholder of KAF IB and KAFSC via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA. He is also the spouse of the Ultimate Offeror.

⁴ Thariq Usman is a major shareholder of KAF IB and KAFSC via his direct interest in AKKA and his indirect interest in AKKA Holdings. He holds 10.00% direct shareholding in AKKA. He is the Deputy Chief Executive Officer of KAF IB. He is also the son of the Ultimate Offeror and Dato' Ahmad.

⁵ Faisol Zulkifli is a director of KAFSC and the Chief Operation Officer of KAF IB. He is also the nephew of the Ultimate Offeror.

1.5 By persons who have irrevocably committed to vote in favour of or against the Proposed SCR

As at the LPD, KAF IB, the Ultimate Offeror and the persons acting in concert with them have not received any irrevocable undertaking from any Entitled Shareholders to vote in favour of or against the Special Resolution to be tabled at the forthcoming EGM.

1.6 By persons who have any arrangement with KAF IB and the PACs

As at the LPD, KAF IB, the Ultimate Offeror and the persons 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 KAFSC Shares which may be an inducement to deal or to refrain from dealing in relation to the Proposed SCR.

1.7 Borrowing or lending of KAFSC Shares by KAF IB and the PACs

As at the LPD, none of the KAFSC Shares is being borrowed by KAF IB, the Ultimate Offeror and the persons acting in concert with them from another person or lent by KAF IB, the Ultimate Offeror and the persons acting in concert with them to another person.

DISCLOSURE OF INTERESTS AND DEALINGS IN KAFSC SHARES (Cont'd)

2. DEALINGS IN KAFSC SHARES**2.1 By KAFSC and its Directors**

KAFSC and its directors have not dealt in KAFSC Shares during the period commencing 6 months prior to 23 December 2021, being the date of the SCR Offer Letter and up to the LPD.

2.2 By KAF IB and the Directors of KAF IB

KAF IB and the directors of KAF IB have not dealt in KAFSC Shares during the period commencing 6 months prior to 23 December 2021, being the date of the SCR Offer Letter and up to the LPD.

2.3 By the persons acting in concert with the Offeror and the Ultimate Offeror

The persons acting in concert with the Offeror and the Ultimate Offeror have not dealt in KAFSC Shares during the period commencing 6 months prior to 23 December 2021, being the date of the SCR Offer Letter and up to the LPD.

3. GENERAL DISCLOSURES

As at the LPD:

- (i) there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of KAFSC as compensation for loss of office or otherwise in connection with the Proposed SCR;
- (ii) save for this Proposed SCR that involves the Interested Directors, there is no agreement, arrangement or understanding existing between KAF IB, Ultimate Offeror or persons acting in concert with them and any of the directors or recent directors of KAFSC (being such person who was, during the period of 6 months prior to 23 December 2021, being the date of the SCR Offer Letter, a director of KAFSC), or any existing shareholders or recent shareholders of KAFSC (being such person who was, during the period of 6 months prior to 23 December 2021, being the date of the SCR Offer Letter, a shareholder of KAFSC) having any connection with or dependence upon the Proposed SCR;
- (iii) save for this Proposed SCR that involves the Interested Directors, there is no agreement or arrangement between any director of KAFSC and any other person which is conditional on or dependent upon the outcome of the Proposed SCR or otherwise connected with the outcome of the Proposed SCR;
- (iv) there is no agreement, arrangement or understanding which is entered into by KAF IB, Ultimate Offeror or persons acting in concert with them whereby any KAFSC Shares held by KAF IB or persons acting in concert with them upon the Completion will be transferred to any other person; and
- (v) there is no material contract entered into by KAF IB in which any director of KAFSC 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 has taken reasonable care to ensure the facts stated and opinions expressed by the Board in this Document, in so far as it relates to KAFSC, 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 other facts have been omitted in this Document, the omission of which would make any statement in this Document misleading.

Information on the Ultimate Offeror, the Offeror and the PACs in the Circular and IAL were provided by their respective management and/or obtained from publicly available sources. Any statement or information in relation to the Ultimate Offeror, the Offeror and the PACs as disclosed in the Circular and IAL are confirmed by them respectively. The responsibility of the Board is limited to ensuring that such information relating to the Ultimate Offeror, Offeror and its PACs is accurately reproduced in this Document.

In respect of the IAL, the responsibility of the Board is to ensure that accurate information in relation to our Group was provided to DWA Advisory for its evaluation of the Proposed SCR and that all information in relation to our Group that is relevant to DWA Advisory's evaluation of the Proposed SCR has been accurately and completely disclosed to DWA Advisory and that there is no material fact, the omission of which would make any information provided to KAF IB and DWA Advisory are false or misleading.

2. CONSENTS AND CONFLICT OF INTEREST**2.1 Principal Adviser**

KAF IB, being the Principal Adviser for the Proposed SCR, 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 they appear in this Document.

The Board is fully informed of and is aware of KAF IB's capacity as the Offeror and the Principal Adviser to the Company.

There is no conflict of interest that exists in its capacity as the Offeror and the Principal Adviser to the Company for the Proposed SCR. KAF IB's role as the Principal Adviser for the Proposed SCR is only limited to:-

- (a) managing the due diligence for the Proposed SCR including the preparation of the Circular and submission of Application to the SC;
- (b) advising the Company and the due diligence working group on the timing and implementation of the Proposed SCR; and
- (c) coordinating the implementation of the Proposed SCR until Completion.

Notwithstanding the above, KAF IB is a licensed investment bank and the appointment of KAF IB as the Principal Adviser to the Company for the Proposed SCR is within its ordinary course of business. The conduct of KAF IB is strictly regulated by Financial Services Act 2013, the CMSA, its internal control, policies and procedures.

ADDITIONAL INFORMATION (Cont'd)

2.2 Independent Adviser

DWA Advisory, being the Independent Adviser for the Proposed SCR 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 they appear in this Document.

To the best of DWA Advisory's knowledge, there are no circumstances that would give rise to a conflict of interest situation that exists or is likely to exist in its capacity as the Independent Adviser to the Company for the Proposed SCR.

2.3 Independent Valuer

Savills, being the independent valuer for the properties held by KAFSC Group as set out in Section 6 of Part B of this Document ("**Properties**") 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 they appear in this Document.

To the best of Savills' knowledge, there are no circumstances that would give rise to a conflict of interest situation that exists or is likely to exist in its capacity as the independent valuer for the said Properties for the Proposed SCR.

3. MATERIAL CONTRACTS

Our Group has not entered into any material contract (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD.

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of our Group and the Board is not aware of any proceeding, pending or threatened against our Group, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection following from the date of this Document up to and including the date of the EGM at the registered office of the Company at Level 14, Chulan Tower, No. 3, Jalan Conlay 50450 Kuala Lumpur, Wilayah Persekutuan, during normal business hours from Mondays to Fridays (except public holidays):

- (i) the Constitution of KAFSC;
- (ii) the audited consolidated financial statements of KAFSC for the FYE 31 May 2019, FYE 31 May 2020 and FYE 31 May 2021;
- (iii) the SCR Offer Letter; and
- (iv) the letters of consent and conflict of interest referred to in **Section 2 of Appendix VII** of this Document.



SEAGROATT & CAMPBELL BERHAD
Registration No. 199001015903 (207572-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of KAF-Seagroatt & Campbell Berhad (“**KAFSC**” or “**Company**”) will be held fully virtual through the online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> on Friday, 25 March 2022 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following special resolution:

SPECIAL RESOLUTION

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF KAFSC UNDER SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SCR”)

“**THAT**, subject to the relevant approvals being obtained from all relevant authorities and parties, and subject to the confirmation of the High Court of Malaya pursuant to Section 116 of the Act, approval be and is hereby given to the Company to undertake and effect the Proposed SCR in the following manner:

- (i) the share capital of KAFSC shall be reduced from RM120,000,000.00 comprising 120,000,000 ordinary shares in KAFSC (“**KAFSC Shares**”) to RM116,372,164.92 comprising 118,685,567 KAFSC Shares. The reduction shall be effected by the cancellation of 1,314,433 KAFSC Shares held by all shareholders of KAFSC (other than KAF Investment Bank Berhad) (“**Non-Entitled Shareholder**”) whose names appear in the Record of Depositors of KAFSC as at the close of business on an entitlement date to be determined and announced later by the Board of Directors of KAFSC (“**Board**”) in respect of the Proposed SCR (“**Entitlement Date**”) (“**Entitled Shareholders**”); and
- (ii) thereafter, the reduction of RM3,627,835.08 of the Company’s share capital in the manner as set out above shall be effected by the capital repayment of RM3,627,835.08 in cash, which represents a cash amount of RM2.76 for each KAFSC Share held by the Entitled Shareholders on the Entitlement Date.

THAT, pursuant to the Proposed SCR, the Board be and is hereby authorised to take all such steps as they may deem necessary in connection with the Proposed SCR including:

- (i) to determine the Entitlement Date;
- (ii) to lodge an application to seek the confirmation from the High Court of Malaya for the reduction of share capital in accordance with Section 116 of the Act (“**Order**”);
- (iii) to lodge a copy of the Order pursuant to Section 116(6) of the Act confirming the reduction of share capital with the Registrar of Companies on such date as the Board may determine;
- (iv) subject to the Order by the High Court of Malaya being granted pursuant to Section 116 of the Act with regard to the Proposed SCR, to effect the capital repayment of RM3,627,835.08 in cash for each KAFSC Share held by Entitled Shareholders on the Entitlement Date;

- (v) to assent to any terms, conditions, stipulations, modifications, variations and/or amendments as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as a consequence of any requirements imposed by the relevant authorities, the High Court of Malaya and/or by the Registrar of Companies and/or as may be required to comply with any applicable laws, in relation to the Proposed SCR; and
- (vi) to do all such acts, deeds and/or things as the Board may consider fit, necessary and/or expedient in the best interest of the Company in order to implement, finalise, complete and to give full effect to the Proposed SCR, including to execute any documents, to enter into any arrangements and/or agreements with any party and to give any undertakings.

By Order of the Board

SITI NURMAZITA BINTI MUSTAPHA
Company Secretary
(LS 0009160) (SSM PC No. 202008003099)

Wilayah Persekutuan Kuala Lumpur
3 March 2022

Notes:

- (1) *The Securities Commission Malaysia's revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers ("Revised Guidance Note") allows a listed issuer to conduct a fully virtual general meeting, where all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. According to the Revised Guidance Note, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of Companies Act 2016 provided that the online platform is located in Malaysia.*
- (2) *Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd. A member who has appointed a proxy or attorney or authorised representative to participate in this EGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. The Administrative Guide is available for download from the Company's website at <https://www.kaf.com.my/KAFSC-EGM-PROPOSED-SCR>. Please refer to the procedures set out in the Administrative Guide for the EGM to register, participate and vote remotely via the RPV.*
- (3) *For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **18 March 2022** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the EGM or appoint proxy(ies) to attend and vote on his/her behalf.*
- (4) *A member of the Company who is entitled to attend and vote at this EGM is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf.*
- (5) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991("SICDA"), it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (6) *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- (7) *Where a member appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.*
- (8) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to participate at the EGM.*

(9) *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least 48 hours before the time appointed for holding the EGM or any adjournment thereof:*

(i) *In hard copy form*

The Form of Proxy must be deposited at the poll administrator's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) *By electronic means*

You may submit the Proxy Form electronically via email to is.enquiry@mytricorglobal.com or lodged with the poll administrator via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of Form of Proxy.

(10) *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the poll administrator's office at the above address not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

(11) *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/ DULY CERTIFIED certificate of appointment of authorised representative with the poll administrator at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least 2 authorised officers, of whom 1 shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

Personal data privacy:

By submitting the proxy form, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the EGM (including any adjournment thereof).

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PROXY FORM



SEAGROATT & CAMPBELL BERHAD

Registration No. 199001015903 (207572-T)

Number of shares held	CDS Account No.

I/We.....*NRIC No. /Company No
(FULL NAME IN BLOCK CAPITALS)

of

.....
(FULL ADDRESS)

being a *member/members of KAF-SEAGROATT & CAMPBELL BERHAD, hereby appoint:

Name - Proxy 1	Mobile No.	NRIC/Passport	No. of shares	Percentage

*And

Name - Proxy 2	Mobile No.	NRIC/ Passport	No. of shares	Percentage

or failing him/her, the **Chairman of the Meeting** as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be held fully virtual through the online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> on **Friday, 25 March 2022** at **10.30 a.m.** to vote as indicated below:

(Please indicate with an “X” in the space provided on how you wish your vote to be cast. In the absence of specific instructions, your proxy will vote or abstain at his/her discretion)

SPECIAL RESOLUTION	FOR	AGAINST
Proposed Selective Capital Reduction and Repayment Exercise of KAF-Seagroatt & Campbell Berhad under Section 116 of the Companies Act 2016		

* Strike out whichever not applicable

Date: _____

Signature of Shareholder / Common Seal

Notes:

- (1) The Administrative Guide is available for download from the Company’s website at <https://www.kaf.com.my/KAFSC-EGM-PROPOSED-SCR>. Please refer to the procedures set out in the Administrative Guide for the EGM to register, participate and vote remotely via the RPV.
- (2) The Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **18 March 2022** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the EGM or appoint proxy(ies) to attend and vote on his/her behalf.
- (3) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (4) Where a member appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
- (5) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least 48 hours before the time appointed for holding the EGM or any adjournment thereof:
 - (i) In hard copy form - The Form of Proxy must be deposited at the poll administrator’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means - You may submit the Proxy Form electronically via email to is.enquiry@mytricorglobal.com or lodged with the poll administrator via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of Form of Proxy.
- (6) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the poll administrator’s office at the above address not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (7) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/ DULY CERTIFIED certificate of appointment of authorised representative with the poll administrator at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least 2 authorised officers, of whom 1 shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Personal data privacy: - By submitting the proxy form, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the EGM (including any adjournment thereof).



Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR
KAF-SEAGROATT & CAMPBELL BERHAD
(Registration No. 199001015903 (207572-T))

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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