

THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 26 FEBRUARY 2024 ISSUED BY RHB INVESTMENT BANK BERHAD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the course of action to be taken in relation to the Offer (as defined herein), please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your Offer Shares (as defined herein), you should hand this IAC immediately to the person through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia (“SC”) has notified that it has no further comments on the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

KLK SAWIT NUSANTARA BERHAD

(Registration No. 198501000955 (133399-A))
(Incorporated in Malaysia)

**INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS IN RELATION TO THE
UNCONDITIONAL VOLUNTARY TAKE-OVER OFFER**

BY

KUALA LUMPUR KEPONG BERHAD

(Registration No. 197301001526 (15043-V))
(Incorporated in Malaysia)

(“OFFEROR”)

THROUGH

RHB INVESTMENT BANK BERHAD

(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

TO ACQUIRE

**ALL THE REMAINING ORDINARY SHARES IN KLK SAWIT NUSANTARA BERHAD NOT
ALREADY HELD BY THE OFFEROR (“OFFER SHARE(S)”) FOR A CASH CONSIDERATION
OF RM3.42 PER OFFER SHARE (“OFFER”)**

Independent Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

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

This Independent Advice Circular is dated 7 March 2024

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this IAC:-

“Accepting Holder(s)”	: Holder(s) who accepts the Offer in accordance with the terms and conditions as set out in the Offer Document
“Act”	: Companies Act 2016
“Board”	: The board of directors of KSN
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Citadel”	: Citadel Multi-Asset Master Fund Ltd, a company incorporated in the Cayman Islands. Citadel is a private fund of Citadel LLC, which is a United States based investment advisor that manages assets on behalf of public and private investors. It undertakes a multi-strategy approach to investing, investing in all major asset classes through its private funds in the global financial markets with asset under management of approximately USD56 billion There is no persons acting in concert relationship pursuant to subsections 216(2) and/or 216(3) of the CMSA between Citadel and the Offeror
“Citadel Undertaking”	: The irrevocable undertaking provided by Citadel dated 5 February 2024 to accept or procure the acceptance of the Offer in respect of all the 36,380,100 Shares owned by Citadel, which represent approximately 4.13% of the total issued Shares
“Closing Date”	: (i) First Closing Date, or (ii) in the event the Offer is extended or revised in accordance with the Rules and the terms and conditions of the Offer Document, such other extended or revised closing date(s) as the Offeror may decide and as may be announced by RHB Investment Bank on behalf of the Offeror, at least 2 days before the Closing Date
“CMSA”	: Capital Markets and Services Act 2007, including any amendments from time to time
“CPO”	: Crude palm oil
“Director(s)”	: Directors of KSN
“DCF”	: Discounted cash flow
“Dissenting Shareholder(s)”	: Holder(s) who do/does not accept the Offer and/or who has/have failed or refused to transfer their Offer Shares to the Offeror in accordance with the terms and conditions as set out in the Offer Document
“Distribution(s)”	: Any dividend and/or distribution of any nature declared, made and/or paid by the Offeree to the Holders on or after the date of the Notice but prior to the Closing Date

DEFINITIONS (CONT'D)

“EPS”	:	Earnings per Share
“FCFE”	:	Free cash flow to equity
“Financial Years/Period Under Review”	:	The past 3 financial years up to FPE 30 September 2023
“First Closing Date”	:	5.00 p.m. (Malaysian time) on Monday, 18 March 2024, being the day falling 21 days from the Posting Date
“FPE”	:	Financial period ended/ending, as the case may be
“FPE 30 September 2023”	:	18-months financial period ended 30 September 2023
“FYE”	:	Financial year ended/ending, as the case may be
“Holder(s)”	:	Holder(s) of the Offer Shares
“IAC”	:	This independent advice circular to the Holders in relation to the Offer dated 7 March 2024 in accordance to the Rules, comprising the letter from the Board (as set out in Part A of this IAC), the IAL (as set out in Part B of this IAC) and the accompanying appendices
“IAL”	:	Independent advice letter from UOBKH as set out in Part B of this IAC
“Interested Directors”	:	Collectively, Tan Sri Dato’ Seri Lee Oi Hian, Mah Fak Chin, Chong Choong Khim, Wong Kim Sun and Abd Hadi Bin Manas who are representatives of the Offeror. Accordingly, they have abstained and will continue to abstain from deliberating and voting at all relevant board meeting(s) of the Offeree in relation to the Offer
“KSN” or the “Offeree”	:	KLK Sawit Nusantara Berhad (Registration No. 198501000955 (133399-A))
“KSN Group” or the “Group”	:	Collectively, KSN and its subsidiaries
“KSN Share(s)” or the “Share(s)”	:	Ordinary share(s) in KSN
“LAT”	:	Loss after taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	1 March 2024, being the latest practicable date prior to the issuance of this IAC
“LTD”	:	2 February 2024, being the last full trading day prior to the serving of the Notice
“Market Day(s)”	:	Day(s) on which the stock market of Bursa Securities is open for trading in securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
“NA”	:	Net assets attributable to the owners of KSN
“Non-Interested Directors”	:	Collectively, Ong Twee Kwan and Raja Hamzah Abidin bin Raja Nong Chik

DEFINITIONS (CONT'D)

“Non-Resident Holder(s)”	Holder(s) (including without limitation, custodians, agents, representatives, nominees and trustees) who is a citizen or national of, or resident in, or has a registered address in a jurisdiction outside Malaysia, or is incorporated or registered with, or approved by any authority outside Malaysia, or is a non-resident within the definition prescribed under the Financial Services Act 2013
“Notice”	: Notice of the Offer dated 5 February 2024, served on the Board by RHB Investment Bank on behalf of the Offeror in accordance with subparagraph 9.10(1)(b)(i) of the Rules
“Offer”	: Unconditional voluntary take-over offer by the Offeror, through RHB Investment Bank, to acquire all the Offer Shares at the Offer Price in accordance with the terms and conditions as set out in the Offer Document
“Offeror” or “KLK”	: Kuala Lumpur Kepong Berhad (Registration No. 197301001526 (15043-V))
“Offer Document”	: The document dated 26 February 2024 which sets out the terms and condition of the Offer together with the enclosed Form of Acceptance and Transfer enclosed within which have been published on the SC’s website at https://www.sc.com.my/api/documentms/download.ashx?id=c8bcd1d2-9933-429c-98a8-d3256f2b2fdd
“Offer Document LPD”	: 20 February 2024, being the latest practicable date prior to the Posting Date
“Offer Period”	: The period commencing from 5 February 2024, being the date of the Notice, until the earlier of either:- (i) the Closing Date; or (ii) the date on which the Offer lapses or is withdrawn with the written consent of the SC
“Offer Price”	: Cash consideration of RM3.42 per Offer Share, subject to any adjustment in the manner set out in Section 2.1 of the Offer Document
“Offer Share(s)”	: All the remaining 40,238,161 KSN Shares, representing approximately 4.57% of the issued shares of KSN which are not already held by the Offeror as at the Offer Document LPD
“Official List”	: A list specifying all securities listed on Bursa Securities
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“Posting Date”	: 26 February 2024, being the date of posting of the Offer Document
“Previous Offer”	: The unconditional mandatory take-over undertaken by KLK on 30 August 2021 to acquire all the remaining shares in KSN (previously known as IJM Plantations Berhad) not already held by KLK for a cash consideration of RM3.10 per Share
“Registrar”	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H)) to whom acceptances of the Offer should be forwarded, and whose address and contact details are set out in Section 1.9, Appendix II of the Offer Document

DEFINITIONS (CONT'D)

“RHB Investment Bank”	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P)), being the principal adviser to the Offeror in relation to the Offer
“RNAV”	:	Revalued net asset value
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
“SC”	:	Securities Commission Malaysia
“UOBKH” or the “Independent Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K)), being the Independent Adviser appointed by the Board on 6 February 2024 (save for the Interested Director) pursuant to paragraph 3.06 of the Rules to advise the Non-Interested Directors and the Holders on the Offer
“Valid Acceptance(s)”	:	The acceptance(s) of the Offer by the Holder(s) in accordance with the terms and conditions of the Offer Document, which is deemed by the Offeror to be valid and complete in all respects

Currency

“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
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Units of Measurement

“Ha”	:	Hectare
“MT”	:	Metric tonne

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any references to persons shall include corporations, unless otherwise specified.

Any references in this IAC to any enactment are references to that enactment as for the time being amended or re-enacted.

All references to “we”, “us” and “our” in this IAC (*save for the Executive Summary and the letter from the Board*) are to UOBKH, being the Independent Adviser for the Offer.

All references to “you” or “Holder(s)” in this IAC are to the Holder of the Offer Shares, being the person to whom the Offer is being made.

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

Any references to time and date in this IAC shall be references to Malaysian time and date, unless otherwise stated. Where a period specified in the Rules ends on a day which is not a Market Day, the period is extended until the next Market Day, as appearing in this IAC.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. HOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAC FOR FURTHER INFORMATION AND THE RECOMMENDATION IN RELATION TO THE OFFER FROM THE NON-INTERESTED DIRECTORS (PART A OF THIS IAC) AND FROM UOBKH, THE INDEPENDENT ADVISER (PART B OF THIS IAC). THIS IAC SHOULD ALSO BE READ IN CONJUNCTION WITH THE OFFER DOCUMENT.

1. INTRODUCTION

- 1.1 On 5 February 2024, the Board had announced the receipt of the notice of unconditional voluntary take-over offer from RHB Investment Bank on SC's website, on behalf of the Offeror, to acquire the Offer Shares at the Offer Price.
- 1.2 On 6 February 2024, in accordance with paragraph 3.06 of the Rules, the Board of the Offeree (save for the Interested Directors) appointed UOBKH as the Independent Adviser to advise the Offeree's Non-Interested Directors and the Holders as well as to provide comments, opinions, information and recommendation on the Offer.
- 1.3 There is no ultimate offeror in relation to the Offer.
- 1.4 As at the Offer Document LPD, the Offeror holds 840,342,299 KSN Shares, representing approximately 95.43% of the total issued shares in KSN. The Offeror does not have any indirect interest in the Offeree.
- 1.5 Assuming full acceptances, the Offeror will hold 880,580,460 Shares, representing 100.00% equity interest in the Offeree upon closing of the Offer.
- 1.6 As at the Offer Document LPD, there are no persons acting in concert with the Offeror in relation to the Offer (in accordance with subsections 216(2) and/or 216(3) of the CMSA) that hold Shares.
- 1.7 As at the date of the Notice, save for the Citadel Undertaking, the Offeror has not received any irrevocable undertaking from any Holder to accept or reject the Offer.
- 1.8 On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.
- 1.9 For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.
- 1.10 A copy of the Notice enclosed together with the notification to shareholders in relation to the receipt of the Offer was subsequently despatched to the shareholders of KSN on 7 February 2024.
- 1.11 You should have by now received a copy of the Offer Document, which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=c8bcd1d2-9933-429c-98a8-d3256f2b2fdd>.

EXECUTIVE SUMMARY (CONT'D)

- 1.12 Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 5 March 2024 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

2. SALIENT TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are set out as follows:-

Consideration for the Offer	<p>The consideration for the Offer is RM3.42 for each Offer Share, which shall be satisfied wholly in cash in accordance with the terms and conditions as set out in the Offer Document.</p> <p>The Holders may accept the Offer in respect of either all or a part of their Offer Shares. Holders may not accept the Offer in excess of their respective holdings of the Offer Shares. The Offeror will not pay fractions of a sen to an Accepting Holder. Hence, where applicable, the cash consideration payable to the Accepting Holder pursuant to a valid acceptance of the Offer will be rounded down to the nearest whole sen.</p>
Conditions of the Offer	<p>The Offer is not conditional upon any minimum level of acceptances of the Offer Shares as the Offeror already holds more than 50% of the voting shares in the Offeree. As at the Offer Document LPD, the Offeror holds in aggregate 840,342,299 Shares, representing approximately 95.43% equity interest in the Offeree.</p>
Duration of the Offer	<p>The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 18 March 2024, being the First Closing Date, unless extended or revised in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide. Any such extension or revision will be announced by RHB Investment Bank, on behalf of the Offeror, at least two (2) days before the Closing Date. Notice of such extension or revision will be posted to you accordingly.</p>
Method of settlement	<p>The settlement for the acceptance of the Offer will be effected through:-</p> <ul style="list-style-type: none">(i) remittance into the Accepting Holders' bank account, details of which have been registered with Bursa Depository for the purpose of cash dividend or distribution; or(ii) if the Accepting Holders have not registered such details with Bursa Depository prior to the date of such Valid Acceptances, through remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at their registered Malaysian address last maintained with Bursa Depository, at their own risk,

EXECUTIVE SUMMARY (CONT'D)

Method of settlement	<p>within ten (10) days from the date of such Valid Acceptances. This is provided that all such acceptances are deemed by the Offeror to be valid and complete in all respects in accordance with the terms and conditions set out in the Offer Document.</p> <p>Non-Resident Holders are advised that the settlement for the acceptance of the Offer will be made in RM. Non-Resident Holders 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 their respective financial institution.</p>
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Please refer to **Section 2** and **Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for details on the procedures for acceptance and method of settlement of the Offer. If you have any enquiries, you may contact the Registrar for the Offer for assistance.

3. DETAILS OF ACCEPTANCES

As at the date of Notice, save for the Citadel Undertaking, the Offeror has not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, save as disclosed below, there is no other announcement made in respect of any Valid Acceptances of the Offer Shares as well as changes in shareholdings of the Offeror pursuant to such Valid Acceptances.

On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.

For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.

4. EVALUATION OF THE OFFER

In arriving at the opinion and recommendation in respect of the Offer, UOBKH has assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:-

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the offer is "fair"; and whether the offer is "reasonable", rather than as a composite term;
- (ii) the Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired;

EXECUTIVE SUMMARY (CONT'D)

- (iii) in considering whether the Offer is “reasonable”, UOBKH has taken into consideration matters other than the valuation of the Offer Shares; and
- (iv) generally, a take-over offer would be considered “reasonable” if it is “fair”.

You should consider carefully the Offer based on all pertinent factors and other considerations as set out in the IAC and the Offer Document and any other publicly available information.

4.1 Fairness of the Offer

Premised on UOBKH’s evaluation in **Sections 6.1, Part B** of this IAC, UOBKH is of the view that the Offer is **FAIR** after taking into consideration the following:-

The Offer Price represents a **premium** of 48.05% to 43.70% over the fair value per KSN Share which ranges from RM2.31 to RM2.38, respectively.

Please refer to **Section 6, Part B** of this IAC for further details.

4.2 Reasonableness of the Offer

Premised on UOBKH’s evaluation in **Sections 7.1, 7.2 and 7.3, Part B** of this IAC, UOBKH is of the view that the Offer is **REASONABLE** after taking into consideration the following:-

- (a) KSN Shares are illiquid as KSN was delisted from the Official List on 6 December 2021. Holders should note that you may have limited opportunities or may take significant time to identify prospective buyers for KSN Shares as no active market exists to dispose of your Shares;
- (b) As at the LPD, save for the Offer, the Board has not received any other alternative offer for the Offer Shares or any other offer to acquire its business, assets and liabilities. In the absence of an alternative offer, the Offer provides an exit opportunity to the Holders to realise their investments in the Offer Shares for cash at the Offer Price on an immediate basis;
- (c) Given that the Offeror has already secured control over KSN, it may deter a take-over offer by other third party(ies) as any competing offer will not be able to succeed unless the Offeror agrees to tender their KSN Shares in acceptance of any competing offers;
- (d) As at the LPD, the Offeror holds a majority stake of approximately 99.56% of the total issued KSN Shares. With such majority stake, the Offeror is able to control/influence the outcome of the ordinary resolutions (i.e. which require approval of more than 50% of the total votes cast) and special resolutions (i.e. which require approval of at least 75% of the total votes cast) sought at general meeting(s) of KSN;
- (e) Further, on 26 February 2024, the Board had announced the Offeror has received Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC’s website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>; and

EXECUTIVE SUMMARY (CONT'D)

- | | |
|-----|---|
| (f) | Given that the Offeror intends to invoke the compulsory acquisition, UOBKH is of the view that it would be reasonable and beneficial for the Dissenting Shareholders to accept the Offer taking into consideration the settlement of the acceptance of the Offer is within ten (10) days from the date of Valid Acceptance as compared to being subjected to the compulsory acquisition process which may take up to four (4) months from the Posting Date. |
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Please refer to **Section 7, Part B** of this IAC for further details.

5. CONCLUSION AND RECOMMENDATION

Premised on the above and UOBKH's evaluation, UOBKH is of the opinion that the Offer is **FAIR and REASONABLE**. Accordingly, UOBKH:-

- (i) has advised the Non-Interested Directors to recommend the Holders to **ACCEPT** the Offer; and
- (ii) recommends that the Holders to **ACCEPT** the Offer.

The Non-Interested Directors, concur with the opinion and recommendation of UOBKH that the Offer is **FAIR and REASONABLE**. Accordingly, the Non-Interested Directors recommend that you **ACCEPT** the Offer.

On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at **<https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>**.

For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.

Given that the Offeror intends to invoke the compulsory acquisition, UOBKH is of the view that it would be reasonable and beneficial for the Dissenting Shareholders to accept the Offer taking into consideration the settlement of the acceptance of the Offer is within ten (10) days from the date of Valid Acceptance as compared to being subjected to the compulsory acquisition process which may take up to four (4) months from the Posting Date.

As such, UOBKH is of the opinion that the Holders should **ACCEPT** the Offer on or before the First Closing Date.

Holdes are advised to closely monitor the information/announcements in relation to the Offer and recommendation contained in the IAC together with the accompanying appendices before making a decision on the course of action to be taken in respect of the Offer.

EXECUTIVE SUMMARY (CONT'D)

6. IMPORTANT DATES AND EVENTS

The important dates pertaining to the Offer are as set out in the table below:-

Date⁽¹⁾	Event(s)
Monday, 5 February 2024	Notice served on the Board
Monday, 26 February 2024	Posting of the Offer Document
Thursday, 7 March 2024	Issuance of this IAC
Monday, 18 March 2024	First Closing Date ⁽²⁾

Notes:-

- (1) *The above timeline is subject to such extension or revision as may be approved or required by the SC.*
- (2) *The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 18 March 2024, being the First Closing Date, unless revised or extended in accordance with the Rules and the terms and conditions of the Offer Document, as may be announced by RHB Investment Bank on behalf of the Offeror, at least 2 days before the Closing Date. Notice of such revisions or extension will be posted to you accordingly.*

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS IAC, TOGETHER WITH THE OFFER DOCUMENT AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER AND MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

PART A

LETTER FROM THE BOARD

KLK SAWIT NUSANTARA BERHAD

(Registration No. 198501000955 (133399-A))
(Incorporated in Malaysia)

Registered office

Wisma Taiko,
No. 1, Jalan S.P.
Seenivasagam,
30000 Ipoh,
Perak Darul Ridzuan

7 March 2024

Board of Directors:

Tan Sri Dato' Seri Lee Oi Hian (*Non-Independent Executive Director*)
Mah Fak Chin (*Non-Independent Executive Director*)
Chong Choong Khim (*Non-Independent Executive Director*)
Wong Kim Sun (*Non-Independent Executive Director*)
Abd Hadi Bin Manas (*Non-Independent Executive Director*)
Ong Twee Kwan (*Independent Non-Executive Director*)
Raja Hamzah Abidin Bin Raja Nong Chik (*Independent Non-Executive Director*)

To: The Holders

Dear Sir/Madam,

UNCONDITIONAL VOLUNTARY TAKE-OVER OFFER BY THE OFFEROR, THROUGH RHB INVESTMENT BANK TO ACQUIRE THE OFFER SHARES AT THE OFFER PRICE

1. INTRODUCTION

- 1.1 On 5 February 2024, the Board had announced the receipt of the notice of unconditional voluntary take-over offer from RHB Investment Bank on SC's website, on behalf of the Offeror, to acquire the Offer Shares at the Offer Price.
- 1.2 On 6 February 2024, in accordance with paragraph 3.06 of the Rules, the Board of the Offeree (save for the Interested Directors) appointed UOBKH as the Independent Adviser to advise the Offeree's Non-Interested Directors and the Holders as well as to provide comments, opinions, information and recommendation on the Offer.
- 1.3 There is no ultimate offeror in relation to the Offer.
- 1.4 As at the Offer Document LPD, the Offeror holds 840,342,299 KSN Shares, representing approximately 95.43% of the total issued shares in KSN. The Offeror does not have any indirect interest in the Offeree.
- 1.5 Assuming full acceptances, the Offeror will hold 880,580,460 Shares, representing 100.00% equity interest in the Offeree upon closing of the Offer.
- 1.6 As at the Offer Document LPD, there are no persons acting in concert with the Offeror in relation to the Offer (in accordance with subsections 216(2) and/or 216(3) of the CMSA) that hold Shares.
- 1.7 As at the date of the Notice, save for the Citadel Undertaking, the Offeror has not received any irrevocable undertaking from any Holder to accept or reject the Offer.

- 1.8 On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.
- 1.9 For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.
- 1.10 A copy of the Notice enclosed together with the notification to shareholders in relation to the receipt of the Offer was subsequently despatched to the shareholders of KSN on 7 February 2024.
- 1.11 You should have by now received a copy of the Offer Document, which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer which have been published on SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=c8bcd1d2-9933-429c-98a8-d3256f2b2fdd>.
- 1.12 Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 5 March 2024 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

THE PURPOSE OF THIS IAC IS TO HIGHLIGHT THE RELEVANT INFORMATION IN RELATION TO THE OFFER AND TO PROVIDE YOU WITH THE VIEWS AND RECOMMENDATION OF THE NON-INTERESTED DIRECTORS ON THE OFFER TOGETHER WITH THE RECOMMENDATION OF UOBKH.

To facilitate electronic delivery of documents in the future, it is important for you to register your e-mail address with Bursa Depository via:-

- (i) https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement; or
- (ii) Bursa Anywhere mobile application, which can be downloaded from Google Play Store or Apple App Store.

You are advised to read the IAC, together with the Offer Document and carefully consider the recommendations contained herein before taking any action.

2. SALIENT TERMS AND CONDITIONS OF THE OFFER

The salient terms and conditions of the Offer are set out in **Section 2, Part B** of this IAC.

Please refer to **Section 2** and **Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for the procedures for acceptance and method of settlement of the Offer. If you have any enquiries, you may contact the Registrar for the Offer for assistance.

3. DETAILS OF ACCEPTANCES

As at the date of the Notice, save for the Citadel Undertaking, the Offeror has not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, save as disclosed below, there is no announcement made in respect of any Valid Acceptance of the Offer Shares as well as changes in shareholdings of the Offeror pursuant to such Valid Acceptance.

On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.

For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.

4. NON-INTERESTED DIRECTORS' COMMENTS

4.1 Rationale for the Offer

The Non-Interested Directors take note of the rationale for the Offer as set out in **Section 3** of the Offer Document.

The Non-Interested Directors take cognisance that:-

- (i) as at the Offer Document LPD, KLK held a total of 840,342,299 Shares, representing 95.43% equity interest in the Offeree. The Offeree was delisted from the Official List and the Shares were no longer traded on the Main Market of Bursa Securities with effect from 6 December 2021;
- (ii) the successful implementation of the Offer will allow the Offeror to be the sole shareholder of the Offeree which will eliminate administrative efforts and costs pertaining to the Offeree's obligations to its shareholders (such as maintaining the Record of Depositors at Bursa Depository and conducting Annual General Meetings). The Offer will provide the Offeror with greater flexibility in the implementation of any business plans and/or operational changes of the Offeree (should the need arise) which may otherwise require minority shareholders' approval under the Act or other applicable rules and regulations; and
- (iii) KSN is presently an unlisted public entity. The Holders may have experienced difficulty and limited opportunities to realise their investments in the Offeree as there is no active market for the Holders to trade their unlisted Shares. The Offer Price represents a premium of RM0.32 or approximately 10.3% over the offer price of RM3.10 under the Previous Offer. The Offer provides an opportunity for the Holders to realise their investment in the Shares rather than continue to hold unlisted Shares.

Notwithstanding the above, the Non-Interested Directors wish to highlight that Holders should also monitor the information/announcements in relation to the Offer and recommendation contained in the IAC together with the accompanying appendices before deciding whether to accept or reject the Offer.

4.2 Future plans for KSN Group and its employees

The Non-Interested Directors take note of the following intention of the Offeror with respect to the future plans for KSN Group and its employees as set out in **Section 5** of the Offer Document, as follows:-

(i) Continuation of KSN Group's business

The Offeror intends to continue the existing businesses of the KSN Group which are principally in oil palm plantation and oil palm related businesses. Nevertheless, the Offeror may, from time to time, undertake a review of the KSN Group's businesses and operations to formulate future plans and strategies for the KSN Group, if necessary. The Offeror retains the flexibility at any time to consider any opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the KSN Group.

(ii) Major changes to KSN Group's business

The Offeror does not have any immediate plan to introduce any major change to the existing businesses of the KSN Group, liquidate any of the companies within the KSN Group (save for dormant or inactive companies), dispose of any major assets or undertake any major redeployment of the fixed assets of the KSN Group. Nevertheless, the Offeror may, from time to time, review strategic options with regards to the businesses or assets of the KSN Group and where appropriate, undertake such changes, disposal and/or redeployment as part of the process to rationalise the business activities or direction of the KSN Group, including any expansion activities, divestment of non-core businesses or monetisation of assets, or to improve the use of resources of the KSN Group, with a view that the KSN Group remains competitive, sustainable or viable in the industry and to improve the prospects and growth of the KSN Group.

(iii) Employees of KSN Group

The Offeror intends to retain the existing management team of the KSN who will continue to perform their operational role. The Offeror also has no immediate plans to dismiss or make redundant the existing employees of the KSN Group as a direct consequence of the Offer. Nevertheless, as with any organisation, the Offeror may from time to time review the human resources requirements of the KSN Group to improve the efficiency of its operations and businesses and/or to optimise staff productivity of the KSN Group. There may also be some changes with regards to employment and/or redeployment of the KSN Group's employees as a result of the rationalisation and/or streamlining of the business activities to improve the productivity and efficiency of the enlarged Offeror Group. Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned.

The Non-Interested Directors noted that as at the Offer Document LPD, the Offeror has not entered into any negotiation, arrangement or understanding with any third party with regard to any significant change in the business, assets or shareholding structure of KSN Group.

Premised on the above and rationale for the Offer, the Non-Interested Directors are of the view that the businesses and management of KSN Group will continue as a going concern in the foreseeable future.

4.3 Listing status of KSN

The Offeree was delisted from the Official List on 6 December 2021 following the Previous Offer.

4.4 Compulsory acquisition and rights of Dissenting Shareholders

(i) Compulsory acquisition

As at the LPD, the Offeror has received valid acceptance of not less than 9/10 in the nominal value of the Offer Shares (excluding KSN Shares already held by the Offeror as at the date of the Offer), following the receipt of Valid Acceptance from Citadel and the Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders. All the Offer Shares that are compulsorily acquired will, subject to subsection 224(1) of the CMSA, be acquired on the same terms as set out in the Offer Document and in accordance with subsection 222(1) of the CMSA.

Under subsection 222(6) of the CMSA, if the Offeror acquires or contracts to acquire any Offer Shares, otherwise than by virtue of acceptances of the Offer, during the period within which the Offer can be accepted, then the Offeror will be treated, for the purposes of section 222 of the CMSA, as having acquired or contracted to acquire those Offer Shares by virtue of acceptances of the Offer provided that:

- (a) the consideration of such Offer Shares does not at the time when they are acquired or contracted to be acquired exceed the Offer Price; or
- (b) the terms of the Offer are subsequently revised so that when the revision is announced, the consideration of such Offer Shares no longer exceeds the revised Offer Price.

The Non-Interested Directors take note that the Offeror **intends to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders for which Valid Acceptances have not been received before the Closing Date.

(ii) Rights of Dissenting Shareholders

The Non-Interested Directors further take note that notwithstanding the above and subject to section 224 of the CMSA and section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than 9/10 in the value of all the Shares (including the Shares that are already held by the Offeror and its persons acting in concert as at the date of the Offer) on or before the Closing Date, a Dissenting Shareholder may exercise his/her or its rights, under subsection 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his/her or its Offer Shares (as the case may be) on the same terms and conditions as set out in the Offer Document or such other terms as may be agreed.

Please refer to **Section 8.2, Part B** of this IAC for further details.

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5. DISCLOSURE OF DIRECTORS' INTERESTS AND INTENTION IN RELATION TO THE OFFER

As at the LPD, save as disclosed below, none of the Directors of KSN have any interest, whether direct or indirect, in KSN Shares:-

	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
<u>Interested Director</u>				
Tan Sri Dato' Seri Lee Oi Hian	-	-	(2)876,722,649	99.56
Mah Fak Chin	-	-	-	-
Chong Choong Khim	-	-	-	-
Wong Kim Sun	-	-	-	-
Abd Hadi Bin Manas	-	-	-	-
<u>Non-Interested Director</u>				
Ong Twee Kwan	-	-	-	-
Raja Hamzah Abidin Bin Raja Nong Chik	-	-	-	-

Notes:-

(1) Computed based on 880,580,460 KSN Shares in issue as at LPD.

(2) Deemed interest by virtue of Section 8(4) of the Act through shares in KLK held by his child and Grateful Blessings Foundation. Nevertheless, he does not have any economic or beneficial interest in the shares in KLK as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

The Interested Directors, namely Tan Sri Dato' Seri Lee Oi Hian, Mah Fak Chin, Chong Choong Khim, Wong Kim Sun and Abd Hadi Bin Manas have duly abstained and will continue to abstain from deliberation and making any recommendation in relation to the Offer.

The Non-Interested Directors are not privy to and have no knowledge or information on the future plans for KSN Group other than those disclosed in **Section 5** of the Offer Document.

6. INDEPENDENT ADVISER'S LETTER

You are advised to read and consider the views and recommendation of UOBKH, the Independent Adviser appointed to advise the Non-Interested Directors and you in relation to the Offer. The IAL is included in **Part B** of this IAC.

7. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Non-Interested Directors, after careful assessment of the terms and conditions of the Offer contained in the Offer Document as well as taking into consideration the evaluation and recommendation by UOBKH as contained in **Part B** of this IAC, have **CONCURRED** with the opinion and recommendation of UOBKH that the Offer is **FAIR and REASONABLE**.

Accordingly, the Non-Interested Directors recommend that you **ACCEPT** the Offer.

The Non-Interested Directors wish to advise that the decision on the course of action to be taken by the Holders in respect of the Offer will depend entirely on the Holders' risk appetite and specific preference as well as their expectation of the future performance of KSN Group.

Holders are advised to closely monitor the information/announcements in relation to the Offer and recommendation contained in the IAC together with the accompanying appendices before making a decision on the course of action to be taken in respect of the Offer.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. The Board, collectively and individually accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that after making all reasonable enquiries and to the best of their knowledge, opinions expressed by the Non-Interested Directors in this IAC have been arrived at, after due and careful consideration and there are no other facts and/or information, the omission of which would make any information provided in this IAC relating to KSN Group, false or misleading or materially incomplete.

The responsibility of the Board in respect of:-

- (i) the information relating to the Offeror and the Offer (as extracted from the Notice and Offer Document) is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by UOBKH in relation to the Offer as set out in **Part B** of this IAC are limited to ensuring that information provided by KSN to UOBKH for its evaluation in respect of the Offer are relevant and accurate such that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading and to ensure all information in relation to KSN Group that are relevant to UOBKH's evaluation of the Offer have been completely disclosed to UOBKH is accurate and that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading.

YOU ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, FINANCIAL SITUATION OR RISK PROFILE OR PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS.

THE NON-INTERESTED DIRECTORS RECOMMEND THAT ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS WHO REQUIRES ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, RISK PROFILES, FINANCIAL AND TAX SITUATION OR PARTICULAR NEEDS, TO CONSULT THEIR RESPECTIVE STOCKBROKERS, BANK MANAGERS, ACCOUNTANTS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS.

Yours faithfully,
For and on behalf of the Board of
KLK SAWIT NUSANTARA BERHAD

RAJA HAMZAH ABIDIN BIN RAJA NONG CHIK
Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER FROM UOBKH

7 March 2024

To: The Non-Interested Directors and Holders

Dear Sir/Madam,

UNCONDITIONAL VOLUNTARY TAKE-OVER OFFER BY THE OFFEROR, THROUGH RHB INVESTMENT BANK TO ACQUIRE ALL THE OFFER SHARES AT THE OFFER PRICE

1. INTRODUCTION

Please refer to **Section 1, Part A** of this IAC for the chronological events in relation to the Offer.

The purpose of this IAL is to highlight the relevant information relating to the Offer and to provide our independent evaluation of the Offer together with our recommendation thereon, subject to the scope of our work and limitations specified herein.

WE ADVISE YOU TO READ AND UNDERSTAND THIS IAL CAREFULLY TOGETHER WITH PART A OF THIS IAC - LETTER FROM THE BOARD AND THE OFFER DOCUMENT, A COPY OF WHICH YOU SHOULD HAVE RECEIVED BY NOW, BEFORE TAKING ANY ACTION.

THIS IAL IS SOLELY FOR THE USE OF THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSE.

2. SALIENT TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are set out as follows:-

<p>Consideration for the Offer</p>	<p>The Offeror will pay to the Holders who accept the Offer a cash consideration of RM3.42 for each Offer Share. The Offer Price will be satisfied entirely in cash in accordance with the terms and conditions as set out in the Offer Document.</p> <p>If the Offeree declares, makes or pays any Distribution on or after the date of the Notice but prior to the Closing Date in respect of any Offer Shares, and the Holders are entitled to retain such Distribution, the Offer Price will be reduced by the amount equivalent to the net Distribution for each KSN Share which such Holders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event that the entitlement date for the Distribution is after the Closing Date.</p> <p>As at the LPD, there is no announcement made in respect of any Distribution which has been or shall be declared by KSN.</p>
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<p>Consideration for the Offer</p>	<p>Holders may accept the Offer in respect of either all or a part of their Offer Shares. Holders may not accept the Offer in excess of their respective holdings of the Offer Shares. The Offeror will not pay fractions of a sen to an Accepting Holder. Hence, where applicable, the cash consideration payable to the Accepting Holder pursuant to a valid acceptance of the Offer will be rounded down to the nearest whole sen.</p>
<p>Conditions of the Offer</p>	<p>The Offer is not conditional upon any minimum level of acceptances of the Offer Shares as the Offeror already holds more than 50% of the voting shares in the Offeree. As at the Offer Document LPD, the Offeror holds in aggregate 840,342,299 Shares, representing approximately 95.43% equity interest in the Offeree.</p>
<p>Duration of the Offer</p>	<p>The Offer will remain open for acceptances until 5:00 p.m. (Malaysian time) on Monday, 18 March 2024, being the First Closing Date, unless extended or revised in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide. Any such extension or revision will be announced by RHB Investment Bank, on behalf of the Offeror, at least two (2) days before the Closing Date. Notice of such extension or revision will be posted to the Holders accordingly.</p>
<p>Method of settlement</p>	<p>The settlement for the acceptance of the Offer will be effected through:-</p> <ul style="list-style-type: none"> (i) remittance into the Accepting Holders' bank account, details of which have been registered with Bursa Depository for the purpose of cash dividend or distribution; or (ii) if the Accepting Holders have not registered such details with Bursa Depository prior to the date of the valid acceptances, through remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at their registered Malaysian address last maintained with Bursa Depository, at their own risk, <p>within ten (10) days from the date of such Valid Acceptances. This is provided that all such acceptances are deemed by the Offeror to be valid and complete in all respects in accordance with the terms and conditions set out in the Offer Document.</p> <p>Accepting Holders are strongly encouraged to register and/or update their bank account details with Bursa Depository through their stockbroker in order to receive the consideration for the Offer in their bank account.</p> <p>Non-Resident Holders are advised that the settlement for the acceptance of the Offer will be made in RM. Non-Resident Holders 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 their respective financial institution.</p>

3. DETAILS OF ACCEPTANCES

As at the date of Notice, save for the Citadel Undertaking, the Offeror has not received any irrevocable undertaking from any Holder to accept or reject the Offer.

As at the LPD, save as disclosed below, there is no announcement made in respect of any Valid Acceptances of the Offer Shares as well as changes in shareholdings of the Offeror pursuant to such Valid Acceptances.

On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.

For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.

4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER

UOBKH was not involved in the formulation and/or deliberation of the terms and conditions of the Offer. Our role as the Independent Adviser is limited to expressing our comments, opinions, information and recommendation on the Offer, including an independent opinion on the fairness and reasonableness of the Offer based on the following:-

- (i) information contained in the Notice, Offer Document and the appendices attached thereto;
- (ii) information, supporting documents, confirmations and representation furnished to us by the Board and management of KSN Group as well as discussions with the Non-Interested Directors and management of KSN;
- (iii) the audited financial statements of KSN Group for the past FYE 31 March 2021, FYE 31 March 2022 and FPE 30 September 2023; and
- (iv) publicly available information.

We have relied on the Board and management of KSN to take due care in ensuring that all the information, documents and representations in respect of the Group provided to us to facilitate our evaluation are reliable, accurate, valid and complete in all material aspects. Nonetheless, we have made reasonable enquiries and we are satisfied that the information furnished or available to us is sufficient and we have no reasons to believe that the information is unreliable, incomplete, misleading or inaccurate. As such, we have relied on the information provided by the Board and management of KSN.

In rendering our advice, we have taken note of pertinent issues which we believe are of importance to an assessment of the implications of the Offer and therefore of general concern to the Holders.

As such:-

- (i) UOBKH's views and advice as contained in this IAC only cater for the Holders as a whole and do not cater to any individual Holder or specific group of Holders. Hence, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual Holder or specific group of Holders; and
- (ii) we recommend that such individual Holder or any specific group of Holders who may require advice in relation to the Offer in the context of their individual investment objectives, risk profiles, financial and tax situations and particular needs to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

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 the prevailing economic, market and other conditions, and the information and/or documents made available to us as at the LPD or such other periods as specified herein. Such conditions may vary significantly over a short period of time. It should be noted that our evaluation and opinion expressed in this IAL do not take into account the information, events or conditions arising after the LPD.

We shall immediately notify the SC in writing and the Holders by way of press notice and announcement on Bursa Securities if, after despatching this IAC, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAC:-

- (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 IAC will be sent to the Holders in accordance with subparagraph 11.07(2) of the Rules and the disclosures and announcements of such facts or statements shall be made before 9.00 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules.

5. EVALUATION OF THE OFFER

In arriving at our opinion and recommendation in respect of the Offer, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:-

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term;
- (ii) the Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the offeree is being acquired;

- (iii) in considering whether the Offer is “reasonable”, we have taken into consideration matters other than the valuation of the Offer Shares. This includes but not limited to, existing shareholding of the offeror in the offeree and their ability to pass special resolutions or control the assets of the offeree, liquidity of the offeree's securities, and/or likelihood and value of alternative offers or competing offers before the close of the take-over offer;
- (iv) generally, a take-over offer would be considered “reasonable” if it is “fair”. Where a take-over offer is viewed as “reasonable” despite being “not fair”, it should be on the basis that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, such take-over offer should be regarded as “not reasonable” and thus, the recommendation would be to reject the offer; and
- (v) in the event the take-over offer is concluded as “not fair but reasonable”, the independent adviser must clearly explain: (a) what is meant by “not fair but reasonable”, (b) how has the independent adviser reached to this conclusion; and (c) the course of action that the shareholders are recommended to take pursuant to the conclusion.

We have considered the following pertinent matters in our evaluation of the Offer:-

Fairness of the Offer	Section 6
Valuation of KSN Shares	Section 6.1

Reasonableness of the Offer	Section 7
(i) Non-tradeability of the KSN Shares	Section 7.1
(ii) No competing offers and level of control	Section 7.2
(iii) Invocation of Compulsory Acquisition	Section 7.3

6. FAIRNESS OF THE OFFER

6.1 Valuation of KSN Shares

KSN Group is principally involved in cultivation of oil palms and milling of fresh fruit branches which are geographically located in Malaysia and Indonesia.

The table below sets out the contribution from Malaysia and Indonesia to the Group's financial performance for the past 3 financial years up to the FPE 30 September 2023:-

	Audited FYE 31 March				Audited FPE 30 September	
	2021		2022		2023	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
Malaysia	439,499	47.0	609,139	49.1	893,656	55.3
Indonesia	496,194	53.0	630,783	50.9	723,224	44.7
Total	935,693	100.0	1,239,922	100.0	1,616,880	100.0

	Audited FYE 31 March				Audited FPE 30 September	
	2021		2022		2023	
	RM'000	%	RM'000	%	RM'000	%
PBT						
Malaysia	109,295	40.2	232,990	56.6	244,400	150.9
Indonesia	162,834	59.8	178,310	43.4	(82,440)	(50.9)
Total	272,129	100.0	411,300	100.0	161,960	100.0

Based on the above, the Group's revenue and PBT was on an upward trend from the FYE 31 March 2021 to the FYE 31 March 2022. KSN Group changed its financial year end from 31 March 2023 to 30 September 2023 to align with the Offeror's FYE. For the FPE 30 September 2023, KSN Group recorded a revenue of approximately RM1.62 billion, however the PBT decreased to RM161.96 million which was mainly due to the impairment of plasma receivables and write down of inventories in the Indonesia operations. Kindly refer to **Section 6, Appendix I** of this IAC for further details on the financial performance of KSN Group.

Valuation Methodology

In evaluating and arriving at the most appropriate valuation method to estimate the fair value of the Group's business, we have considered various valuation methodologies including amongst others, RNAV and DCF method.

In arriving at the estimated fair value of KSN Group, we have considered the DCF method as the most appropriate valuation methodology in view that KSN Group has been profitable and consistently generated positive cash flow from its operating activities for the past 3 financial years up to the FPE 30 September 2023. We also note that the plantation operations in Malaysia (which commenced oil palm cultivation in 1985) and Indonesia (which commenced oil palm cultivation in 2009) are well established and are operated by an experienced management team with the requisite expertise to run sustainable oil palm cultivation and milling operations. Accordingly, the stream of future cash flows to be derived from its operations are expected to be predictable.

The DCF method is an appraisal technique which takes into consideration both the time value of money and the future cash flows to be generated over a specific period of time. Under this method, the future cash flows are discounted at a specified discount rate to arrive at the present value. A key assumption is the choice of a discount rate that takes into account the relevant market interest and risks relating to the business. In this case, the FCFE projected is discounted at the cost of equity of KSN to arrive at the present value of the Group's future cash flows attributable to the shareholders of KSN. In arriving at the estimated fair value, we have considered KSN's effective equity interest in its subsidiary companies.

On the other hand, the RNAV method seeks to adjust the NA value of a company to take into consideration the revaluation of material assets (particularly plantation infrastructure and bearer plants) to reflect their market values. In view that the Group's underlying value is more likely to be derived from its ongoing operations rather than its underlying assets, the RNAV method may not accurately reflect the potential of KSN. In addition, we noted that the plantation infrastructure and bearer plants are mainly used to generate income and cash flows associated with its Malaysia and Indonesia operations.

Under the DCF method, we have reviewed the future financial information of the Group's business from the FYE 30 September 2024 to FYE 30 September 2034 ("**Future Financials**"), which was prepared by the management of KSN based on forecast on a best-effort basis. We have considered and evaluated the key bases and assumptions adopted in the Future Financials and are satisfied that the key bases and assumptions used in the preparation of the Future Financials are reasonable given the prevailing circumstances and significant factors that are known as at the LPD. The Future Financials are projected based on the historical operational performances and financial performances of KSN as well as taking into consideration the historical performances and outlook of the overall oil palm industry in Malaysia and Indonesia. The Future Financials, together with the bases and assumptions adopted therein, have been reviewed and approved by the Board. As such, we have relied on the Future Financials prepared by the management of KSN.

The key bases and assumptions adopted in the preparation of the Future Financials are as follows:-

- (i) the Group's business will continue to operate on a going concern basis with the plantation estates projected to have an economic life cycle of 25 years with yearly capital expenditure to replant oil palms estates which are experiencing declining yield and have exceeded their life cycle of 25 years in order to sustain its operations in perpetuity;
- (ii) there will not be any significant or material changes in the principal activities of the Group;
- (iii) there will not be significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of the Group;
- (iv) there will not be any major capital expenditure nor material changes to the condition of the assets which will affect the future operations of the Group;
- (v) there will not be any significant or material changes in the capital structure of KSN, and that the business operations of the Group will continue to be financed using internally generated funds;
- (vi) there will not be any significant or material changes in the accounting policies of the Group;
- (vii) there will not be any significant or material changes to the agreements, licences and regulations governing the Group's business operations; and
- (viii) there will not be any significant or material changes in political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the industry in which the Group operates in.

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In order to derive the equity value of KSN, we have first discounted the FCFE projected to be generated from the said business at an appropriate cost of equity to reflect the rate of return required by the equity holders of KSN, and thereafter making appropriate adjustment for any surplus cash requirements of the Group. Our valuation, together with the key bases and assumptions adopted, are as follows:-

No.	Parameters	Basis and assumptions	Descriptions
(i)	FCFE	Based on Future Financials of KSN Group from the FYE 30 September 2024 to the FYE 30 September 2034	FCFE is the free cash flows from operations available to the equity holders of a company after taking into consideration all operating expenses, movement in working capital, net investing cash flows and net financing cash flows.
(ii)	Cost of equity ("Ke")	9.73% for Malaysian business 13.62% for Indonesian business	Cost of equity represents the rate of return required by an investor on the cash flow streams generated by the business given the risks associated with the cash flows. We have adopted the Capital Asset Pricing Model to derive the cost of equity of KSN based on the following input:- $Ke = Rf + \beta (Rm - Rf)$
(iii)	Risk-free rate of return ("Rf")	3.75% for Malaysia 6.61% for Indonesia	Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year Malaysian Government Securities and 10-year Indonesia Government Securities as extracted from Bloomberg, respectively as at the LTD as this represents the closest available approximation of a risk-free investment in Malaysia and Indonesia.
(iv)	Expected market rate of return ("Rm")	10.52% for Malaysia 14.42% for Indonesia	Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market. Given the volatility of the stock market and market cycles, we view that a 10-year historical expected rate of return of the said index is an appropriate estimate of the expected market rate of return as it normalises the year-on-year fluctuations of the stock market and mitigates market bias. Based on the information sourced from Bloomberg, we have extracted the average of expected market rate of return for both Malaysia and Indonesia, per annum for the past 10 years up to the LTD.

No.	Parameters	Basis and assumptions	Descriptions																														
(v)	Beta ("β")	Unlevered beta of 0.884 for Malaysia Unlevered beta of 0.897 for Indonesia	<p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and vice versa.</p> <p>In deriving the estimated beta of KSN's business, we have relied on the raw 3-year weekly beta up to the LTD of the comparable companies⁽ⁱ⁾. As the beta extracted from Bloomberg is based on the capital structure of the respective comparable companies, we have un-levered the beta and utilised the average as the estimated beta for KSN. For information purposes, KSN is in a net cash position and hence, we have incorporated the unlevered beta in the calculation for the cost of equity rather than the levered beta.</p> <p>Note:-</p> <p>(i) The comparable companies are principally involved in cultivation of oil palms and milling of fresh fruit branches based on their respective latest audited financial statements. These companies are listed in Malaysia and Indonesia respectively. The companies selected are with market capitalisation ranging between RM1.00 billion to RM3.00 billion after taking into consideration the implied take-over value of KSN of approximately RM3.0 billion based on the Offer Price and 880,580,460 Shares in issue and total planted area for oil palm ranging between 30,000 Ha to 100,000 Ha after taking into consideration the planted area of the KSN Group of 60,571 Ha as at 30 September 2023 ("KSN Planted Area"). We have excluded the total planted area for oil palm below 30,000 Ha based on their respective latest audited financial statements as it is relatively smaller compared to KSN Planted Area, which is not applicable to our valuation below. The comparable companies are identified as follows:-</p> <p>Comparable companies for Malaysia</p> <table border="1" data-bbox="954 208 1189 1496"> <thead> <tr> <th></th> <th>Market capitalisation as at LTD</th> <th>3-year historical beta up to the LTD (levered)</th> <th>Debt/Equity ratio (times)</th> <th>3-year historical beta up to the LTD (unlevered)*</th> </tr> </thead> <tbody> <tr> <td>Sarawak Oil Palms Berhad</td> <td>RM2,421.6 million</td> <td>1.11</td> <td>0.34</td> <td>0.880</td> </tr> <tr> <td>Ta Ann Holdings Berhad</td> <td>RM1,647.3 million</td> <td>1.12</td> <td>0.12</td> <td>0.919</td> </tr> <tr> <td>Hap Seng Plantation Berhad</td> <td>RM1,455.4 million</td> <td>0.64</td> <td>nil</td> <td>0.640</td> </tr> <tr> <td>TSH Resources Berhad</td> <td>RM1,407.8 million</td> <td>1.34</td> <td>0.29</td> <td>1.097</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Average</td> <td>0.884</td> </tr> </tbody> </table> <p>KSN RM3,011.6 million[^]</p> <p>^ Being the implied take-over value of KSN of approximately RM3.0 billion based on the Offer Price and 880,580,460 Shares in issue.</p>		Market capitalisation as at LTD	3-year historical beta up to the LTD (levered)	Debt/Equity ratio (times)	3-year historical beta up to the LTD (unlevered)*	Sarawak Oil Palms Berhad	RM2,421.6 million	1.11	0.34	0.880	Ta Ann Holdings Berhad	RM1,647.3 million	1.12	0.12	0.919	Hap Seng Plantation Berhad	RM1,455.4 million	0.64	nil	0.640	TSH Resources Berhad	RM1,407.8 million	1.34	0.29	1.097				Average	0.884
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			<p>* The unlevered beta is computed based on the following formula:-</p> $\text{Unlevered Beta} = \frac{\text{Levered Beta}}{1 + (1 - T) \times \text{Debt/Equity ratio}}$ <p>whereby, T represents the Malaysia corporate income tax rate of 24%.</p> <p><u>Comparable companies for Indonesia*</u></p> <table border="1" data-bbox="539 210 742 1485"> <thead> <tr> <th></th> <th>Market capitalisation as at LTD</th> <th>3-year historical beta up to the LTD (levered)</th> <th>Debt/Equity ratio (times)</th> <th>3-year historical beta up to the LTD (unlevered)[#]</th> </tr> </thead> <tbody> <tr> <td>PT Perusahaan Perkebunan London Sumatra Indonesia Tbk</td> <td>RM1,730.0 million</td> <td>1.25</td> <td>nil</td> <td>1.247</td> </tr> <tr> <td>PT Dharma Satya Nusantara Tbk</td> <td>RM1,622.0 million</td> <td>0.88</td> <td>0.77</td> <td>0.548</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Average</td> <td>0.897</td> </tr> </tbody> </table> <p>KSN RM3,011.6 million[^] Negligible</p> <p>[^] Being the implied take-over value of KSN of approximately RM3.0 billion based on the Offer Price and 880,580,460 Shares in issue.</p> <p># The unlevered beta is computed based on the following formula:-</p> $\text{Unlevered Beta} = \frac{\text{Levered Beta}}{1 + (1 - T) \times \text{Debt/Equity ratio}}$ <p>whereby, T represents the Indonesia corporate income tax rate of 22%.</p> <p>* Due to lack of comparable in the Indonesia market, we have only selected 2 comparable companies listed in Indonesia using the same parameter as per the Malaysia comparable which are companies with market capitalisation ranging between RM1.00 billion to RM3.00 billion and total planted area for oil palm ranging between 30,000 Ha to 100,000 Ha.</p> <p>Please take note there is no company listed on Bursa Securities or Indonesia Stock Exchange which is identical to the KSN Group in terms of, among others, the composition of business activities, geographical location of operations, historical performance, risk profile, customer profile and future prospects. However, we view that the identified companies are adequately comparable to KSN and are reasonable to be adopted for the purposes of deriving the estimated beta of the industry. Our view is premised upon the expected risks and rewards of the identified companies which are broadly comparable to KSN in view that they are principally involved in the same economic sector (i.e. cultivation of oil palm plantation).</p>		Market capitalisation as at LTD	3-year historical beta up to the LTD (levered)	Debt/Equity ratio (times)	3-year historical beta up to the LTD (unlevered) [#]	PT Perusahaan Perkebunan London Sumatra Indonesia Tbk	RM1,730.0 million	1.25	nil	1.247	PT Dharma Satya Nusantara Tbk	RM1,622.0 million	0.88	0.77	0.548				Average	0.897
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No.	Parameters	Basis and assumptions	Descriptions
(vi)	Perpetuity growth rate ("g")	2.00% - 2.50% for Malaysia 3.00% - 3.50% for Indonesia	<p>For the period beyond the FYE 30 September 2034, we have adopted a range of perpetuity growth rate of 2.00% to 2.50% and 3.00% to 3.50% for Malaysia and Indonesia, respectively on the FCFE, which we view as reasonable after taking into consideration, amongst others, the long-term growth prospects of the Group. As a cross-check, we have considered the following factors:-</p> <p><u>Malaysia</u></p> <ul style="list-style-type: none"> (a) inflation rate is forecast to range between 2.1% to 3.6% in 2024 (source: <i>Economic Outlook 2024, Ministry of Finance</i>); (b) headline inflation is expected to average between 2.5% and 3% in 2023 and inflation is expected to remain modest in 2024 (source: <i>BNM Quarterly Bulletin Third Quarter 2023, Bank Negara Malaysia</i>); (c) average inflation rate in Malaysia over the past 10 years from 2013 to 2023 is 2.0% (source: <i>Official portal of Department of Statistics Malaysia, Ministry of Economy</i>); (d) growth rate of the Malaysia plantation sector in 2023 based on the KL Plantation Index is 2.6% (source: <i>KL Plantation Index</i>); and (e) real GDP of Malaysia in 2023 is 3.7% (source: <i>Bloomberg</i>). <p><u>Indonesia</u></p> <ul style="list-style-type: none"> (a) inflation rate is forecast to range between 2.5% to 3.5% in 2024 (source: <i>Official portal of inflation data, Bank Sentral Republik Indonesia</i>); (b) average inflation rate in Indonesia over the past 10 years from 2014 to 2023 is 3.69% (source: <i>Official portal of inflation data, Bank Sentral Republik Indonesia</i>); and (c) real GDP of Indonesia in 2023 is 5.1% (source: <i>Bloomberg</i>). <p>In ascribing a terminal value based on the above, we have adopted the rate of inflation ranging between 2.00% - 2.50% and 3.00% to 3.50% for Malaysia and Indonesia, respectively as the floor for a terminal value to approximate the perpetuity growth rate of KSN. We are of the view that this is reasonable after taking into consideration:-</p>

No.	Parameters	Basis and assumptions	Descriptions
			<p>(a) the constant growth rate cannot be greater than the overall growth rate of the economy (<i>source: Investment Valuation: Tools and Techniques for Determining the Value of Any Asset, Aswath Damodaran, 2012</i>); and</p> <p>(b) for the past 3 years financial track record from FYE 31 March 2021 to FPE 30 September 2023, KSN Group has been consistently generating stable revenue and profitability given the well-established track record and requisite expertise of the key management team in the plantation industry. Further details on the financial performance of KSN Group are set out in Section 6, Appendix I of this IAC.</p>
(vii)	Tax rate	24.0% for Malaysia 22.0% for Indonesia	The latest statutory corporate income tax rate applicable to the KSN Group is 24.0% for Malaysia and 22.0% for Indonesia.

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The summary of the fair value of KSN Group, based on DCF valuation method is as follows:-

	Low range	High range
	RM'000	RM'000
Fair value of KSN Group's Malaysian operations ⁽¹⁾	1,238,533	1,297,615
Fair value of KSN Group's Indonesia operations ⁽¹⁾	1,118,247	1,135,454
Total fair value of KSN based on DCF method	2,356,780	2,433,069
Illiquidity discount of 20% ⁽²⁾	(471,356)	(486,614)
Surplus cash ⁽³⁾	151,799	151,799
Fair value of KSN (based on 100% equity)	2,037,223	2,098,254
No. of KSN Shares in issue ('000)	880,580	880,580
Fair value per KSN Share (RM)	2.31	2.38

Notes:

(1) Computed based on the following formula:-

$$\text{Present value of FCFE} = \frac{\text{FCFE}}{(1 + Ke)^n}$$

whereby, *n* represents time, in years into the future.

(2) Given that KSN is an unlisted company, an illiquidity discount of 20.0% has been used to further discount the fair value of KSN to account for the lack of marketability of the Shares (Source: <http://people.stern.nyu.edu/adamodar/pdfiles/country/illiquidity.pdf>).

(3) Surplus cash refers to the cash and cash equivalents which are considered by the management to be in excess of the Group's working capital requirements in generating operating income and/or operating cash flows for its business. Based on management's estimates as at the LTD, the surplus cash amounts to approximately RM151.80 million.

Holdings should note that the valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein. Holdings should also note that the valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the relevant reports and Future Financials were based.

Premised on the above, the Offer Price represent a premium to the fair value per KSN Share ranging from RM2.31 to RM2.38.

Our view on the fairness of the Offer

Premised on our evaluation in **Section 6.1** above, we are of the view that the Offer is **FAIR** after taking into consideration that the Offer Price represents a **premium** of 48.05% to 43.70% over the fair value per KSN Share which ranges from RM2.31 to RM2.38, respectively.

7. REASONABLENESS OF THE OFFER

In assessing the reasonableness of the Offer, we have taken into consideration the following:-

- (i) Non-tradeability of the KSN Shares;
- (ii) No competing offers and level of control; and
- (iii) Invocation of Compulsory Acquisition.

7.1 Non-tradeability of the KSN Shares

Following the close of the Previous Offer on 18 November 2021 and in line with the Offeror's previously stated intention not to maintain the listing status of KSN, the requisite steps were taken to delist KSN from the Official List. KSN shares were removed from the Official List and ceased trading on the Main Market of Bursa Securities on 6 December 2021.

As there exist no active market to trade KSN Shares, it may be difficult for Holders to dispose their shares or identify suitable prospective buyers for KSN Shares. Due to the lack of trading liquidity in KSN Shares, this Offer provides an exit opportunity for Holders to realise their investment.

7.2 No competing offers and level of control

As at the LPD, save for the Offer, the Board has not received any other alternative offer for the Offer Shares or any other offer to acquire its business, assets and liabilities. In the absence of an alternative offer, the Offer provides an exit opportunity to the Holders to realise their investments in the Offer Shares for cash at the Offer Price regardless of their holdings on an immediate basis.

Given that the Offeror has already secured control over KSN, it may deter a take-over offer by other third party(ies) as any competing offer will not be able to succeed unless the Offeror agrees to tender their KSN Shares in acceptance of any competing offers.

Further, as at the LPD, the Offeror holds a majority stake of approximately 99.56% of the total issued KSN Shares. With such majority stake, the Offeror is able to control/influence the outcome of the ordinary resolutions (i.e. which require approval of more than 50% of the total votes cast) and special resolutions (i.e. which require approval of at least 75% of the total votes cast) sought at general meeting(s) of KSN. This is provided that the Offeror or its related parties are not interested in such resolutions and are allowed to vote at general meeting(s) of KSN.

In addition, given that the Offeror has already secured control over KSN, it may deter a take-over offer by other third party(ies) as any competing offer will not be able to succeed unless the Offeror agrees to tender their KSN Shares in acceptance of any competing offers.

7.3 Invocation of Compulsory Acquisition

On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.

For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.

Given that the Offeror intends to invoke the compulsory acquisition, UOBKH is of the view that it would be reasonable and beneficial for the Dissenting Shareholders to accept the Offer taking into consideration the settlement of the acceptance of the Offer is within ten (10) days from the date of Valid Acceptance as compared to being subjected to the compulsory acquisition process which may take up to four (4) months from the Posting Date.

Our view on the reasonableness of the Offer

Premised on our evaluation in **Sections 7.1, 7.2 and 7.3** above, we are of the view that the Offer is **REASONABLE** after taking into consideration the following:-

- (a) KSN Shares are illiquid as KSN was delisted from the Official List on 6 December 2021. Holders should note that you may have limited opportunities or may take significant time to identify prospective buyers for KSN Shares as no active market exists to dispose of your Shares;
- (b) As at the LPD, save for the Offer, the Board has not received any other alternative offer for the Offer Shares or any other offer to acquire its business, assets and liabilities. In the absence of an alternative offer, the Offer provides an exit opportunity to the Holders to realise their investments in the Offer Shares for cash at the Offer Price on an immediate basis;
- (c) Given that the Offeror has already secured control over KSN, it may deter a take-over offer by other third party(ies) as any competing offer will not be able to succeed unless the Offeror agrees to tender their KSN Shares in acceptance of any competing offers;
- (d) As at the LPD, the Offeror holds a majority stake of approximately 99.56% of the total issued KSN Shares. With such majority stake, the Offeror is able to control/influence the outcome of the ordinary resolutions (i.e. which require approval of more than 50% of the total votes cast) and special resolutions (i.e. which require approval of at least 75% of the total votes cast) sought at general meeting(s) of KSN;
- (e) Further, on 26 February 2024, the Board had announced the Offeror has received Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>; and
- (f) Given that the Offeror intends to invoke the compulsory acquisition, UOBKH is of the view that it would be reasonable and beneficial for the Dissenting Shareholders to accept the Offer taking into consideration the settlement of the acceptance of the Offer is within ten (10) days from the date of Valid Acceptance as compared to being subjected to the compulsory acquisition process which may take up to four (4) months from the Posting Date.

8. COMPULSORY ACQUISITION AND RIGHTS OF DISSENTING SHAREHOLDERS

8.1 Compulsory Acquisition

As set out in **Section 4.2** of the Offer Document, subject to section 224 of the CMSA, subsection 222(1) of the CMSA provides that, where an offeror:-

(a) has made a take-over offer for all the shares or all the shares in any particular class in an offeree; and

(b) has received acceptances of not less than 9/10 in the nominal value of the offer shares,

the offeror may, within four (4) months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all dissenting shareholders provided that the notice:

(a) is issued within two (2) months from the date of achieving the conditions under paragraphs 222(1)(a) and 222(1)(b) of the CMSA; and

(b) is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Subsection 222(1A) of the CMSA provides that, for the purpose of paragraph 222(1)(b) of the CMSA, the acceptances shall not include shares already held at the date of the take-over offer by the offeror and persons acting in concert.

Upon receiving Valid Acceptance from Citadel pursuant to the Citadel Undertaking, the Offeror would have achieved not less than 9/10 in the nominal value of the Offer Shares and **the Offeror will invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders. All the Offer Shares that are compulsorily acquired will, subject to subsection 224(1) of the CMSA, be acquired on the same terms as set out in the Offer Document and in accordance with subsection 222(1) of the CMSA.

Under subsection 222(6) of the CMSA, if the Offeror acquires or contracts to acquire any Offer Shares, otherwise than by virtue of acceptances of the Offer, during the period within which the Offer can be accepted, then the Offeror will be treated, for the purposes of section 222 of the CMSA, as having acquired or contracted to acquire those Offer Shares by virtue of acceptances of the Offer provided that:

(a) the consideration of such Offer Shares does not at the time when they are acquired or contracted to be acquired exceed the Offer Price; or

(b) the terms of the Offer are subsequently revised so that when the revision is announced, the consideration of such Offer Shares no longer exceeds the revised Offer Price.

8.2 Rights of Dissenting Shareholders

As set out in **Section 4.3** of the Offer Document, notwithstanding the above and subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Offeror receives valid acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than 9/10 in the value of all the Shares (including the Shares that are already held by the Offeror and its persons acting in concert as at the date of the Offer) on or before the Closing Date, a Dissenting Shareholder may exercise his rights under subsection 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his Shares on the same terms as set out in this Offer Document or such other terms as may be agreed between the Offeror and the Dissenting Shareholder concerned.

If a Dissenting Shareholder exercises his rights under the provisions of subsection 223(1) of the CMSA, the Offeror will acquire such Shares in accordance with the provisions of the CMSA, subject to section 224 of the CMSA. In accordance with subsection 224(3) of the CMSA, when a Dissenting Shareholder exercises his rights under subsection 223(1) of the CMSA, the court may, on an application made by such Dissenting Shareholder or by the Offeror, order that the terms on which the Offeror shall acquire such Shares shall be as the court thinks fit.

Notwithstanding the above, pursuant to subsection 224(1) of the CMSA, where a notice is given under subsection 222(1) of the CMSA, the court may, on an application made by any Dissenting Shareholder within one (1) month from the date on which the notice was given by the Offeror, order that the Offeror shall not be entitled and shall not be bound to acquire the Shares of such Dissenting Shareholder or specify terms of acquisition that are different from the terms of the Offer.

Subsection 223(2) of the CMSA requires the Offeror to give the Dissenting Shareholders a notice in the manner specified by the SC of the rights exercisable by the Dissenting Shareholders under subsection 223(1) of the CMSA, within one (1) month of the time of the Offeror receiving valid acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than 9/10 in the value of all the Shares (including the Shares already held by the Offeror and its persons acting in concert).

A notice to the Dissenting Shareholders under subsection 223(2) of the CMSA may specify the period for the exercise of the rights of the Dissenting Shareholders and in any event, such period shall not be less than three (3) months after the Closing Date.

Our comments:-

As at the LPD, with the receipt of the Valid Acceptance from Citadel pursuant to the Citadel Undertaking, the Offeror has achieved the requisite threshold to invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining KSN Shares not owned by the Offeror from the Dissenting Shareholders and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders. For the Dissenting Shareholders, the Offer Shares will be compulsorily acquired with the compulsory acquisition process where the consideration for the Offer Shares will be transferred to the Holder's bank account registered with Bursa Depository taking not more than four (4) months from the Posting Date.

We further note that any Offer Shares which are compulsorily acquired will be acquired on the same terms as set out in the Offer Document provided that the consideration of such Offer Shares does not at the time when they are acquired or contracted to be acquired exceed the Offer Price or if the terms of the Offer are subsequently revised.

9. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR KSN GROUP AND ITS EMPLOYEES

We refer to the rationale for the Offer and future plans for KSN Group and its employees as set out in **Sections 3** and **5** of the Offer Document, respectively.

9.1 Rationale for the Offer

Non-tradeability of the Shares following from the Offeree's delisting from the Official List

Following the close of the Previous Offer on 18 November 2021, KLK held 835,574,615 Shares, representing approximately 94.89% equity interest in the Offeree. KLK further acquired 3,241,198 Shares, representing 0.37% equity interest in the Offeree pursuant to section 223 of the CMSA. On 21 February 2022, being the closing date for the dissenting shareholders to exercise their rights under section 223 of the CMSA, KLK held a total of 839,345,538 Shares, representing 95.32% equity interest in the Offeree.

The Offeree was delisted from the Official List and the Shares were no longer trade on the Main Market of Bursa Securities with effect from 6 December 2021.

Opportunity for the Holders to exit and realise their investment in the Shares at a premium to the offer price of the Previous Offer

The Offer provides an opportunity for the Holders to realise their investment in the Shares rather than continue to hold unlisted Shares. The Offer Price of RM3.42 represents a premium of approximately 10.3% to the offer price of RM3.10 under the Previous Offer.

Greater flexibility in managing the Offeree's business operations

The successful implementation of the Offer will allow the Offeror to be the sole shareholder of the Offeree which will eliminate administrative efforts and costs pertaining to the Offeree's obligations to its shareholders (such as maintaining the Record of Depositors at Bursa Depository and conducting Annual General Meetings). The Offer will provide the Offeror with greater flexibility in the implementation of any business plans and/or operational changes of the Offeree (should the need arise) which may otherwise require minority shareholders' approval under the Act or other applicable rules and regulations.

Our comments:-

We note that the Offeror owns 99.56% equity interest in the Offeree as at the LPD and that the purpose of this Offer is for the Offeror to achieve 100% control and fully consolidate its interest in KSN. The Offer provides a timely exit opportunity for Holders to realise their investment in KSN given the lack of an active or liquid market for KSN shares following the Offeree's delisting from the Official List on 6 December 2021.

We also note that the Offer Price of RM3.42 per share represents a premium of RM0.32 or approximately 10.3% over the offer price of RM3.10 per share under the Previous Offer.

9.2 Future plans for KSN Group and its employees

The Offeror's future plans for KSN Group and its employees are set out in **Section 5** of the Offer Document.

The intentions of the Offeror are summarised as follows:

- (i) the Offeror intends to continue existing businesses of the KSN Group;
- (ii) the Offeror does not have any immediate plan to introduce any major change to the existing businesses of the Offeree Group, liquidate any of the companies within the Offeree Group (save for dormant or inactive companies), dispose of any major assets or undertake any major redeployment of the fixed assets of the Offeree Group; and
- (iii) the Offeror intends to retain the existing management team of the Offeree who will continue to perform their operational role whilst the Offeror oversees and monitors the integration process. The Offeror also has no immediate plans to dismiss or make redundant the existing employees of the Offeree Group as a direct consequence of the Offer.

We also note that the future plans disclosed above are the intentions of the Offeror and they retain the flexibility at any time to consider any options which are in the best interest of the Group that may present itself.

The Offeror may from time to time review strategic options with regards to the businesses or assets of the KSN Group. The Offeror may, where appropriate, undertake such changes, disposal and/or redeployment as part of the process to rationalise the business activities or direction of the KSN Group. Any changes with regards to staff employment pursuant to the

above will be carried out in accordance with the relevant legislation and the terms of employment of the affected employees.

Our comments:-

We noted that as at the Offer Document LPD, the Offeror:-

- (g) intends to continue with the existing business of KSN Group (ie. cultivation of oil palms and milling of fresh fruit branches) and intends to complement and contribute to these businesses by leveraging on the Offeror's business network, expertise and experience;
- (h) does not have any definitive plans and/or intention to liquidate any company within KSN Group, dispose any major asset or undertake any major re-deployment of the fixed assets of KSN Group or introduce or effect any major change to the existing business of KSN Group;
- (i) intends to undertake a review and evaluation of the operations of KSN Group prior to developing or implementing any future strategies for KSN Group; and
- (j) has not entered into any negotiation, arrangement or understanding with any third party with regards to any significant change in the business, asset or shareholding structure of KSN Group.

We further note that the Offeror has no immediate plans to dismiss or make redundant any of KSN Group's existing employees as a direct consequence of the Offer. Nevertheless, the Offeror may from time to time introduce constructive measures to improve the efficiency of operations and to optimise the human resources requirements of KSN Group, which may lead to rationalisation of staff employment and/or streamlining of the business activities of KSN Group's operations.

Any such action taken involving employees will be dealt with in accordance with the relevant legislation and the terms of employment of the employees concerned. Notwithstanding the above, the Offeror retain the flexibility at all times to consider any options which are in the best interests of the Group.

Premised on the above, in view that the Offeror does not have any plans or intention to liquidate any company within KSN Group, we are of the view that the businesses and management of KSN will remain intact and continue as a going concern.

10. FURTHER INFORMATION

You are advised to refer to the views and recommendation of the Non-Interested Directors as set out in **Section 7, Part A of this IAC** as well as the attached appendices and other relevant information in the Offer Document for further details in relation to the Offer.

11. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation for the Non-Interested Directors and Holders, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules whereby the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Offer is "fair" and whether the Offer is "reasonable", rather than as a composite term.

The Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is

determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired.

In considering whether the Offer is “reasonable”, we have taken into consideration matters other than the valuation of the Offer Shares. Generally, the Offer would be considered “reasonable” if it is “fair”.

We have assessed and evaluated the Offer based on all relevant and pertinent factors including those which are as set out in **Sections 6 and 7** of this IAL. Holders should consider carefully the merits and demerits of the Offer based on all relevant factors and considerations as set out in this IAC and the Offer Document, prior to making a decision on whether to accept or reject the Offer.

Summarised below are the pertinent factors which you should carefully consider prior to making a decision whether to accept or reject the Offer:-

Fairness	We view that the Offer is <u>FAIR</u> after having taking into consideration that the Offer Price represents a premium of 48.05% to 43.70% over the fair value per KSN Share which ranges from RM2.31 to RM2.38, respectively.
Reasonableness	<p>We view that the Offer is <u>REASONABLE</u> after having taking into consideration the following:-</p> <ul style="list-style-type: none"> (a) KSN Shares are illiquid as KSN was delisted from the Official List on 6 December 2021. Holders should note that you may have limited opportunities or may take significant time to identify prospective buyers for KSN Shares as no active market exists to dispose of your Shares; (b) As at the LPD, save for the Offer, the Board has not received any other alternative offer for the Offer Shares or any other offer to acquire its business, assets and liabilities. In the absence of an alternative offer, the Offer provides an exit opportunity to the Holders to realise their investments in the Offer Shares for cash at the Offer Price on an immediate basis; (c) Given that the Offeror has already secured control over KSN, it may deter a take-over offer by other third party(ies) as any competing offer will not be able to succeed unless the Offeror agrees to tender their KSN Shares in acceptance of any competing offers; (d) As at the LPD, the Offeror holds a majority stake of approximately 99.56% of the total issued KSN Shares. With such majority stake, the Offeror is able to control/influence the outcome of the ordinary resolutions (i.e. which require approval of more than 50% of the total votes cast) and special resolutions (i.e. which require approval of at least 75% of the total votes cast) sought at general meeting(s) of KSN;

Reasonableness	<p>(e) Further, on 26 February 2024, the Board had announced the Offeror has received Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4; and</p> <p>(f) Given that the Offeror intends to invoke the compulsory acquisition, UOBKH is of the view that it would be reasonable and beneficial for the Dissenting Shareholders to accept the Offer taking into consideration the settlement of the acceptance of the Offer is within ten (10) days from the date of Valid Acceptance as compared to being subjected to the compulsory acquisition process which may take up to four (4) months from the Posting Date.</p>
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Based on our evaluation, we are of the opinion that the Offer is **FAIR and REASONABLE**. Accordingly, we:-

- (i) have advised the Non-Interested Directors to recommend the Holders to **ACCEPT** the Offer; and
- (ii) recommend that the Holders **ACCEPT** the Offer.

On 26 February 2024, following the receipt of Valid Acceptance from Citadel, the Board had announced that the Offeror achieved Valid Acceptances in respect of the Offer Shares of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror as at the date of the Offer Document). **The Offeror will invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders** and issue a compulsory acquisition notice in the form or manner specified by the SC under subsection 222(1) of the CMSA to all Dissenting Shareholders which have been published on the SC's website at <https://www.sc.com.my/api/documentms/download.ashx?id=91ad873c-d428-439a-9244-d1444fea09b4>.

For information purposes, as at LPD, the Offeror holds 876,722,649 KSN Shares, representing approximately 99.56% of the total issued shares in KSN.

Given that the Offeror intends to invoke the compulsory acquisition, UOBKH is of the view that it would be reasonable and beneficial for the Dissenting Shareholders to accept the Offer taking into consideration the settlement of the acceptance of the Offer is within ten (10) days from the date of Valid Acceptance as compared to being subjected to the compulsory acquisition process which may take up to four (4) months from the Posting Date.

As such, UOBKH is of the opinion that the Holders should **ACCEPT** the Offer on or before the First Closing Date.

Holdes are advised to closely monitor information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer.

HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

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

Yours faithfully,
For and on behalf of
UOB KAY HIAN SECURITIES (M) SDN BHD

TAN MENG KIM
Managing Director
Capital Markets

GOH YAO YEN
Director
Co-Head of Corporate Finance

INFORMATION ON KSN

1. HISTORY AND BUSINESS

KSN (formerly known as IJM Plantations Berhad (“IJMP”) was incorporated in Malaysia (under the Companies Act, 1965 and deemed registered under the Act) as a private limited company on 15 January 1985 under the name of Keepmatic Sdn Bhd. The Company changed its name to IJM Plantations Sdn Bhd on 2 July 1985. Subsequently, on 7 March 2003, the Company was converted into a public company as IJMP. IJMP was listed on Main Market of Bursa Securities on 2 July 2003. Following Previous Offer, IJMP was delisted from the Official List and the Shares were no longer traded on the Main Market of Bursa Securities with effect from 6 December 2021. Subsequent to that, IJMP had assumed the name of KSN on 25 March 2022.

KSN Group is principally involved in cultivation of oil palms and milling of fresh fruit branches which are geographically located in Malaysia and Indonesia.

2. SHARE CAPITAL**2.1 Issued share capital**

As at the LPD, the issued share capital of KSN is RM922,530,518 comprising 880,580,460 ordinary shares.

All KSN Shares rank pari passu in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in issued share capital

Since the FPE 30 September 2023 up to the LPD, there are no changes in KSN's issued share capital.

2.3 Convertible securities

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

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholder's shareholdings in KSN are set out below:-

Name	Nationality / Place of incorporation	Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%
KLK	Malaysia	876,722,649	99.56	-	-
Batu Kawan Berhad	Malaysia	-	-	⁽²⁾ 876,722,649	99.56
Arusha Enterprise Sdn Bhd	Malaysia	-	-	⁽³⁾ 876,722,649	99.56
Wan Hin Investments Sdn Berhad	Malaysia	-	-	⁽³⁾ 876,722,649	99.56
High Quest Holdings Sdn Bhd	Malaysia	-	-	⁽³⁾ 876,722,649	99.56
Cubic Crystal Corporation	British Virgin Islands	-	-	⁽³⁾ 876,722,649	99.56
High Quest Anstalt	Liechtenstein	-	-	⁽³⁾ 876,722,649	99.56
Di-Yi Sdn Bhd	British Virgin Islands	-	-	⁽³⁾ 876,722,649	99.56
Grateful Blessings Inc	Liechtenstein	-	-	⁽³⁾ 876,722,649	99.56

INFORMATION ON KSN (CONT'D)

Name	Nationality / Place of incorporation	Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%
Grateful Blessings Foundation	British Virgin Islands	-	-	⁽³⁾ 876,722,649	99.56
Tan Sri Dato' Seri Lee Oi Hian	Malaysian	-	-	⁽⁴⁾ 876,722,649	99.56
Dato' Lee Hau Hian	Malaysian	-	-	⁽⁵⁾ 876,722,649	99.56

Notes:-

- (1) Computed based on the existing issued share capital comprising 880,580,460 Shares as at the LPD.
- (2) Deemed interest by virtue of Section 8(4) of the Act through KLK.
- (3) Deemed interest by virtue of Section 8(4) of the Act through indirect substantial shareholding in KLK.
- (4) Deemed interest by virtue of Section 8(4) of the Act through shares in KLK held by his child and Grateful Blessings Foundation. Nevertheless, he does not have any economic or beneficial interest in the shares in KLK as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).
- (5) Deemed interest by virtue of Section 8(4) of the Act through direct and indirect substantial shareholding in KLK.

4. DIRECTORS

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

Name	Address	Nationality	Direct		Indirect	
			No. of Shares	%	No. of Shares	(1)%
Tan Sri Dato' Seri Lee Oi Hian (Non-Independent Executive Director)	55, Jalan Kelab Golf, 30350 Ipoh, Perak	Malaysian	-	-	⁽²⁾ 876,722,649	99.56
Mah Fak Chin (Non-Independent Executive Director)	No 14, Jalan Palma A/13, Seri Palma, Bandar Seri Botani, 31350 Ipoh, Perak	Malaysian	-	-	-	-
Chong Choong Khim (Non-Independent Executive Director)	60, Jalan Rishah 3, Taman Rishah, 30100 Ipoh, Perak	Malaysian	-	-	-	-
Wong Kim Sun (Non-Independent Executive Director)	Lot 488 Phase 3, Jalan Buli Sim-Sim, Taman Grandview, 90000 Sandakan, Sabah	Malaysian	-	-	-	-
Abd Hadi Bin Manas (Non-Independent Executive Director)	Komplek Balikpapan Baru, Ruko Sentra Eropa, Blok AA1B, No. 1, Balikpapan 76114, Kalimantan Timur, Indonesia	Malaysian	-	-	-	-

INFORMATION ON KSN (CONT'D)

Name	Address	Nationality	Direct		Indirect	
			No. of Shares	%	No. of Shares	(1)%
Ong Twee Kwan (Independent Non-Executive Director)	40M, Jalan Kemuncak, 80100 Johor Baru, Johor	Malaysian	-	-	-	-
Raja Hamzah Abidin bin Raja Nong Chik (Independent Non-Executive Director)	2, Changkat Datuk, Sulaiman 2, TTDI Hills, 60000 Kuala Lumpur	Malaysian	-	-	-	-

Notes:-

- (1) Computed based on the existing issued share capital comprising 880,580,460 Shares as at the LPD.
- (2) Deemed interest by virtue of Section 8(4) of the Act through shares in KLK held by his child and Grateful Blessings Foundation. Nevertheless, he does not have any economic or beneficial interest in the shares in KLK as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

5. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

As at the LPD, the subsidiaries of KSN are set out below:-

Name	Place of incorporation	Effective equity interest (%)	Principal activities
Sabah			
Berakan Maju Sdn Bhd	Malaysia	100.0	Plantation
Desa Talisai Palm Oil Mill Sdn Bhd (in member's voluntary liquidation)	Malaysia	100.0	Dormant
Desa Talisai Sdn Bhd (in member's voluntary liquidation)	Malaysia	100.0	Dormant
Dynasive Enterprise Sdn Bhd	Malaysia	100.0	Investment holding
Excellent Challenger (M) Sdn Bhd	Malaysia	100.0	Plantation
Gunaria Sdn Bhd	Malaysia	100.0	Investment holding
KLK Agri Oils Sdn Bhd	Malaysia	100.0	Palm oil and kernel milling
KLK Biofuel Sdn Bhd	Malaysia	100.0	Dormant
Minat Teguh Sdn Bhd	Malaysia	100.0	Investment holding
Rakanan Jaya Sdn Bhd	Malaysia	100.0	Plantation
Ratus Sempurna Sdn Bhd	Malaysia	100.0	Investment holding
Sabang Mills Sdn Bhd (in member's voluntary liquidation)	Malaysia	100.0	Dormant
Sijas Plantations Sdn Bhd (in member's voluntary liquidation)	Malaysia	100.0	Dormant
Indonesia			
P.T. Indonesia Synergy Plantation	Indonesia	90.0	Plantation and milling

INFORMATION ON KSN (CONT'D)

Name	Place of incorporation	Effective equity interest (%)	Principal activities
P.T. Karya Bakti Sejahtera Agrotama	Indonesia	100.0	Plantation
P.T. Prima Alumga	Indonesia	95.0	Plantation
P.T. Primabahagia Permai	Indonesia	95.0	Plantation and milling
P.T. Sinergi Agro Industri	Indonesia	95.0	Plantation and milling

As at the LPD, KSN does not have any associate or joint venture companies.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of KSN Group based on its audited consolidated financial statements for the 12-month FYE 31 March 2021 and FYE 31 March 2022 and FPE 30 September 2023[^] are as follows:-

	Audited 12-month FYE 31 March		Audited FPE 30 September
	2021 RM'000	2022 RM'000	'2023 RM'000
Revenue	935,693	1,239,922	1,616,880
PBT	272,129	411,338	161,960
PAT/(LAT) attributable to:-			
- Owners of the Company	205,083	296,363	138,087
- Non-controlling interest	9,924	6,659	(9,467)
Weighted average number of Shares in issue ('000)	880,580	880,580	880,580
Basic EPS (sen)	23.29	33.66	15.68
Shareholders' funds/NA (RM'000)	1,436,947	1,660,299	1,798,216
NA per share (RM) ⁽¹⁾	1.63	1.89	2.04
Current ratio (times)	1.31	1.89	2.15
Dividend per share (sen)	10	5	-

Notes:-

[^] There was a change in the financial year end of the Group from 31 March to 30 September.

(1) Computed based on the shareholders' funds/NA over the weighted average number of Shares in issue for the respective FYEs/FPE.

There were no exceptional items which affected the financial performance of the Group for the past 3 financial years up to the FPE 30 September 2023. As at the LPD, there is no interim information available.

Commentary on the past financial performance:-
FYE 31 March 2021 vs FYE 31 March 2022

For the FYE 31 March 2022, the Group's revenue increased by 32.51% to RM1,239.92 million (FYE 31 March 2021: RM935.69 million). The increase was mainly attributable to the higher average CPO price at about RM4,096/MT for the FYE 31 March 2022 as compare to average price RM2,648/MT for FYE 31 March 2021.

INFORMATION ON KSN (CONT'D)

Further, for the FYE 31 March 2022, the Group's PBT increased by 51.15% to RM411.34 million (FYE 31 March 2021: RM272.12 million), in tandem with the increase in the Group's revenue and gross profit margin as result of the increase of the Group's product selling prices.

FYE 31 March 2022 vs FPE 30 September 2023

For the FPE 30 September 2023, the Group's revenue increased by 30.40% to RM1,616.88 million (FYE 31 March 2022: RM1,239.92 million).

Further, for the FPE 30 September 2023, the Group's PBT decreased by 60.6% to RM161.96 million (FYE 31 March 2022: RM411.34 million), mainly attributable to the following factors:-

- i. the average CPO price had decreased to RM 3,869/MT for the FPE 30 September 2023 as compare to average price RM4,096/MT for FYE 31 March 2022; and
- ii. the one-off impairment of the plasma receivable of the Indonesia operation of RM 61.69 million and write down of inventories to net realisable value of RM57.57 million.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of KSN Group based on its audited statement of financial position for the 12-month FYE 31 March 2021 and FYE 31 March 2022 and FPE 30 September 2023[^] are set out below:-

	Audited 12-month FYE 31 March		Audited FPE 30 September
	2021 RM'000	2022 RM'000	2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,582,925	1,507,402	1,411,766
Right-of-use assets	228,242	228,195	224,123
Investment in associate	14,113	23,566	-
Other receivables	145,717	139,529	91,592
Deferred tax assets	3,326	6,055	24,801
Total non-current assets	1,974,323	1,904,747	1,752,282
Current assets			
Inventories	81,124	110,533	100,811
Trade and other receivables	90,842	82,491	91,742
Contract assets	-	-	13,886
Biological assets	19,380	31,668	28,990
Tax recoverable	4,603	7,870	20,581
Deposit, cash and bank balances	216,871	170,059	231,257
Total current assets	412,820	402,621	487,267
TOTAL ASSETS	2,387,143	2,307,368	2,239,549

INFORMATION ON KSN (CONT'D)

	Audited 12-month FYE 31 March		Audited FPE 30 September
	2021 RM'000	2022 RM'000	2023 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	922,530	922,530	922,530
Equity contribution reserve	7,859	-	-
Other reserves	(97,972)	(77,610)	(15,126)
Retained profit	604,530	815,379	890,812
Total equity attributable to owners of the Company	1,436,947	1,660,299	1,798,216
Non-controlling interest	3,331	25,415	20,994
Total equity	1,440,278	1,685,714	1,819,210
Non-current liabilities			
Deferred tax liabilities	88,147	100,838	71,576
Provision for retirement benefits	20,279	17,326	29,068
Borrowings	501,476	269,158	71,633
Lease liabilities	22,009	21,690	21,303
Total non-current liabilities	631,911	409,012	193,580
Current liabilities			
Derivative financial instruments	4,388	-	-
Borrowings	195,857	71,717	38,909
Provision for retirement benefits	1,292	1,930	-
Trade and other payables	99,812	110,159	183,275
Lease liabilities	84	89	95
Current tax liabilities	13,521	28,747	4,480
Total current liabilities	314,954	212,642	226,759
TOTAL LIABILITIES	946,865	621,654	420,339
TOTAL EQUITY AND LIABILITIES	2,387,143	2,307,368	2,239,549

Note:-

^ There was a change in the financial year end of the Group from 31 March to 30 September.

As at the LPD, there is no known material change in the financial position of KSN, subsequent to the latest audited consolidated financial statements for the FPE 30 September 2023. As at the LPD, there is no interim information available.

INFORMATION ON KSN (CONT'D)

8. ACCOUNTING POLICIES

The audited consolidated financial statements of KSN for the 12-month FYE 31 March 2021 and FYE 31 March 2022 and FPE 30 September 2023, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act. There was no audit qualification for KSN's financial statements for the respective years/period under review.

There is no change in the accounting standards adopted by KSN which would result in a variation in the comparable figures for the audited consolidated financial statements of KSN for the 12-month FYE 31 March 2021 and FYE 31 March 2022 and FPE 30 September 2023.

9. BORROWINGS

As at 31 January 2024, which is not more than 3 months preceding the LPD, KSN Group has total outstanding borrowings of approximately RM86.41 million, all of which are interest bearing, as follows:-

	RM'000
<u>Short term borrowings</u>	
Leases and term loan	30,292
<u>Long term borrowings</u>	
Term loan	56,116
Total borrowings	86,408

10. MATERIAL COMMITMENTS

There are no material capital commitments incurred or known to be incurred by KSN Group as at the LPD, that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or business of KSN Group.

11. CONTINGENT LIABILITIES

There are no contingent liabilities incurred or known to be incurred by KSN Group as at the LPD that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or business of KSN Group.

12. MATERIAL LITIGATION

As at the LPD, KSN Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of KSN Group and the Board confirms that there are no proceedings, pending or threatened, or of any fact likely to give rise to any proceedings, which may have a material impact on the financial position or the business of KSN Group.

13. MATERIAL CONTRACTS

KSN Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) during the past 2 years before the commencement of the Offer Period and up to the LPD.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. The Board, collectively and individually accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that after making all reasonable enquiries and to the best of their knowledge, opinions expressed by the Non-Interested Directors in this IAC have been arrived at, after due and careful consideration and there are no other facts and/or information, the omission of which would make any information provided in this IAC relating to KSN Group, false or misleading or materially incomplete.

The responsibility of the Board in respect of:-

- (i) the information relating to the Offeror and the Offer (as extracted from the Notice and Offer Document) is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by UOBKH in relation to the Offer as set out in **Part B** of this IAC are limited to ensuring that the information provided by KSN to UOBKH for its evaluation in respect of the Offer are relevant and accurate such that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading and to ensure all information in relation to KSN Group that are relevant to UOBKH's evaluation of the Offer have been completely disclosed to UOBKH is accurate and that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES**2.1 By KSN****(i) Disclosure of interests in the Offeror**

KSN does not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD.

(ii) Dealings in the securities of the Offeror

KSN has not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

(iii) Disclosure of dealings in KSN

KSN has not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

FURTHER INFORMATION (CONT'D)

2.2 By the Directors of KSN**(i) Disclosure of interests in the Offeror**

Save as disclosed below, the directors of KSN do not have any other interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD.

	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
Tan Sri Dato' Seri Lee Oi Hian	154,175	0.01	⁽²⁾ 525,666,363	47.94
Mah Fak Chin	23,780	*	-	-
Chong Choong Khim	16,669	*	-	-
Abd Hadi Bin Manas	13,524	*	-	-

Notes:-

* Negligible.

(1) Computed based on the existing issued share capital comprising 1,096,405,067 KLK Shares as at the LPD.

(2) Deemed interest in the KLK Shares held by his child, and by virtue of Section 8(4) of the Act through Grateful Blessings Foundation. Nevertheless, he does not have any economic or beneficial interest in the KLK Shares as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

(ii) Dealings in the securities of the Offeror

None of the Directors have dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

(iii) Disclosure of interest in KSN

Save as disclosed below, as at the LPD, none of the Directors of KSN have any interest, whether direct or indirect, in any voting shares or convertible securities of KSN:-

	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
Tan Sri Dato' Seri Lee Oi Hian	-	-	⁽²⁾ 876,722,649	99.56

Notes:-

(1) Computed based on the existing issued share capital comprising 880,580,460 Shares as at the LPD.

(2) Deemed interest by virtue of Section 8(4) of the Act through shares in KLK held by his child and Grateful Blessings Foundation. Nevertheless, he does not have any economic or beneficial interest in the shares in KLK as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

(iv) Disclosure of dealings in KSN

None of the Directors of KSN have dealt, directly or indirectly, in any voting shares or convertible securities of KSN during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

FURTHER INFORMATION (CONT'D)

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

As at the LPD, there is no person with whom KSN or any persons acting in concert with it who 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 voting shares or convertible securities of KSN which may be an inducement to deal or to refrain from dealing.

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

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

2.5 By UOBKH and funds whose investments are managed by UOB Kay Hian Holdings Limited, being the holding company of UOBKH, and its subsidiaries, on a discretionary basis (“Discretionary Funds”)**(i) Disclosure of interest in KSN**

As at the LPD, UOBKH and the Discretionary Funds do not have any interest, direct or indirect, in any voting shares or convertible securities of KSN.

(ii) Disclosure of dealings in KSN

UOBKH and the Discretionary Funds have not dealt, directly or indirectly, in any voting shares or convertible securities of KSN during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

3. ARRANGEMENT AFFECTING THE DIRECTORS

- (i) As at the LPD, no payment or other benefit will be made or given to any Director of KSN as compensation for loss of office or otherwise in connection with the Offer.
- (ii) As at the LPD, there is no agreement or arrangement between any Director of KSN and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the outcome of the Offer.
- (iii) As at the LPD, the Offeror has not entered into any material contract in which any Director of KSN has a material personal interest.

4. DIRECTORS’ SERVICE CONTRACTS

Neither KSN nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the commencement of the Offer Period 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 contracts expiring or determinable by KSN or its subsidiaries without payment of compensation within 12 months from the date of this IAC.

FURTHER INFORMATION (CONT'D)

5. CONSENTS

UOBKH has given and has not subsequently withdrawn its written consent to the inclusion in the IAC of its names and all references thereto in the form and context in which it appears.

RHB Investment Bank has given and has not subsequently withdrawn its written consent to the inclusion in the IAC of its names and all references thereto in the form and context in which it appears.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of KSN at Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, during normal business hours (9.00 a.m. to 5.00 p.m.) between Mondays to Fridays (except public holidays) from the date of this IAC up to and including the Closing Date:-

- (i) the Constitution of KSN;
- (ii) the audited consolidated financial statements of KSN for the past 3 financial years up to and including the FPE 30 September 2023;
- (iii) a copy of the Notice dated 5 February 2024;
- (iv) a copy of the letter from the SC dated 5 March 2024 notifying it has no further comments on this IAC; and
- (v) the letters of consent referred to in **Section 5, Appendix II** of this IAC.

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