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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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KUMPULAN PERANGSANG SELANGOR BERHAD

(Registration No. 197501002218 (23737-K))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED DIVESTMENT BY BOLD APPROACH SDN BHD, OUR WHOLLY-OWNED SUBSIDIARY, OF ITS 50.00% EQUITY INTEREST IN KAISERKORP CORPORATION SDN BHD TO AI DREAM (HK) LIMITED FOR A CASH CONSIDERATION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM")

Principal Adviser



RHB INVESTMENT BANK BERHAD

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

Our Notice of EGM together with our Proxy Form are enclosed in this Circular. Our forthcoming EGM will be held virtually through live streaming and online voting via the Remote Participation and Voting Electronic ("RPEV") facilities as follows:

- Meeting platform of our EGM : <https://meeting.boardroomlimited.my>
- Day, date and time of our EGM : Wednesday, 6 March 2024 at 10.00 a.m., or any adjournment thereof
- Broadcast venue of our EGM : Our corporate office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
- Last date and time for lodging the Proxy Form : Tuesday, 5 March 2024 at 10.00 a.m.

Your Proxy Form must be lodged at our Company's share registrar, Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, you may submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> no later than 24 hours before the time set for holding our forthcoming EGM or any adjournment thereof. Please refer to the procedures for submission of the Proxy Form in the Administrative Guide for Shareholders.

This Circular is dated 16 February 2024

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
AI Dream Purchaser	or :	AI Dream (HK) Limited
AI Dream 3	:	AI Dream 3 (Cayman) Limited
Board	:	Our Board of Directors
Boardroom	:	Boardroom Share Registrars Sdn Bhd
Bold Approach	:	Bold Approach Sdn Bhd, our wholly-owned subsidiary
Bold Approach Sale Shares	:	44,618,685 ordinary shares in Kaisercorp, representing 50.00% equity interest held by Bold Approach in Kaisercorp
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular dated 16 February 2024 in relation to the Proposed Divestment
Completion	:	Completion of the sale and purchase of the Sale Shares
Director(s)	:	Directors of our Company as at the LPD and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007, and shall be construed accordingly
EBITDA	:	Earnings before interest, taxes, depreciation and amortisation
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
EV	:	Enterprise value
FPE	:	Financial period ended 30 September
FYE	:	Financial year ended 31 December
GP	:	Gross profit
Government	:	Government of Malaysia
Group	:	Collectively, our Company and subsidiaries
Hillhouse	:	Hillhouse Investment Management, Ltd or its affiliates
Kaisercorp	:	Kaisercorp Corporation Sdn Bhd, a 60.00%-owned subsidiary of Bold Approach
Kaisercorp Group	:	Collectively, Kaisercorp and its subsidiaries
KKLC	:	King Koil Licensing Company, Inc, a wholly-owned subsidiary of Kyco
KKMW	:	King Koil Manufacturing West, LLC, a 60.00%-owned subsidiary of Kyco
KPS Berhad Company	or :	Kumpulan Perangsang Selangor Berhad

DEFINITIONS

KPS Berhad Shares	:	Ordinary shares in our Company
Kyco	:	Kyco Industries, Inc, a wholly-owned subsidiary of Kaisercorp
LBT	:	Loss before tax
Leakage	:	Payment or transfer or loss of value by Kaisercorp during the period commencing on the date of the SSA up until Completion that has not been accounted for under the Locked Box Price as set out in Section 2 of Appendix I of this Circular
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Locked Box Price	:	Equals to a base amount of USD100.00 million adjusted for: (i) the consolidated net cash of Kaisercorp as at 31 December 2023; and (ii) the difference in amount between the audited consolidated working capital of Kaisercorp as at 31 December 2023 and the targeted consolidated working capital of Kaisercorp of USD6.27 million. Please refer to Section 2 of Appendix I of this Circular for further details
LPD	:	31 January 2024, being the latest practicable date before the printing of this Circular
NA	:	Net assets attributable to ordinary equity holders
P/E	:	Price-to-earnings multiple
PAT	:	Profit after tax
PBT	:	Profit before tax
Proposed Divestment	:	Proposed divestment by Bold Approach of the Bold Approach Sale Shares to AI Dream for the Sale Consideration
Proposed Shareholders' Agreement	:	A shareholders' agreement, in the form and substance as set out in the SSA, to be entered into between our Company, Bold Approach, YJH and AI Dream
Provisional Sale Consideration	:	The provisional Sale Consideration for the SSA of approximately RM265.48 million as computed in Section 2 of this Circular
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad
ROI	:	Return on investment
RPEV	:	Remote Participation and Electronic Voting
Sale Consideration	:	Cash consideration attributable to the divestment of the Bold Approach Sale Shares by Bold Approach to AI Dream and determined based on the formula as set out in Section 2 of this Circular
Sale Shares	:	Collectively, the Bold Approach Sale Shares and the YJH Sale Shares
SIAC	:	Singapore International Arbitration Centre

DEFINITIONS

SSA	:	Conditional share sale agreement dated 9 January 2024 entered into between our Company, Bold Approach, YJH and AI Dream in relation to the Proposed Divestment and the YJH Disposal
USA	:	United States of America
YJH	:	Yeoh Jin Hoe, a director and shareholder of Kaiserkorp as at the LPD
YJH Disposal	:	Proposed divestment by YJH of the YJH Sale Shares to AI Dream for a cash consideration
YJH Sale Shares	:	26,771,211 ordinary shares in Kaiserkorp, representing 30.00% equity interest held by YJH in Kaiserkorp
100% Provisional Sale Consideration	:	RM530.96 million, being the consideration for a 100.00% equity interest in Kaiserkorp derived from the Provisional Sale Consideration

CURRENCIES

HKD	:	Hong Kong Dollar
RM and sen	:	Ringgit Malaysia and sen, respectively
USD	:	United States Dollar

EXCHANGE RATE

Unless otherwise stated, the following exchange rate has been used throughout this Circular:

USD1.00	:	RM4.6505 (being the middle rate quoted by Bank Negara Malaysia as at 5:00 p.m. on 5 January 2024, which is the date of exchange rate used in the announcement of the Proposed Divestment dated 9 January 2024)
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PRESENTATION OF INFORMATION

References to “**our Company**”, “**we**”, “**us**” and “**our**” in this Circular are to our Company.

References to “**our Group**” in this Circular are to our Company and our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our shareholders.

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

Any references in this Circular to the provisions of any enactment, statute, rules, regulation, rules of stock exchange or guideline shall (when the context admits) be construed as a reference to the provisions of such enactment, statute, rules, regulation, rules of stock exchange or guideline (as the case may be) as modified by any written law or (if applicable) amendments to the enactment, statute, rules, regulation, rules of stock exchange or guideline for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise stated.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancies between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company and/or Kaiserkorp (as the case may be), are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from anticipated results, performance or achievements expressed or implied in such forward-looking statements. Hence, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's and/or our Group's plans and objectives will be achieved.

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or *vice versa*.

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Registered office
17th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Malaysia

16 February 2024

Board of Directors

YB Dato' Setia Haris bin Kasim	<i>Non-Independent Non-Executive Chairman</i>
Puan Norita binti Mohd Sidek	<i>Non-Independent Non-Executive Director</i>
Ybhg. Dato' Ikmal Hijaz bin Hashim	<i>Independent Non-Executive Director</i>
Puan Norliza binti Kamaruddin	<i>Independent Non-Executive Director</i>
Ybhg. Dato' Noorazman bin Abd Aziz	<i>Independent Non-Executive Director</i>
Cik Sharmila Sekarajasekaran	<i>Independent Non-Executive Director</i>
Ybhg. Datuk Syed Izuan bin Syed Kamarulbahrin	<i>Independent Non-Executive Director</i>
Encik Ahmad Fariz bin Hassan	<i>Managing Director/Group Chief Executive Officer</i>

To: Our shareholders

Dear Sir/Madam,

PROPOSED DIVESTMENT

1. INTRODUCTION

On 9 January 2024, RHB Investment Bank had, on behalf of our Board, announced that our Company, Bold Approach and YJH had on even date entered into a SSA with AI Dream for the following:

- (i) the divestment by Bold Approach of 44,618,685 Bold Approach Sale Shares, representing 50.00% equity interest held by Bold Approach in Kaiserkorp, to AI Dream for a cash consideration; and
- (ii) the divestment by YJH, who is a director and shareholder of Kaiserkorp, of 26,771,211 YJH Sale Shares, representing 30.00% equity interest held by YJH in Kaiserkorp, to AI Dream for a cash consideration.

The table below sets out the shareholders of Kaiserkorp and their respective shareholdings in Kaiserkorp as at the LPD, and after the Proposed Divestment and the YJH Disposal:

Shareholder	As at the LPD		After the Proposed Divestment and the YJH Disposal	
	No. of ordinary shares	%	No. of ordinary shares	%
Bold Approach	53,542,422	60.00	8,923,737	10.00
YJH	35,694,948	40.00	8,923,737	10.00
AI Dream	-	-	71,389,896	80.00
	89,237,370	100.00	89,237,370	100.00

Following the completion of the Proposed Divestment, Kaisercorp will cease to be a subsidiary of Bold Approach and Bold Approach will be holding 10.00% equity interest in Kaisercorp.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED DIVESTMENT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DIVESTMENT TO BE TABLED AT OUR FORTHCOMING EGM. OUR NOTICE OF EGM AND OUR PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DIVESTMENT TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DIVESTMENT

The SSA entails (i) Bold Approach divesting its Bold Approach Sale Shares; and (ii) YJH divesting his YJH Sale Shares to AI Dream, for a cash consideration to be determined from the base amount of USD100.00 million, subject to adjustments as set out in the SSA.

The Sale Shares shall be disposed by Bold Approach and YJH free from all encumbrances together with all rights, benefits and entitlements which may be declared, made or paid on or after Completion.

The Sale Consideration for the Bold Approach Sale Shares shall be determined based on the following formula:

$$\text{Sale Consideration} = \left(\begin{array}{l} 50.00\% \text{ equity interest in} \\ \text{Kaisercorp to be divested} \\ \text{by Bold Approach} \end{array} \times \begin{array}{l} \text{Locked} \\ \text{Box} \\ \text{Price} \end{array} \right) - \text{Leakage}$$

The Sale Consideration shall only be determined once the audited consolidated financial statements of Kaisercorp for the FYE 2023 is made available to AI Dream on or before 29 February 2024, and the Sale Consideration shall be paid in cash to Bold Approach by AI Dream upon Completion. The Completion shall take place on the 10th business day or such other day to be agreed by Bold Approach, YJH and AI Dream following the fulfilment or waiver of the conditions precedent of the SSA.

Please refer to Sections 2 and 3 of Appendix I of this Circular for details on the determination (including the relevant adjustments to be made) of the Sale Consideration and conditions precedent, respectively.

For illustrative purposes only, assuming the Sale Consideration is computed based on the latest unaudited consolidated financial statements of Kaisercorp for the FPE 2023, and there is no (i) adjustment to be made to the consolidated working capital of Kaisercorp and (ii) Leakage, the Provisional Sale Consideration for the SSA is approximately RM265.48 million and is as calculated below:

	<u>RM' million</u>
Base amount of USD100.00 million	465.05
Add : Consolidated net cash of Kaisercorp as at 30 September 2023	65.91
Provisional Locked Box Price	<u>530.96</u>
Multiplied by 50.00% equity interest of Kaisercorp	50.00%
Provisional Sale Consideration	<u><u>265.48</u></u>

The base amount of USD100.00 million under the Locked Box Price, which is used to derive the Sale Consideration, is the offer from AI Dream to acquire the Sale Shares. Our Board believes that the base amount is justifiable after taking into consideration, among others, the implied trading multiples of comparable companies, and the ROI to be generated from the Proposed Divestment, as set out in Section 2.2 of this Circular.

Additionally, the targeted consolidated working capital of Kaisercorp of USD6.27 million under the Locked Box Price is based on the management accounts of Kaisercorp as at 31 December 2023. Our Board believes that the basis of using the management accounts of Kaisercorp is justifiable given that no audited consolidated working capital of Kaisercorp as at 31 December 2023 is available at the point of execution of the SSA.

Pursuant to the Proposed Divestment, we, Bold Approach, YJH and AI Dream will enter into the Proposed Shareholders' Agreement, to regulate the rights and relationship between the shareholders in Kaisercorp, after Completion.

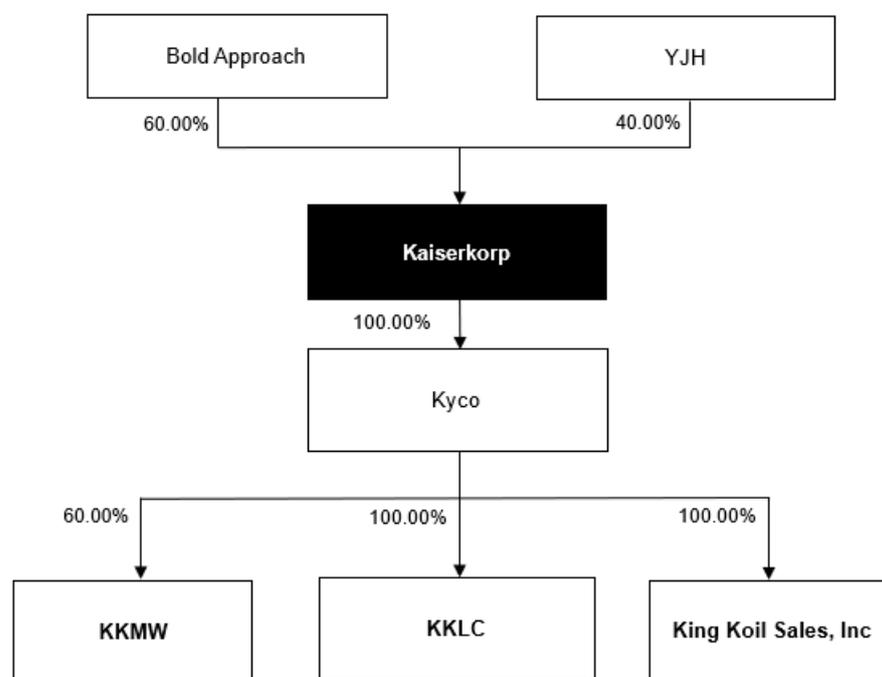
Please refer to Appendices I and II of this Circular for the salient terms of the SSA and the Proposed Shareholders' Agreement, respectively.

2.1 Information on Kaisercorp

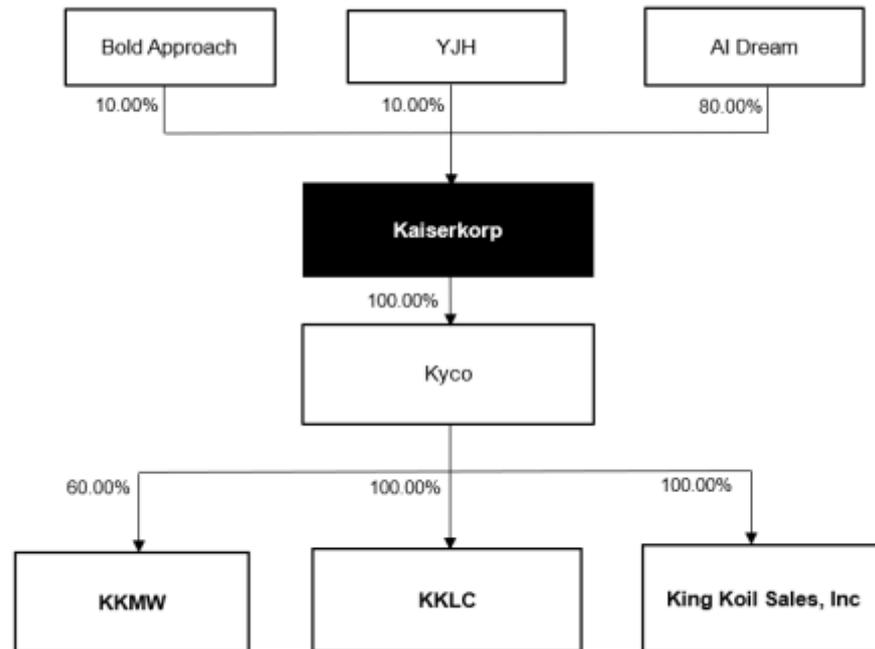
Kaisercorp was incorporated in Malaysia under the Companies Act 1965 on 12 March 1994 and is deemed registered under the Act as a private company limited by shares under the name of Citicoil Incorporated (M) Sdn Bhd. On 7 July 1995, Kaisercorp assumed its present name.

The principal activities of the Kaisercorp Group are licensing, manufacturing and sale of bedding products.

The immediate shareholding and group structure of Kaisercorp as at the LPD are as follows:



The immediate shareholding and group structure of Kaisercorp upon completion of the Proposed Divestment, are as follows:



Please refer to Appendix III of this Circular for further information on the Kaisercorp Group.

2.2 Basis and justification in arriving at the Sale Consideration

Following the receipt of a letter of interest from AI Dream to acquire equity interest in Kaisercorp held by Bold Approach on 25 August 2023, we had commenced various discussions and negotiations with AI Dream in respect of the transaction structure as well as sale consideration for the equity interest in Kaisercorp. Following thereto, AI Dream had offered to acquire (i) 50.00% equity interest in Kaisercorp from Bold Approach; and (ii) 30.00% equity interest in Kaisercorp from YJH, for a sale consideration to be determined based on the formula as set out in Section 2 of this Circular.

The Provisional Sale Consideration (which is for a 50.00% equity interest in Kaisercorp) of RM265.48 million translates into RM530.96 million for a 100.00% equity interest in Kaisercorp.

The Sale Consideration was agreed on a “willing buyer-willing seller” basis and after taking into consideration the following:

- (i) the implied multiples computed based on the historical financial information of the Kaisercorp Group for FYE 2023:
 - (a) the implied P/E of 22.14x; and
 - (b) the implied EV/EBITDA of 12.66x.

Please refer to Appendix IV of this Circular for the computation;

- (ii) the audited consolidated NA of Kaisercorp of RM187.51 million as at 31 December 2022 and the unaudited NA of Kaisercorp of approximately RM204.85 million as at 30 September 2023; and
- (iii) our total investment cost in Kaisercorp of approximately RM116.66 million as at the LPD.

Our Board believes that the Sale Consideration is justifiable after taking into consideration the following:

- (a) the implied:
- (1) P/E of 22.14x falls within the range of P/E of the comparable companies of 16.85x to 22.38x; and
 - (2) EV/EBITDA of 12.66x falls within the range of EV/EBITDA of the comparable companies of 9.94x to 15.18x;

Please refer to Appendix IV of this Circular for the comparable companies of the Kaiserkorp Group;

- (b) the 100.00% Provisional Sale Consideration of RM530.96 million represents a premium to the historical consolidated NA of Kaiserkorp, as shown below:

	<u>NA</u> <u>RM' million</u>	<u>Premium ⁽¹⁾</u> <u>(%)</u>
FPE 2023	204.85	259.19
FYE 2022	187.51	283.16
FYE 2021	154.87	342.84
FYE 2020	136.46	389.10

Note:

- (1) Computed based on the 100.00% Provisional Sale Consideration of RM530.96 million divided by the respective NAs of the financial years/period.

- (c) the Provisional Sale Consideration of RM265.48 million is expected to generate a ROI for our Group of approximately 272.19%, as computed below:

		<u>RM' million</u>
Provisional Sale Consideration	[A]	265.48
Estimated expenses of the Proposed Divestment	[B]	(0.88)
Net proceeds	[C]	264.60
Total cost of investment as at the LPD for the 50.00% equity interest in Kaiserkorp	[D]	97.21
ROI (%)	[C] / [D]	272.19

- (d) the estimated gain of approximately RM117.43 million from the Proposed Divestment, as set out in Section 2.5 of this Circular; and
- (e) the rationale and benefits of the Proposed Divestment as set out in Section 4 of this Circular.

2.3 Utilisation of proceeds

For illustrative purposes only, we intend to use the gross proceeds from the Proposed Divestment in the following manner:

Utilisation	Note	Estimated timeframe for utilisation from the date of receipt of proceeds	Amount	
			RM' million	(%)
Repayment of borrowings	(1)	Within 12 months	184.00	69.31
Working capital	(2)	Within 36 months	56.40	21.24
Special dividend	(3)	Within 12 months	24.20	9.12
Defray estimated expenses for the Proposed Divestment	(4)	Within 12 months	0.88	0.33
			265.48	100.00

Notes:

(1) Repayment of borrowings

The total outstanding borrowings of our Group (excluding KaiserCorp) is approximately RM445.91 million as at 30 September 2023, being the latest practicable date of which such amounts could be calculated before the date of this Circular. Such outstanding borrowings include revolving credit facilities, banker's acceptances, Sukuk Murabahah Islamic Medium Term Notes and other long/short-term loans. The allocated proceeds will be utilised for repayment of these borrowings and are expected to result in profit interest/savings of approximately RM9.35 million per annum (computed based on the weighted average profit/interest rates of these borrowings at 5.08% per annum as at 30 September 2023). As at the LPD, we have yet to identify the specific borrowings to be repaid.

The proposed repayment of such borrowings will enable our Group to achieve better financial flexibility, thus allowing our Group to be able to deploy or reallocate our funds more efficiently as and when the need arises in the future.

(2) Working capital

Working capital is for our Group's day-to-day operations that includes, but not limited to, payment of staff-related expenses, zakat and other expenses.

Please refer to the breakdown of proceeds to be utilised for each component of the working capital as below:

(i)	Administrative expenses including staff costs, annual listing expenses and office expenses	93.00%
(ii)	Zakat	2.22%
(iii)	Other expenses relating to our Group's environmental, social and governance initiatives (including corporate social responsibility activities)	4.79%

The proceeds to be utilised for each component of working capital above are subject to the operating requirements of our Group at the time of utilisation, and therefore subject to change and cannot be fixed at this juncture.

(3) Special dividend

We intend to declare a special dividend amounting to not more than RM24.20 million ("**Special Dividend**"). *For illustrative purposes only*, the Special Dividend represents approximately 4.5 sen per share (computed based on the total number of issued KPS Berhad Shares amounting to 537,385,383 KPS Berhad Shares as at the LPD). If the actual number of issued KPS Berhad Shares is higher than 537,385,383 on the announcement of entitlement date of the Special Dividend, then we will consequentially reduce the Special Dividend per share to achieve the intended amount of RM24.20 million. Any excess of cash after payment of the Special Dividend due to rounding effect will be allocated to fund the working capital requirement of our Group.

The Special Dividend is a means to distribute the gain arising from the Proposed Divestment to you.

(4) Defray estimated expenses for the Proposed Divestment

The estimated expenses comprise, among others, professional fees and expenses to convene our forthcoming EGM as well as other incidental expenses incurred for the Proposed Divestment.

If the actual expenses are lower or higher than estimated, any shortfall or surplus will be adjusted against the amount allocated to fund the working capital requirements of our Group.

The Provisional Sale Consideration is subject to change, and the actual Sale Consideration to be received by Bold Approach can only be determined at a later date and will be settled in USD. If the actual gross proceeds that we are to receive from the Proposed Divestment is different from the Provisional Sale Consideration due to (i) the adjustments referred to in Section 2 of this Circular; and (ii) fluctuation in USD currency, the variance shall be adjusted from the gross proceeds allocated for the working capital requirements of our Group.

Further, pending the full utilisation of the gross proceeds received, our Group will place the proceeds raised from the Proposed Divestment (including accrued interest, if any) or the balance thereof in deposits or short-term money market instruments with licensed financial institutions or exempt finance companies under the Financial Services Act 2013 or placements in money-market unit trust funds and/or cash unit trust funds in Malaysia with bank backed-fund management companies licensed under the Capital Markets and Services Act 2007.

2.4 Date and original cost of investment

The date and original cost of investment of Kaisercorp as at the LPD is as below:

Date of investment	Cost of investment (RM)
13 May 2016	116,657,000

2.5 Estimated gain on the Proposed Divestment

For illustrative purposes only, the estimated gain on the Proposed Divestment is approximately RM117.43 million, as computed below:

	<u>RM' million</u>
Provisional Sale Consideration	265.48
Less:	
- 50.00% of the carrying value of the NA of the Kaisercorp Group as at 31 December 2022	(147.17)
- Estimated expenses of the Proposed Divestment	(0.88)
Estimated gain on the Proposed Divestment	<u><u>117.43</u></u>

Please refer to Section 6.2 of this Circular for further details of the pro forma effects on our EPS.

2.6 Liabilities to be assumed by our Company

Save for the obligations, liabilities and guarantees provided by us under the SSA and the Proposed Shareholders' Agreement, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by our Company from the Proposed Divestment.

2.7 Cash company or Practice Note 17 listed issuer

The Proposed Divestment will not result in us becoming a cash company or a Practice Note 17 listed issuer as defined under the Listing Requirements.

3. INFORMATION OF THE PURCHASER

AI Dream was incorporated in Hong Kong on 6 September 2018 as a private company limited by shares under the Hong Kong Companies Ordinance.

As at the LPD:

- (i) the issued share capital of AI Dream is HKD340,000,001 comprising two ordinary shares and USD404,429,517.62 comprising two ordinary shares;
- (ii) the sole director of AI Dream is Colm John O'Connell and he does not directly or indirectly hold any shares in AI Dream;
- (iii) AI Dream is directly and wholly-owned by AI Dream 3; and
- (iv) the indirect substantial shareholders of AI Dream 3 include (a) holding entities managed or advised by Hillhouse; and (b) E Wu. The indirect shareholding of each of Hillhouse and E Wu in AI Dream 3 are approximately 85.32% and 10.12%, respectively.

4. RATIONALE AND BENEFITS OF THE PROPOSED DIVESTMENT

Our Board believes that the Proposed Divestment will provide an opportunity for our Group to (i) monetise our 50.00% investment in Kaiserkorp with an estimated gain of approximately RM117.43 million and (ii) generate a ROI of approximately 272.19% from the Proposed Divestment. Upon completion of the Proposed Divestment, our Group will be entitled to future dividends (if declared) of the Kaiserkorp Group via our Group's remaining 10.00% equity interest in Kaiserkorp.

Further, the Proposed Divestment will also allow our Group to raise immediate funds of approximately RM265.48 million and channel them towards the proposed utilisation as set out in Section 2.3 of this Circular.

The segment results of our Group for the past three FYEs 2020 to 2022, are as follows:

	FYE 2020		FYE 2021		FYE 2022	
	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)
	RM' million	RM' million	RM' million	RM' million	RM' million	RM' million
Manufacturing	894.60	51.60	1,152.20	95.80	1,137.20	60.20
Trading	124.00	9.00	121.90	8.60	158.30	7.80
Licensing	39.20	12.30	35.50	17.50	50.90	32.50
Infrastructure	9.20	29.00	9.60	3.70	5.20	123.50 ⁽¹⁾
Others	9.50	(44.60)	8.90	(37.60)	9.00	(105.60)
Total	1,076.50	57.30	1,328.10	88.00	1,360.60	118.40

Note:

- (1) Including the one-off gain of approximately RM128.7 million recognised from the divestment of the entire 100.00% equity interest in Sistem Penyuraian Trafik KL Barat Sdn Bhd held by Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd, our associate company to Amanat Lebuhraya Rakyat Berhad that was completed on 13 October 2022.

The contribution from the Kaiserkorp Group to our Group's revenue and PBT during the FYEs 2020 to 2022, and FPE 2023 was as follows:

(i) **Revenue**

	[A]	[B]	[B] / [A]
	Our Group RM'mil	Kaiserkorp Group RM'mil	% of contribution to our Group
FPE 2023	909.35	136.69	15.03%
FYE 2022	1,360.62	199.09	14.63%
FYE 2021	1,328.15	220.83	16.63%
FYE 2020	1,076.53	134.03	12.45%

(ii) PBT

	[A]	[B]	[B] / [A]
	Our Group	Kaiserkorp Group	% of contribution
	RM'mil	RM'mil	to our Group
FPE 2023	34.88	17.00	48.74%
FYE 2022	118.36	30.32	25.62%
FYE 2021	87.92	14.54	16.54%
FYE 2020	57.26	10.81	18.88%

Upon completion of the Proposed Divestment, Kaiserkorp will cease to be a subsidiary of Bold Approach and accordingly, we will not be consolidating the results and financial positions of the Kaiserkorp Group. The 10.00% equity interest in Kaiserkorp will be held by Bold Approach after the completion of the Proposed Divestment as other investment. As at the LPD, our Group intends to remain invested as a minority shareholder in Kaiserkorp following the completion of the Proposed Divestment.

Further, as at the LPD, we intend to address the loss of contribution from Kaiserkorp by focusing in growing our current portfolio of companies across the manufacturing and infrastructure segments whilst also continuing to pursue investment opportunities that complement the growth strategies of our Group. Currently, we have a five-year plan to grow:

- (i) our manufacturing segment which includes:
 - (a) expanding our customer base through business development activities as well as expanding the manufacturing capabilities to penetrate new customer segments;
 - (b) improving our production capacity either via acquisition of manufacturing company and/or additional machinery;
 - (c) improving the efficiency of our existing production as well as optimising our costs through optimisation of productions lines and/or automation of production process; and
- (ii) our infrastructure segment which includes securing new projects by actively pursuing tenders for new projects to grow our order book.

Our Group will perform an annual review of the strategies to achieve the five-year plan by taking into consideration, among others, the market environment, customers feedback, and our Group's financial performance and operational needs.

Additionally, the expected profit/interest savings from the proposed repayment of borrowings using the Sale Consideration is expected to contribute positively to our Group's profitability.

5. RISK FACTORS

The Proposed Divestment will not materially change our risk profile and will not bring significant change in the business direction of our Group. Hence, upon completion of the Proposed Divestment, our Group will still be principally involved in the manufacturing, trading and infrastructure businesses, and continue to be exposed to similar business, operational and financial risks inherent to such business.

5.1 Delay or non-completion risk

The completion of the Proposed Divestment is conditional upon the fulfilment of the conditions precedent as set out in the SSA. There can be no assurance that the conditions precedent will be fulfilled or waived and be completed within the timeframe as set out in the SSA. Any delay or non-completion of the Proposed Divestment will deprive our Group from attaining the benefits from the Proposed Divestment as set out in Section 4 of this Circular.

Notwithstanding the above, we and/or Bold Approach will take all reasonable steps to ensure that the conditions precedents of the SSA are fulfilled or waived within the stipulated timeframe to complete the Proposed Divestment.

5.2 Currency risk

The Sale Consideration will be settled in USD and therefore, the Sale Consideration to be received by us, if and when converted into RM, may be impacted by any adverse fluctuation of USD against RM. This may impact the actual amount of Sale Consideration when translating into RM terms.

There can be no assurance that the fluctuation in USD currency and exchange rate will not have a material and adverse impact on the Sale Consideration amount to be received by us in USD terms. Nevertheless, we will assess the need to utilise financial instruments to hedge our foreign exchange exposure to mitigate both transaction and/or translation exchange risks.

5.3 Contractual risk

Bold Approach has given warranties pursuant to the SSA in favour of the Purchaser. In this respect, Bold Approach may be subject to a claim under the SSA for any breach of any warranties given and therefore may be required to compensate the Purchaser for such a claim.

There can be no assurance that such a claim amount will not materially impact the financial performance of our Group. Notwithstanding this, we will endeavour to ensure compliance with Bold Approach's obligations under the SSA to minimise the risk of any breach of the warranties given.

5.4 Risk relating to changes in regulations

The Proposed Divestment may be affected by any change in the regulatory environment in Malaysia. Such risks include, but are not limited to, changes in statutory laws, regulations or the Government's policies, including changes in the applicable legislation on taxation.

There can be no assurance that any unfavourable development in the prevailing regulatory environment will not impact the Proposed Divestment. Nonetheless, we do not foresee that there will be any significant changes in the Government's policies which could have a material adverse impact on the Proposed Divestment.

5.5 Assumptions used in the pro forma effects on the NA and earnings

The pro forma effects on our consolidated NA and earnings are prepared based on certain assumptions of our Group's management. Please refer to Section 6.2 of this Circular for the proforma effects on our earnings and EPS and Section 6.3 of this Circular for the pro forma effects on our NA, NA per share and gearing. Such pro forma figures are not necessarily indicative of:

- (i) the financial position of our Group as at 31 December 2022 had the Proposed Divestment been effected on 31 December 2022; and
- (ii) the financial performance of our Group for the FYE 2022 had the Proposed Divestment been effected on 1 January 2022.

There can be no assurance that the assumptions used by our Group's management will materialise and the pro forma figures do not purport to predict the future financial position and financial performance of our Group. Nonetheless, our Group's management will endeavour to minimise the financial impact from the Proposed Divestment.

5.6 Potential deterioration in the profitability of our Group

Upon completion of the Proposed Divestment, our Group's equity interest in KaiserCorp will reduce from 60.00% to 10.00% and the control of the KaiserCorp Group will subsequently be transferred to the Purchaser. The KaiserCorp Group will cease to be a subsidiary of Bold Approach and its financials will be deconsolidated from our Group's financial statements. Accordingly, our Group's profitability may be impacted as we are only able to recognise future dividends (if declared) from the KaiserCorp Group.

The loss of contribution from the KaiserCorp Group upon completion of the Proposed Divestment is expected to be addressed via growing our current portfolio of companies across the manufacturing and infrastructure segments whilst also continuing to pursue investment opportunities that complement the growth strategies of our Group, as set out in Section 4 of this Circular. However, there is no assurance that our Group will be able to satisfactorily address the loss of contribution from the KaiserCorp Group, which in turn, will have a material impact on the financial performance of our Group.

6. EFFECTS OF THE PROPOSED DIVESTMENT

For illustrative purposes only, the proforma effects of the Proposed Divestment have been prepared based on the assumption that the actual Sale Consideration to be received by Bold Approach on Completion is equal to the Provisional Sale Consideration.

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Divestment will not have any material effect on our share capital and our substantial shareholders' shareholdings as it does not involve any issuance of new KPS Berhad Shares.

6.2 Earnings and EPS

For illustrative purposes only, the pro forma effects on our consolidated earnings and EPS for the FYE 2022 are as follows:

	Audited 31 December 2022	Pro Forma I After subsequent event adjustment	Pro Forma II After Pro Forma I and the Proposed Divestment
Net profit attributable to owners of the parent (RM'000)	73,213	78,153 ⁽¹⁾	195,579 ⁽²⁾
Weighted average number of the KPS Berhad Shares ('000)	537,385	537,385	537,385
EPS (sen) ⁽³⁾	13.62	14.54	36.39

Notes:

- (1) After taking into consideration the effect of the acquisition of 100.00% equity interest in MDS Advance Sdn Bhd by Perangsang Dinamik Sdn Bhd, our wholly-owned subsidiary, for a cash consideration of RM85.00 million, which was completed on 13 January 2023, assuming the acquisition was effective since 1 January 2022.
- (2) After taking into consideration the expected gain on the Proposed Divestment of approximately RM117.43 million as set out in Section 2.5 of this Circular.
- (3) Computed based on our net profit attributable to equity holders of our Company divided by the weighted average number of the KPS Berhad Shares in issue.

6.3 NA, NA per share and gearing

For illustrative purposes only, the pro forma effects of the Proposed Divestment on our consolidated NA and gearing, and NA per KPS Berhad Share are set out below:

	Audited as at 31 December 2022 RM' 000	Pro Forma I	Pro Forma II
		After subsequent event adjustment RM' 000	After Pro Forma I and the Proposed Divestment RM' 000
Share capital	537,927	537,927	537,927
Foreign currency translation reserves	15,596	15,596	8,631
Capital reserve	4,273	4,273	4,273
Retained earnings	505,847	491,978 ⁽¹⁾	616,369 ⁽²⁾
Shareholders' equity / NA	1,063,643	1,049,774	1,167,200
Non-controlling interests	137,635	137,635	37,556
Total equity	1,201,278	1,187,409	1,204,756
Number of the KPS Berhad Shares in issue (‘000)	537,385	537,385	537,385
NA per the KPS Berhad Share (RM) ⁽³⁾	1.98	1.95	2.17
Borrowings (RM' 000)	537,800	538,768	536,704
Gross gearing (times) ⁽⁴⁾	0.51	0.51	0.46

Notes:

- (1) After taking into consideration:
- (i) Note (1), Section 6.2 of this Circular;
 - (ii) single-tier final dividend of 2.5 sen per KPS Berhad Share amounting to RM13.43 million for the FYE 2022 declared on 30 May 2023 and paid on 20 June 2023; and
 - (iii) single-tier interim dividend of 1.0 sen per KPS Berhad Share amounting to RM5.37 million for the FYE 2023 declared on 20 November 2023 and paid on 29 December 2023.
- (2) After taking into consideration Note (2), Section 6.2 of this Circular.
- (3) Computed as the NA divided by the number of the KPS Berhad Shares in issue.
- (4) Computed as total borrowings divided by the NA.

7. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DIVESTMENT

The highest percentage ratio applicable to the Proposed Divestment pursuant to Paragraph 10.02(g) of the Listing Requirements is 25%. This is computed based on the Provisional Sale Consideration of RM265.48 million compared to our consolidated NA of RM1,063.64 million as at 31 December 2022.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of our directors and major shareholders and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Divestment.

9. APPROVALS AND CONSENTS REQUIRED

The Proposed Divestment is subject to the following approvals being obtained:

- (i) your approval at our forthcoming EGM; and
- (ii) any other relevant authority and/or party, if required.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Divestment, including but not limited to the rationale and benefits and pro forma effects of the Proposed Divestment, the salient terms of the SSA and the Proposed Shareholders' Agreement as well as the basis and justification of arriving at the Sale Consideration, is of the opinion that the Proposed Divestment is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the ordinary resolution for the Proposed Divestment to be tabled at our forthcoming EGM.

11. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Divestment, as at the date of this Circular, there are no other outstanding corporate proposals that have been announced by our Company but pending completion.

The Proposed Divestment is not conditional upon any other corporate proposals undertaken or to be undertaken by us.

12. TENTATIVE TIMETABLE FOR IMPLEMENTATION OF THE PROPOSED DIVESTMENT

Barring any unforeseen circumstances, the Proposed Divestment is expected to be completed by the first quarter of 2024. The tentative timeline for the Proposed Divestment is as follows:

<u>Date</u>	<u>Events</u>
6 March 2024	Our forthcoming EGM for the Proposed Divestment
20 March 2024	Completion of the Proposed Divestment

13. EGM

Our forthcoming EGM, will be held virtually through live streaming and online voting via the RPEV facilities at <https://meeting.boardroomlimited.my> from the broadcast venue at our Company's corporate office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 6 March 2024 at 10.00 a.m., or at any adjournment thereof. Our Notice of EGM and our Proxy Form are enclosed in this Circular.

If you are unable to attend and vote at our forthcoming EGM, please complete, sign and deposit the enclosed Proxy Form in accordance with the instructions therein, so as to arrive at Boardroom's office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> **no later than 24 hours before the time set for holding our forthcoming EGM**. The lodgement of the Proxy Form will not preclude you from attending and voting at our forthcoming EGM should you subsequently wish to do so. Please refer to the procedures on submission of the Proxy Form in the Administrative Guide for Shareholders.

14. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board of Directors of
KUMPULAN PERANGSANG SELANGOR BERHAD

YB DATO' SETIA HARIS BIN KASIM
Non-Independent Non-Executive Chairman

1. Agreement for sale and purchase

Each of Bold Approach and YJH (each, a “**Vendor**” and collectively, “**Vendors**”) agrees to sell to the Purchaser, and the Purchaser agrees to purchase from such Vendor, all of such Vendor’s right, title and interest in the Sale Shares, in whole and not in part, in each case, for such Vendor’s applicable purchase consideration and free from all encumbrances whatsoever and howsoever arising and with all rights, benefits and entitlements.

2. Consideration

The consideration means, (i) with respect to Vendors in the aggregate, 80.00% multiplied by an amount equal to (A) the amount of the Locked Box Price minus (B) any Leakage ⁽ⁱ⁾ (“**Price**”); and (ii) with respect to each Vendor, 5/8 for Bold Approach and 3/8 for YJH, a fraction of the applicable number of Sale Shares of each Vendor over the aggregate number of Sale Shares, of the Price.

For the purpose of determining the Consideration, the **Locked Box Price** will be equal to:

- (a) a base amount of USD100.00 million;
- (b) *plus* the cash and cash equivalents (other than restricted cash¹), *minus* (A) any outstanding checks or wires made to any person (other than the Kaiserkorp Group), *minus* (B) the total amount of indebtedness as at 31 December 2023 (“**Locked Box Date**”); and
- (c) as applicable, (A) *plus* the Consolidated Working Capital ^(iv) as of the Locked Box Date if it exceeds the Target Working Capital ^(v); or (B) *minus* the Consolidated Working Capital as of the Locked Box Date if it falls short of the Target Working Capital.

Notes:

- (i) “**Leakage** ²”, excluding any Permitted Leakage ⁽ⁱⁱ⁾, refers to:
 - (a) any dividend or distribution, declared or paid, return of capital, payment of principal or interest of any loan or indebtedness by any company within the Kaiserkorp Group to any Vendor or any Related Person ⁽ⁱⁱⁱ⁾;
 - (b) any cancellation, deferral, discount, forgiveness, waiver or release of any sum or obligation owed or any claims or rights of any company within the Kaiserkorp Group in favour of any Vendor or any Related Person;
 - (c) any payments of any nature to or on behalf of any Vendor or any Related Person by any company within the Kaiserkorp Group;
 - (d) any payment to any service provider of the Kaiserkorp Group that is not in its ordinary course of business;
 - (e) the transfer or surrender of assets or assumption of indebtedness or liability, to or for the benefit of, any Vendor or any Related Person by or from any company within the Kaiserkorp Group;
 - (f) the provision of any guarantee, indemnity or encumbrance by any company within the Kaiserkorp Group, to or for the benefit of, any Vendor or any Related Person;
 - (g) any payment or assumption of liability of any transaction-related fees, costs or expenses by any company within the Kaiserkorp Group;
 - (h) any gift or other gratuitous payment made to any Vendor or any Related by any company within the Kaiserkorp Group;
 - (i) any agreement or arrangement to give effect to any of the matters in (a) to (h) above; or
 - (j) any tax impact on any company within the Kaiserkorp Group arising from items (a) to (i) above.

¹ Generally refers to cash and cash equivalent balances that are not available for use by the Kaiserkorp Group.

² Leakage that has not been accounted for under the Locked Box Price was agreed to be deducted from the Sale Consideration as it relates to outgoing payments and/or transactions undertaken with the Vendors or Related Persons or out of ordinary course of business of the Kaiserkorp Group.

APPENDIX I – SALIENT TERMS OF THE SSA

- (ii) **“Permitted Leakage”** refers to:
 - (a) payments made or agreed to be made to persons other than the Vendors or any of their respective Related Person in the ordinary course of business;
 - (b) payments of all fees, charges, costs and expenses under contracts to Bold Approach, our Company and/or any of their Related Persons and/or any service provider of the KaiserCorp Group, the aggregate amount of which shall not exceed USD120,000;
 - (c) payments made by any company within the KaiserCorp Group to the extent that any such payments have specifically accrued or have been specifically provided for in the Locked Box Accounts (as defined below); and
 - (d) any other payments or the incurrence of any other liabilities by any company within the KaiserCorp Group incurred at the written request or consent of the Purchaser.
- (iii) **“Related Person”** refers to any person, or such person’s affiliates, and the directors, officers, employees, members, stockholders, equity holders, controlling persons, or affiliates of such person or such person’s affiliates, or any heir, executor, administrator, successor or assign of any of the foregoing, who is related to any Vendor.
- (iv) **“Consolidated Working Capital”³** refers to (A) the current assets of the KaiserCorp Group, minus (B) the current liabilities of the KaiserCorp Group provided that the current assets exclude cash, cash equivalents, restricted cash or current or deferred tax assets and such current liabilities shall exclude the current portion of indebtedness, current or deferred tax liabilities or income tax payables.
- (v) **“Target Working Capital”** refers to USD6,274,424.

3. Conditions Precedent

The SSA is conditional upon:

- (i) the representations and warranties by each Vendor and us being true and correct in all material respects and each Vendor and us having performed and complied in all material respects with their obligations under the SSA;
- (ii) the representations and warranties of the Purchaser being true and correct in all material respects and the Purchaser having performed and complied in all material respects with its obligations under the SSA;
- (iii) we will be obtaining the requisite approval from our shareholders for the sale by Bold Approach of its Bold Approach Sale Shares to the Purchaser;
- (iv) the completion of the audit of the consolidated accounts of KaiserCorp as at 31 December 2023 (**“Locked Box Accounts”**) and the delivery of such Locked Box Accounts to the Purchaser;

³ The level of Consolidated Working Capital was agreed to be measured based on the computation as set out above as it is intended to compensate either the Vendors or the Purchaser for any change in the net amount of the short-term capital (being the net current assets which include inventories, trade receivables and trade payables) of the KaiserCorp Group between the Target Working Capital and the audited working capital of KaiserCorp as at 31 December 2023.

APPENDIX I – SALIENT TERMS OF THE SSA

- (v) Sit 'N Sleep Inc. (“**SNS**”) having duly and irrevocably consented to and waived any rights of SNS under the Members’ Agreement dated 29 January 2018 ⁴ made between KKMW, Nevada Sleep King, LLC (“**NSK**”), and Kyco and as novated by the Assignment, Assumption & Novation Agreement dated 29 September 2020 ⁵ made between NSK, SNS, KKMW and Kyco (“**KKMW Members’ Agreement**”) (including its rights of first refusal and notice rights);
- (vi) the KKMW Members’ Agreement having been duly amended based on its terms in order to substitute the references to us, Bold Approach or their applicable affiliates with appropriate references to the Purchaser and/or its affiliates;
- (vii) with respect to each applicable licensing agreement including any of the following sanctioned territories, namely Syria, Yemen and Zimbabwe:
 - (a) KKLC having duly amended such licensing agreement to exclude the abovementioned sanctioned territories from the applicable licensing agreements; or
 - (b) if obtaining such amendments have failed after all reasonable endeavours by the Kaisercorp Group or the Vendors have been made, to deliver a written notice of termination or exclusion and/or request for suspension of business, with respect to such sanctioned territories;
- (viii) there having not been any material adverse effect; and
- (ix) all approvals by any government authority required under applicable laws for the transaction set forth in the SSA to consummate without any onerous conditions imposed on the Purchaser, its affiliates or any company within the Kaisercorp Group to provide any undertaking or take any action that the Purchaser considers to be materially detrimental to its interest and no written notice is given by any government authority which prohibits or would prohibit the consummation of the transactions set forth in the SSA,

(collectively, “**Conditions Precedent**”).

If the Conditions Precedent are not fulfilled or waived by the expiration of the date falling six months from the date of the SSA (or such extended period as agreed by the Vendors and the Purchaser), either the Purchaser or the Vendors, acting jointly, shall be entitled to terminate the SSA with immediate effect by giving written notice to the other parties.

4. Completion

Completion shall take place on the 10th business day following the satisfaction or waiver (to the extent permitted under the SSA) of the Conditions Precedent or such other day mutually agreed in writing between the Vendors and the Purchaser.

⁴ The KKMW Members’ Agreement was entered into to regulate the relationship between the members/shareholders of KKMW and govern the operation and management of KKMW. The initial parties to the KKMW Members’ Agreement were KKMW, Kyco and NSK and subsequently, through the Assignment, Assumption & Novation Agreement dated 29 September 2020 made between NSK, SNS, KKMW and Kyco, NSK’s rights under the KKMW Members’ Agreement were assigned to SNS.

⁵ SNS’s rights to be waived pursuant to condition precedent (v) are in relation to its right of first refusal and the right to receive notice of change of control.

5. Termination

(i) Termination by the Vendors

If prior to Completion:

- (a) all the Conditions Precedent are satisfied or waived (to the extent permitted under the SSA) and the Purchaser defaults in the performance of its payment obligations to consummate Completion; or
- (b) there is any material breach by the Purchaser of any warranties, terms or conditions of the SSA or failure to perform or observe any material undertaking, obligation or agreement (other than payment obligations referred to above),

then the Vendors shall be entitled:

- (1) to the right of specific performance; or
- (2) acting jointly, to terminate the SSA and thereafter, no party shall have any further obligation to buy or sell the Sale Shares or to make any claims whatsoever against the other save for a claim arising out of antecedent breaches or any claim arising under the surviving provisions.

(ii) Termination by the Purchaser

If prior to Completion:

- (a) all the Conditions Precedent are satisfied or waived (to the extent permitted under the SSA) and any of the Vendors defaults in the performance of its material obligations to effect the sale of the Sale Shares based on the SSA; or
- (b) there is any material breach by any Vendor or us of any representations, warranties, terms or conditions of the SSA or failure to perform or observe any material undertaking, obligation or agreement (other than the material obligations referred to above),

then the Purchaser shall be entitled:

- (1) to the right of specific performance; or
- (2) to terminate the SSA and thereafter, no party shall have any further obligation to buy or sell the Sale Shares or to make any claims whatsoever against the other save for a claim arising out of antecedent breaches or any claim arising under the surviving provisions.

6. Governing law and jurisdiction

Laws of Malaysia. Any dispute or claim shall be referred to and finally resolved by arbitration administered by the SIAC.

7. Guarantee by our Company

We unconditionally and irrevocably guarantee, as a continuing obligation, to the Purchaser the due performance, discharge and observance of all moneys, obligations and liabilities of any nature owed by or due from Bold Approach to the Purchaser.

APPENDIX II – SALIENT TERMS OF THE PROPOSED SHAREHOLDERS' AGREEMENT

1. Purpose

The purpose is to set out certain rights and obligations of the parties with respect to Kaiserkorp.

2. Business of Kaiserkorp

The Kaiserkorp Group is principally engaged in licensing, manufacturing and sale of bedding products.

3. Transfer Restrictions

Bold Approach and YJH ("**Minority Shareholders**") shall not sell, dispose, exchange or transfer any equity securities of Kaiserkorp or any participation or interest therein except in compliance with the Proposed Shareholders' Agreement.

4. Right of First Refusal

If any Minority Shareholder proposes to transfer any equity securities of Kaiserkorp or any interest therein to any person, AI Dream shall have a right of first refusal.

5. Right of Co-Sale

If AI Dream proposes to transfer its shares in Kaiserkorp resulting in the sale of Kaiserkorp involving (i) 50.00% or more of Kaiserkorp's voting power; or (ii) sale, transfer or disposition of all or substantially all of the assets of Kaiserkorp and its subsidiaries ("**Sale of Kaiserkorp**"), to a person other than the affiliates of AI Dream ("**Third Party Transferee**"), each Minority Shareholder shall have a right of co-sale.

AI Dream shall give a notice to the non-selling Minority Shareholders (each, a "**Non-Selling Shareholder**") specifying the number and price of shares to be transferred and all other material terms and conditions for the transfer ("**Co-Sale Notice**") and each Non-Selling Shareholder shall have the right to participate in the proposed transfer based on the same terms and conditions as specified in the Co-Sale Notice.

The Non-Selling Shareholder must notify AI Dream in writing within 15 business days following the date of the Co-Sale Notice if it wishes to exercise its right of co-sale.

6. Prohibited Transfer to Company Competitors

Unless approved in advance by AI Dream, the Minority Shareholders are prohibited from transferring any equity securities of Kaiserkorp to competitors of Kaiserkorp.

7. Drag-Along ⁶

If AI Dream intends to conduct a Sale of Kaiserkorp, AI Dream shall be entitled to drag along the Minority Shareholders into the Sale of Kaiserkorp.

⁶ Under the drag-along event, the Minority Shareholders are obliged to participate in the Sale of Kaiserkorp. Meanwhile, for right of co-sale event as set out in Section 5 of Appendix II of this Circular, the Minority Shareholders/Non-Selling Shareholders have an option (but not obligated) to participate in the Sale of Kaiserkorp.

8. Call Option

Each Minority Shareholder grants AI Dream an option to acquire all equity securities of KaiserCorp held by such Minority Shareholder (“**Call Shares**”) at any time:

- (i) after two years from the date of the Proposed Shareholders’ Agreement; and
- (ii) if applicable, within two years from the date of the Proposed Shareholders’ Agreement, if AI Dream or KaiserCorp proposes or intends to launch an initial public offering, or conduct the Sale of KaiserCorp or a sale of AI Dream’s holding entity (“**Exit**”).

9. Put Option ⁷

AI Dream grants each Minority Shareholder an option (“**Put Option**”) to sell all equity securities held by such Minority Shareholder (“**Put Shares**”) at any time after two years from the date of the Proposed Shareholders’ Agreement.

10. Call/Put Exercise Price

An amount equal to the fair market value of such Call Share or Put Share (“**Fair Value**”), determined initially in good faith with reasonable basis at the relevant time by AI Dream and paid either by cash or in equity securities (“**Call/Put Exercise Consideration Shares**”) of the AI Dream’s holding company.

If either or both of the Minority Shareholders dispute the Fair Value of the Call Shares or Put Shares (as applicable) or the Call/Put Exercise Consideration Shares, the Fair Value shall be determined by an independent appraiser jointly appointed by AI Dream and the disputing Minority Shareholder(s). If such parties fail to agree on the appointment of an independent appraiser within 10 business days, the parties shall request the SIAC (or the ICC International Centre for ADR, if the SIAC does not accept such request within 10 business days), to appoint a partner of a “Big Four” accounting firm or another internationally recognised and reputable valuation firm or investment bank as the independent appraiser.

The decision of the appointed independent appraiser, who shall act as an expert, shall be final, binding and conclusive on AI Dream and the Minority Shareholders.

11. Board of Directors

The board of directors of KaiserCorp shall consist of such number of directors as may be determined by AI Dream from time to time and shall be constituted as follows:

- (i) as long as either Bold Approach or YJH holds at least 10.00% of the shareholding in KaiserCorp, such Minority Shareholder shall be entitled to appoint, remove and replace one director of the board of directors of KaiserCorp; and
- (ii) AI Dream shall be entitled to appoint, remove and replace the remaining directors, one of whom will be appointed by AI Dream as the chairperson of the board of directors of KaiserCorp.

If at any time either Bold Approach or YJH ceases to hold at least 10.00% of the shareholding in KaiserCorp but continues to hold at least 5.00% of the shareholding in KaiserCorp, such applicable Minority Shareholder shall be entitled to designate one representative to attend all meetings of the Board in a non-voting observer capacity.

⁷ In addition to the Put Option granted to the Minority Shareholders, the Minority Shareholders (i) are entitled to the right of co-sale in the event of the Sale of KaiserCorp and (ii) have the ability to sell its shares in KaiserCorp during or after initial public offering.

12. Reserved Matters

Kaiserkorp agrees not to take any of the following actions if the Minority Shareholders, which in the aggregate hold more than 10.00% of the shareholding in Kaiserkorp, deliver to Kaiserkorp a written objection of the following actions:

- (i) any alteration or change in the capital structure of Kaiserkorp, variation of any rights attaching to any shares of Kaiserkorp, or any grant of any option over the unissued share capital of Kaiserkorp or amendment to the constitution;
- (ii) any judicial management, voluntary liquidation, dissolution, winding-up or bankruptcy filing initiated by Kaiserkorp; or
- (iii) entering into any agreement between any of the companies within the Kaiserkorp Group and any of the shareholders or any of its affiliates (other than within the Kaiserkorp Group), except (a) for the Proposed Shareholders’ Agreement, (b) an issuance or transfer of equity securities, Exit, reorganization or other transaction permitted or required in compliance with the Proposed Shareholders’ Agreement, (c) any service agreement, (d) any transaction or agreement relating to the business or operations entered into in the ordinary course of business, or (e) agreements entered into on arms’ length basis.

13. Governing Law

Laws of Singapore.

14. Dispute Resolution

Administration administered by the SIAC.

15. Guarantee by our Company

We unconditionally and irrevocably guarantee, as a continuing obligation, to AI Dream the due performance, discharge and observance of all moneys, obligations and liabilities of any nature owed by or due from Bold Approach to AI Dream or Kaiserkorp.

APPENDIX III – INFORMATION ON THE KAISERKORP GROUP

1. History and business

Kaiserkorp was incorporated in Malaysia under the Companies Act 1965 on 12 March 1994 and is deemed registered under the Act as a private company limited by shares under the name of Citicoil Incorporated (M) Sdn Bhd. On 7 July 1995, Kaiserkorp assumed its present name. Kaiserkorp commenced its business operations on 1 January 2015.

The principal activities of the Kaiserkorp Group are licensing, manufacturing and sale of bedding products.

As at the LPD, the Kaiserkorp Group owns and operates the following manufacturing site:

<u>Location</u>	<u>Utilisation</u>	<u>Built-up area (square meters)</u>	<u>Principal products manufactured</u>
Avondale, Arizona, USA	Warehouse building for the purpose of manufacturing	109,807	Mattress and bedding products

The annual production capacity and output of the Kaiserkorp Group's manufacturing sites for the past three FYEs 2020 to 2022 are as follows:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>
Average production capacity (pieces/day)	400	400	232 ⁽¹⁾
Average production output (pieces/day)	220	264	146

Note:

(1) The lower production capacity in FYE 2022 was due to the optimisation of production/assembly lines to reflect the lower demand during the year.

The principal market for the products produced by Kaiserkorp Group is in the USA, and the breakdown of sales by geographical locations are as follows:

	<u>2020</u>		<u>2021</u>		<u>2022</u>	
	<u>USD'million</u>	<u>%</u>	<u>USD'million</u>	<u>%</u>	<u>USD'million</u>	<u>%</u>
Domestic (USA)	23.83	74.66	44.99	84.60	34.24	75.87
Foreign (Non-USA)	8.09	25.34	8.19	15.40	10.89	24.13
Total	31.92	100.00	53.18	100.00	45.13	100.00

The Kaiserkorp Group sources its raw materials from the USA. As at the LPD, the Kaiserkorp Group does not employ any person to carry out research and development work.

APPENDIX III – INFORMATION ON THE KAISERKORP GROUP

2. Share capital and number of issued shares

As at the LPD:

- (i) the issued share capital of KaiserCorp is RM89,237,370.00 comprising 89,237,370 ordinary shares;
- (ii) there is only one class of ordinary shares in KaiserCorp; and
- (iii) KaiserCorp does not have any convertible securities.

3. Directors

The particulars of the directors of KaiserCorp and their direct and indirect shareholdings in KaiserCorp as at the LPD are as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
YJH	Malaysian	Director	35,694,948	40.00	-	-
Keith Christopher Yeoh Min Kit	Malaysian	Director	-	-	-	-
Ahmad Fariz bin Hassan	Malaysian	Director	-	-	-	-
Norliza binti Kamaruddin	Malaysian	Director	-	-	-	-
Suzila binti Khairuddin	Malaysian	Director	-	-	-	-

4. Substantial shareholders

The particulars of the substantial shareholders of KaiserCorp and their direct and indirect shareholdings in KaiserCorp as at the LPD are as follows:

Name	Country of incorporation / Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Bold Approach	Malaysia	53,542,422	60.00	-	-
YJH	Malaysian	35,694,948	40.00	-	-
KPS Berhad	Malaysia	-	-	53,542,422	60.00 ⁽¹⁾
Darul Ehsan Investment Group Berhad	Malaysia	-	-	53,542,422	60.00 ⁽²⁾
Menteri Besar Selangor (Pemerbadanan)	Malaysia	-	-	53,542,422	60.00 ⁽³⁾

APPENDIX III – INFORMATION ON THE KAISERKORP GROUP

Notes:

- (1) Deemed interested by virtue of Section 8 of the Act held through Bold Approach.
- (2) Deemed interested by virtue of Section 8 of the Act held through Bold Approach and our Company.
- (3) Deemed interested by virtue of Section 8 of the Act held through Bold Approach, our Company and Darul Ehsan Investment Group Berhad.

5. Subsidiaries

The particulars of the subsidiaries of Kaiserkorp as at the LPD are as follows:

No	Company	Date and place of incorporation	Principal activities	Share capital (USD)	Effective equity interest (%)
(i)	Kyco	30 December 1981 / USA	Investment holding company	No par value	100.00
(ii)	KKMW	22 January 2018 / USA	Production, sale and distribution of mattresses, bedding and sleep related products	3,300,000	60.00
(iii)	King Koil Sales, Inc	30 July 2015 / USA	Distribution, marketing and sales of mattresses, bedding and sleep related products	1,000	100.00
(iv)	KKLC	30 December 1981 / USA	Licensing of the King Koil brand worldwide	No par value	100.00

APPENDIX III – INFORMATION ON THE KAISERKORP GROUP

6. Information of the KaiserCorp Group's assets

We set out below the total assets of the KaiserCorp Group as at 31 December 2022:

	<u>RM' million</u>	<u>%</u>
Property, plant and equipment (which includes computer, office leasehold and improvement, office equipment, furniture and fittings)	9.93	3.86
Right-of-use assets for the buildings and machineries leased by the KaiserCorp Group	4.33	1.68
Intangible assets		
- King Koil® brand name	121.82	47.35
- Other intangible assets	13.95	5.42
Inventories for the raw materials to produce the mattresses and its related products, and finished goods	24.83	9.66
Trade and other receivables	37.82	14.70
Cash and bank balances	44.59	17.33
Total	<u>257.27</u>	<u>100.00</u>

7. Financial information of the KaiserCorp Group

Key financial information on the statement of profit and loss and statement of financial position of the KaiserCorp Group for the past three FYEs 2020 to 2022, and FPEs 2022 and 2023 are as follows:

	<u>Audited</u>			<u>Unaudited</u>	
	<u>FYE 2020</u> <u>(RM'000)</u>	<u>FYE 2021</u> <u>(RM'000)</u>	<u>FYE 2022</u> <u>(RM'000)</u>	<u>FPE 2022</u> <u>(RM'000)</u>	<u>FPE 2023</u> <u>(RM'000)</u>
<u>Statement of profit and loss</u>					
Revenue	134,027	220,825	199,088	158,649	136,688
GP	53,092	64,756	86,373	68,912	59,079
PBT	10,805	14,535	30,322	25,467	17,004
PAT	9,004	11,759	23,982	20,230	11,074
Net profit attributable to equity holder	9,316	12,745	24,760	20,481	10,097

APPENDIX III – INFORMATION ON THE KAISERKORP GROUP

	Audited			Unaudited	
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Statement of financial position					
Total current assets	71,270	85,823	107,237	117,264	131,197
Total assets	216,827	232,720	257,264	262,702	280,496
Total current liabilities	29,021	29,936	23,437	32,498	30,286
Total liabilities	80,436	78,915	71,661	79,729	76,686
Total borrowings	6,224	2,609	2,063	2,367	1,618
Total share capital	89,237	89,237	89,237	89,237	89,237
Shareholders' equity / NA	136,465	154,868	187,506	184,448	204,849
Other financial information					
Total issued shares ('000)	89,237	89,237	89,237	89,237	89,237
GP margin (%) ⁽¹⁾	39.61	29.32	43.38	43.44	43.22
Gross EPS (RM) ⁽²⁾	0.12	0.16	0.34	0.29	0.19
Net EPS (RM) ⁽³⁾	0.10	0.14	0.28	0.23	0.11
NA per share (RM) ⁽⁴⁾	1.53	1.74	2.10	2.07	2.30
Current ratio (times) ⁽⁵⁾	2.46	2.87	4.58	3.61	4.33
Gearing ratio (times) ⁽⁶⁾	0.05	0.02	0.01	0.01	0.01

Notes:

- (1) The GP margin is computed as the GP divided by revenue.
- (2) The gross EPS is computed as the PBT divided by the weighted average number of issued shares.
- (3) The net EPS is computed as the net profit attributable to equity holder divided by the weighted average number of issued shares.
- (4) The NA per share is computed as the NA divided by the total number of issued shares.
- (5) The current ratio is computed as current assets divided by current liabilities.
- (6) The gearing ratio is computed as total borrowings divided by the NA.

Commentaries on past financial performance

The consolidated financial statements of Kaisercorp for the past three FYEs 2020 to 2022 were prepared based on the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act, which were audited by Messrs. BDO PLT.

For the three FYEs 2020 to 2022:

- (i) there were no exceptional or extraordinary items;
- (ii) Kaisercorp did not adopt any accounting policies which were peculiar; and
- (iii) there were no audit qualifications issued by its external auditors, Messrs. BDO PLT on the consolidated financial statements of Kaisercorp from the FYEs 2020 to 2022.

FPE 2023 vs FPE 2022

The Kaisercorp Group's total revenue decreased by RM21.96 million or 13.84% to RM136.69 million for the FPE 2023 (FPE 2022: RM158.65 million). The decrease in revenue was mainly due to the continued low consumer demand for its bedding products arising from the prolonged inflationary pressures.

The Kaisercorp Group recorded a PBT of RM17.00 million for the FPE 2023, a decline of RM8.46 million or 33.23% (FPE 2022: RM25.47 million) which was in line with the decrease in revenue over the same period.

Furthermore, the Kaisercorp Group's total borrowings have decreased by RM0.75 million or 31.64% to RM1.62 million (FPE 2022: RM2.37 million), mainly due to repayment of term loans.

FYE 2022 vs FYE 2021

The Kaisercorp Group's revenue decreased by RM21.74 million or 9.84% to RM199.09 million for the FYE 2022 (FYE 2021: RM220.83 million). The decrease in revenue was mainly due to lower demand for its bedding products in the FYE 2022 on the back of inflationary pressures affecting consumer sentiment.

The Kaisercorp Group recorded a PBT of RM30.32 million for the FYE 2022, an increment of RM15.79 million or 108.61% (FYE 2021: RM14.53 million) which was attributed to an upfront payment made by an existing customer for renewal of a long-term licensing agreement.

Furthermore, Kaisercorp Group's total borrowings have decreased by RM0.55 million or 20.93% to RM2.06 million (FYE 2021: RM2.61 million), mainly due to repayment of term loans.

FYE 2021 vs FYE 2020

The Kaisercorp Group's revenue increased by RM86.80 million or 64.76% to RM220.83 million for the FYE 2021 (FYE 2020: RM134.03 million). The increase in revenue was mainly due to an increase in the sales volume of bedding products in the FYE 2021, which was largely attributed to the general shift in consumer spending during the Covid-19 pandemic, from travel and entertainment to other segments including home furnishing. Additionally, the increase in sales volume was also attributed to the fulfilment of backlog orders from the prior year, which was previously affected by supply chain disruptions amidst the pandemic.

The Kaisercorp Group recorded a PBT of RM14.54 million for the FYE 2021, an increment of RM3.73 million or 34.52% (FYE 2020: RM10.81 million) which was in line with the increase in revenue over the same period.

Furthermore, the Kaisercorp Group's total borrowings have decreased by approximately RM3.62 million or 58.08% to RM2.61 million (FYE 2020: RM6.22 million), mainly due to repayment of term loans.

8. Material contracts

The Kaiserkorp Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business), during the two years immediately preceding the date of the Circular.

9. Material litigation, claims or arbitration

As at the LPD, the Kaiserkorp Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and our Directors have no knowledge of any proceedings pending or threatened against the Kaiserkorp Group or of any fact likely to give rise to any proceedings which might adversely and materially affect the financial position or business of the Kaiserkorp Group.

10. Material commitments and contingent liabilities**10.1 Material commitments**

As at the LPD, the board of Directors of the Kaiserkorp Group is not aware of any other material commitment incurred or known to be incurred by the Kaiserkorp Group, for which, upon becoming enforceable, may have a material impact on the financial position of the Kaiserkorp Group.

10.2 Contingent liabilities

As at LPD, the board of Directors of the Kaiserkorp Group is not aware of any other contingent liabilities incurred or known to be incurred by the Kaiserkorp Group, which, upon becoming due or enforceable, may have a material impact on the financial position of the Kaiserkorp Group.

APPENDIX IV – SELECTED COMPARABLE COMPANIES OF THE KAISERKORP GROUP

The selected comparable companies are (i) profit-making companies listed on the USA stock exchanges; and (ii) engaged in the manufacturing and selling of mattresses and beds (“**Similar Businesses**”) whereby the contribution from such Similar Businesses represent the sole / largest contribution to their total revenue based on their latest annual reports (“**Selection Criteria**”).

It should be noted that there is no company that is directly comparable to the Kaisercorp Group (i.e. involved in (i) licensing business; and (ii) manufacturing and selling of mattresses and beds), due to various factors which includes, among others, composition of business activities, size of the businesses, target markets, actual product offerings, asset base, risk profile and future prospects. Hence, we have adopted the Selection Criteria to ensure that there are sufficient companies to form the universe of comparable companies.

Company	Principal activities	Market capitalisation	Last 12 months P/E	Last 12 months EV/EBITDA
		RM' million	(1) (2)	(3)
Sleep Corporation	Sleep Number Corporation, together with its subsidiaries, offers sleep solutions and services in the USA. The company designs, manufactures, markets, retails, and services beds, pillows, sheets, and other bedding products under the Sleep Number name.	1,454.99	71.68 *	10.60
Leggett & Platt, Inc	Leggett & Platt, Incorporated designs, manufactures, and markets engineered components and products worldwide. It operates through three segments: bedding products; specialised products; and furniture, flooring and textile products.	16,207.71	16.85	9.94
Tempur International, Inc	Sealy Tempur Sealy International, Inc., together with its subsidiaries, designs, manufactures, markets, and distributes bedding products in the USA and internationally. It provides mattresses, foundations and adjustable foundations, and adjustable bases, as well as other products comprising pillows, mattress covers, sheets, cushions, and various other accessories and comfort products under the Tempur-Pedic, Sealy, Stearns & Foster, and Cocoon by Sealy brand names.	39,365.18	22.38	15.18
		Highest	22.38 *	15.18
		Median	22.38	10.60
		Lowest	16.85	9.94

Kaisercorp Group Involved in licensing, manufacturing and sale of bedding products. **22.14** ⁽⁴⁾ **12.66** ⁽⁵⁾

(Source: S&P Capital IQ and the latest annual reports of the respective companies as at 2 January 2024, being the latest practicable date before the date of the announcement of the Proposed Divestment made on 9 January 2024 (“**Announcement LPD**”).

APPENDIX IV – SELECTED COMPARABLE COMPANIES OF THE KAISERKORP GROUP

Notes:

* Outlier company as Sleep Number Corporation's financial performance in the 4th quarter of 2022 was adversely affected by the disruptions in supply of various materials such as semiconductor chips and components due to shortages and constraints in the global supply chain. This affected its ability to deliver its sleeping products, Sleep Number® smart bed series that combines artificial intelligence (AI) and machine learning (ML) technology to provide sleep health solutions for its customers. For the FPE 2023, Sleep Number Corporation's financial performance was impacted by ongoing macro challenges as the consumers' purchasing power in the USA had moved to its lowest level on record (extracted from the quarterly reports of Sleep Number Corporation).

- (1) Based on the closing price as at the Announcement LPD.
- (2) Computed based on closing price as at the Announcement LPD divided by EPS.
- (3) Computed based on the EV as at the Announcement LPD divided by the trailing 12-month EBITDA extracted from S&P Capital IQ for each comparable company:

Company	EV (RM'mil)	EBITDA (RM'mil)
Sleep Number Corporation	5,721.31	539.51
Leggett & Platt, Incorporate	25,005.35	2,515.53
Tempur Sealy International, Inc	53,943.51	3,553.10

(4) Computed based on 100% Provisional Sale Consideration million divided by the PAT of the Kaisercorp Group of RM23.98 million for the FYE 2022.

(5) Computed based on the implied EV of approximately RM465.05 million (as computed below) divided by EBITDA of the Kaisercorp Group at 31 December 2022 of RM36.74 million:

100% Provisional Sale Consideration (as set out in Section 2.2 of this Circular)

530.96

Minus : Consolidated net cash of Kaisercorp as at 30 September 2023

(65.91)

Implied EV

465.05

RM' million

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

Registration No:
199401006515 (292194 - D)

**KAISERKORP CORPORATION SDN. BHD. (199401006515 (292194 - D))
(Incorporated in Malaysia)**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2022**

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
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KAISERKORP CORPORATION SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly licensing, manufacturing and sale of bedding products. The principal activities and details of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>23,981,833</u>	<u>278,411</u>
Attributable to:		
Owners of the parent	24,759,563	278,411
Non-controlling interest	<u>(777,730)</u>	<u>-</u>
	<u>23,981,833</u>	<u>278,411</u>

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
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DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Ahmad Fariz Bin Hassan
Yeoh Jin Hoe
Keith Christopher Yeoh Min Kit
Norliza Binti Kamaruddin
Suzila Binti Khairuddin

Subsidiaries of Kaisercorp Corporation Sdn. Bhd. (excluding those who are already listed above)

Jayapal Seshadri

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the register of Director Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	----- Number of ordinary shares -----			Balance as at 31.12.2022
	Balance as at 1.1.2022	Acquired	Sold	
Shares in the Company				
<u>Direct interest:</u>				
Yeoh Jin Hoe	35,694,948	-	-	35,694,948
Shares in the intermediate holding company, Kumpulan Perangsang Selangor Berhad				
<u>Direct interest:</u>				
Suzila Binti Khairuddin	157,307	-	-	157,307

Yeoh Jin Hoe by virtue of his interests in shares in the Company is also deemed to have interests in shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

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KAISERKORP CORPORATION SDN. BHD.
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DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as directors/executives of the related corporations.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group and Company RM
Directors:	
Fees	39,000
Allowances	<u>9,600</u>
Total Directors' remuneration	<u><u>48,600</u></u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

Kumpulan Perangsang Selangor Berhad, the intermediate holding company effected Directors' and officers' liability insurance during the financial year to indemnify the Directors and officers of the Company against potential costs and liabilities arising from claims brought against the Directors and officers.

There were no indemnity given to or insurance effected for the auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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KAISERKORP CORPORATION SDN. BHD.
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**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY
(continued)**

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

ULTIMATE HOLDING CORPORATION

The Directors regard Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994 as the ultimate holding corporation.

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KAISERKORP CORPORATION SDN. BHD.
(Incorporated in Malaysia)

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 amounted to RM100,000 and RM15,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.



.....
Norliza Binti Kamaruddin
Director



.....
Yeoh Jin Hoe
Director

Shah Alam
17 March 2023

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 11 to 49 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



.....
Norliza Binti Kamaruddin
Director



.....
Yeoh Jin Hoe
Director

Shah Alam
17 March 2023

STATUTORY DECLARATION

I, Suzila Binti Khairuddin (CA 37527), being the Director responsible for the financial management of KaiserCorp Corporation Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 49 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed)
at Shah Alam this)
17 March 2023)



Suzila Binti Khairuddin



THE CHAMBERS OF SHAMSUL ANUAR & HAZIANA
LOT 3.16, TINGKAT 3
KOMPLEKS PKNS SHAH ALAM
40000 SHAH ALAM, SELANGOR DARUL EHSAN

Registration No:
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAISERKORP CORPORATION SDN. BHD.
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KaiserCorp Corporation Sdn. Bhd., which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 49.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAISERKORP CORPORATION SDN. BHD. (continued)
(Incorporated in Malaysia)**

**Information Other than the Financial Statements and Auditors' Report Thereon
(continued)**

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAISERKORP CORPORATION SDN. BHD. (continued)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAISERKORP CORPORATION SDN. BHD. (continued)
(Incorporated in Malaysia)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 10 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Shahira

Shahira Binti Shahar
03646/03/2024 J
Chartered Accountant

Kuala Lumpur
17 March 2023

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	199,087,928	220,824,846	-	743,400
Cost of sales		(112,714,915)	(156,068,635)	-	-
Gross profit		86,373,013	64,756,211	-	743,400
Other income		438,411	4,147,710	440,262	10,356
Distribution costs		(34,823,879)	(31,434,507)	-	-
Administrative expenses		(19,758,439)	(19,754,217)	(161,851)	(387,595)
Impairment losses on financial assets	12	(91,685)	(290,628)	-	(17,773)
Other expenses		(1,116,874)	(1,995,059)	-	-
Operating profit		31,020,547	15,429,510	278,411	348,388
Finance costs	5	(698,362)	(894,271)	-	-
Profit before tax	5	30,322,185	14,535,239	278,411	348,388
Tax expense	6	(6,340,352)	(2,776,620)	-	-
Profit, net of tax		23,981,833	11,758,619	278,411	348,388
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Gain on foreign currency translation		7,815,724	5,655,375	-	-
Total comprehensive income		31,797,557	17,413,994	278,411	348,388
Profit/(Loss), net of tax attributable to:					
Owners of the parent		24,759,563	12,745,234	278,411	348,388
Non-controlling interest		(777,730)	(986,615)	-	-
		23,981,833	11,758,619	278,411	348,388
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		32,638,269	18,402,727	278,411	348,388
Non-controlling interest		(840,712)	(988,733)	-	-
		31,797,557	17,413,994	278,411	348,388

The accompanying notes form an integral part of the financial statements.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	9,929,117	10,874,688	-	-
Right-of-use assets	8	4,327,038	6,739,161	-	-
Intangible assets	9	135,770,767	129,283,262	-	-
Investments in subsidiaries	10	-	-	89,635,306	89,635,306
		<u>150,026,922</u>	<u>146,897,111</u>	<u>89,635,306</u>	<u>89,635,306</u>
Current assets					
Inventories	11	24,827,206	21,553,230	-	-
Trade and other receivables	12	37,817,881	41,772,126	57,665	35,956
Cash and bank balances	13	44,591,859	22,497,647	130,729	308,124
		<u>107,236,946</u>	<u>85,823,003</u>	<u>188,394</u>	<u>344,080</u>
TOTAL ASSETS		<u><u>257,263,868</u></u>	<u><u>232,720,114</u></u>	<u><u>89,823,700</u></u>	<u><u>89,979,386</u></u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	89,237,370	89,237,370	89,237,370	89,237,370
Retained earnings		75,957,036	51,197,473	479,256	200,845
Foreign currency translation reserves	14	<u>22,311,544</u>	<u>14,432,838</u>	-	-
		187,505,950	154,867,681	89,716,626	89,438,215
Non-controlling interest		<u>(1,903,266)</u>	<u>(1,062,554)</u>	-	-
TOTAL EQUITY		<u><u>185,602,684</u></u>	<u><u>153,805,127</u></u>	<u><u>89,716,626</u></u>	<u><u>89,438,215</u></u>

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
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**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (continued)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	8	3,000,324	5,138,689	-	-
Borrowings	15	1,320,771	1,962,758	-	-
Deferred tax liabilities	16	43,902,893	41,877,199	-	-
		<u>48,223,988</u>	<u>48,978,646</u>	<u>-</u>	<u>-</u>
Current liabilities					
Lease liabilities	8	2,401,694	2,843,397	-	-
Borrowings	15	742,569	645,793	-	-
Trade and other payables	17	20,047,598	26,111,551	107,074	541,171
Current tax liabilities		245,335	335,600	-	-
		<u>23,437,196</u>	<u>29,936,341</u>	<u>107,074</u>	<u>541,171</u>
TOTAL LIABILITIES		<u>71,661,184</u>	<u>78,914,987</u>	<u>107,074</u>	<u>541,171</u>
TOTAL EQUITY AND LIABILITIES		<u>257,263,868</u>	<u>232,720,114</u>	<u>89,823,700</u>	<u>89,979,386</u>

The accompanying notes form an integral part of the financial statements.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Group	Share capital RM	Foreign currency translation reserves RM	Retained earnings RM	Non- controlling interest RM	Total equity RM
As at 1 January 2021	89,237,370	8,775,345	38,452,239	(73,821)	136,391,133
Profit/(Loss), net of tax	-	-	12,745,234	(986,615)	11,758,619
Gain/(Loss) on foreign currency translation	-	5,657,493	-	(2,118)	5,655,375
Total comprehensive income/(loss)	-	5,657,493	12,745,234	(988,733)	17,413,994
As at 31 December 2021/ 1 January 2022	89,237,370	14,432,838	51,197,473	(1,062,554)	153,805,127
Profit/(Loss), net of tax	-	-	24,759,563	(777,730)	23,981,833
Gain/(Loss) on foreign currency translation	-	7,878,706	-	(62,982)	7,815,724
Total comprehensive income/(loss)	-	7,878,706	24,759,563	(840,712)	31,797,557
As at 31 December 2022	89,237,370	22,311,544	75,957,036	(1,903,266)	185,602,684

The accompanying notes form an integral part of the financial statements.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Company	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
As at 1 January 2021	89,237,370	(147,543)	89,089,827
Profit for the financial year	-	348,388	348,388
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	348,388	348,388
As at 31 December 2021/1 January 2022	89,237,370	200,845	89,438,215
Profit for the financial year	-	278,411	278,411
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	278,411	278,411
As at 31 December 2022	89,237,370	479,256	89,716,626

The accompanying notes form an integral part of the financial statements.

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KAISERKORP CORPORATION SDN. BHD.
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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		30,322,185	14,535,239	278,411	348,388
Adjustments for:					
Amortisation of intangible assets	9	733,535	486,792	-	-
Depreciation of property, plant and equipment	7	2,210,534	2,297,511	-	-
Depreciation of right-use-of assets	8	2,770,727	2,607,288	-	-
Dividend income from a subsidiary	4	-	-	-	(743,400)
Impairment losses on trade and other receivables	12	91,685	290,628	-	17,773
Interest expense	5	698,362	894,271	-	-
Interest income	5	(410,312)	(5,782)	-	-
Loss on disposal of property, plant and equipment	5	-	121,306	-	-
Net loss on unrealised foreign exchange		20,609	12,076	-	-
Other payables written back	5	(440,262)	(10,356)	(440,262)	(10,356)
Property, plant and equipment written off	7	1,526,241	844,488	-	-
Operating profit/(loss) before changes in working capital		37,523,304	22,073,461	(161,851)	(387,595)
Increase in inventories		(2,179,903)	(8,205,051)	-	-
Decrease/(Increase) in trade and other receivables		6,085,170	(1,880,913)	(300)	4,818
(Decrease)/Increase in trade and other payables		(6,941,146)	2,977,108	455,628	187,775
Cash generated from/(used in) operations		34,487,425	14,964,605	293,477	(195,002)
Tax paid		(6,583,474)	(4,138,485)	-	-
Net cash from/(used in) operating activities		27,903,951	10,826,120	293,477	(195,002)

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KAISERKORP FOR THE FYE 2022

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KAISERKORP CORPORATION SDN. BHD.
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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income received		-	-	-	520,189
(Repayments to)/Advances from:					
- immediate holding company		(49,980)	17,069	(49,980)	17,069
- a subsidiary		-	-	(420,892)	(35,956)
Purchase of property, plant and equipment	7	(2,226,705)	(1,216,999)	-	-
Proceeds from disposal of property, plant and equipment		-	64,339	-	-
Purchase of intangible assets	9	(595,230)	(660,346)	-	-
Interest income received		410,312	5,782	-	-
Net cash (used in)/from investing activities		<u>(2,461,603)</u>	<u>(1,790,155)</u>	<u>(470,872)</u>	<u>501,302</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Profit payment/Interest expense paid		(220,304)	(264,176)	-	-
Payments of lease liabilities	8	(3,481,531)	(3,170,689)	-	-
Repayments of borrowings	15	(682,150)	(3,844,983)	-	-
Net cash used in financing activities		<u>(4,383,985)</u>	<u>(7,279,848)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		21,058,363	1,756,117	(177,395)	306,300
Effect of changes foreign exchange		1,035,849	815,310	-	-
Cash and cash equivalents at the beginning of the financial year		<u>22,497,647</u>	<u>19,926,220</u>	<u>308,124</u>	<u>1,824</u>
Cash and cash equivalents at the end of the financial year	13	<u>44,591,859</u>	<u>22,497,647</u>	<u>130,729</u>	<u>308,124</u>

The accompanying notes form an integral part of the financial statements.

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KAISERKORP CORPORATION SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

1. CORPORATE INFORMATION

Kaiserkorp Corporation Sdn. Bhd. (“the Company”) is a private limited liability company, incorporated and domiciled in Malaysia.

The principal place of business of the Company is located at 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The registered office of the Company is located at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bharu, Johor.

The immediate holding company is Bold Approach Sdn. Bhd., a private limited liability company. The intermediate holding company is Kumpulan Perangsang Selangor Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and the penultimate holding company is Darul Ehsan Investment Group Berhad, a private limited company. The ultimate holding corporation is Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994. All companies are incorporated and domiciled in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 March 2023.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs and Amendments during the financial year. The new MFRSs and Amendments during the financial year are disclosed in Note 20(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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KAISERKORP CORPORATION SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

4. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Revenue from contracts with customers:				
Transferred over time				
Royalties	50,871,267	35,511,211	-	-
Transferred at point in time				
Sale of bedding products	<u>148,216,661</u>	<u>185,313,635</u>	<u>-</u>	<u>-</u>
	199,087,928	220,824,846	-	-
Revenue from other source:				
Dividend income from a subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>743,400</u>
	<u><u>199,087,928</u></u>	<u><u>220,824,846</u></u>	<u><u>-</u></u>	<u><u>743,400</u></u>

(a) Revenue from royalties

Revenue from royalties represents access granted to the brand name over the contract term and is recognised over time in accordance with the substance of the agreement over the licensing term of an on-going contract.

(b) Revenue from sale of bedding products

Revenue from sale of bedding products are recognised at a point in time when the products have been transferred to the customer and coincide with the delivery of products and acceptance by customers, net of discounts.

There is no material right of return and warranty provided to the customers on the sale of bedding products.

There is no significant financing component arising from sale of bedding products as the sales are made on normal credit terms not exceeding twelve (12) months.

(c) Dividend income

In the previous financial year, dividend income was recognised when the right to receive payment had been established.

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KAISERKORP CORPORATION SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

5. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
After charging:				
Auditors' remuneration	100,000	100,000	15,000	15,000
Employee benefits				
- salaries, wages, bonuses and allowances	28,873,667	32,251,999	-	-
- contributions to defined contribution plan	933,133	829,134	-	-
- other employee benefits	7,559,188	6,506,615	-	-
	37,365,988	39,587,748	-	-
Profit rate/Interest expense on:				
- terms loans	220,304	264,176	-	-
- lease liabilities	478,058	630,095	-	-
	698,362	894,271	-	-
Loss on disposal of property, plant and equipment	-	121,306	-	-
Loss on unrealised foreign exchange	33,385	23,776	-	-
Property, plant and equipment written off	1,526,241	844,488	-	-
And crediting:				
Profit rate/Interest income from deposits with licensed banks	410,312	5,782	-	-
Gain on unrealised foreign exchange	12,776	11,700	-	-
Other payables written back	440,262	10,356	440,262	10,356
Income from government assistance	-	4,107,253	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Profit rate/Interest income from deposits with licensed banks is recognised as it accrues, using the effective interest method.

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6. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysian income tax:				
Current income tax	-	-	-	-
Foreign income tax:				
Current income tax	6,982,771	3,471,539	-	-
Over provision in prior years	(507,276)	(414,667)	-	-
	6,475,495	3,056,872	-	-
Deferred taxation (Note 16):				
Over provision in prior years	(135,143)	(280,252)	-	-
Income tax expense for the financial year	<u>6,340,352</u>	<u>2,776,620</u>	<u>-</u>	<u>-</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the financial year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	<u>30,322,185</u>	<u>14,535,239</u>	<u>278,411</u>	<u>348,388</u>
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	7,277,324	3,488,457	66,819	83,613
Tax effects in respect of:				
Effect of different tax rates in foreign jurisdictions	1,542,980	1,175,327	-	-
Non-allowable expenses	1,189,247	570,894	38,844	97,288
Non-taxable income	(3,026,780)	(1,763,139)	(105,663)	(180,901)
	6,982,771	3,471,539	-	-
Over provision in prior years:				
- income tax	(507,276)	(414,667)	-	-
- deferred tax	(135,143)	(280,252)	-	-
	<u>6,340,352</u>	<u>2,776,620</u>	<u>-</u>	<u>-</u>

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	----- At 31.12.2021-----		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer	4,630	(4,630)	-

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for construction work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the Group and the Company. The principal depreciation annual rates used are as follows:

Computer	20% - 33%
Office leasehold and improvement	10% - 20%
Office equipment, furniture and fittings	10% - 33%

Construction work-in-progress represents a building under construction and not depreciated until such time when the asset is available for use.

- (b) During the financial year, the Company has written off the fully depreciated computer.

8. LEASES

The Group as a lessee

Right-of-use assets

Carrying amount	As at 1.1.2022 RM	Depreciation charge for the financial year RM	Foreign exchange movement RM	As at 31.12.2022 RM
Buildings	6,688,832	(2,738,835)	355,873	4,305,870
Machineries	50,329	(31,892)	2,731	21,168
	6,739,161	(2,770,727)	358,604	4,327,038

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8. LEASES (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Carrying amount	As at 1.1.2021 RM	Depreciation charge for the financial year RM	Foreign exchange movement RM	As at 31.12.2021 RM
Buildings	8,919,405	(2,577,277)	346,704	6,688,832
Machineries	77,379	(30,011)	2,961	50,329
	<u>8,996,784</u>	<u>(2,607,288)</u>	<u>349,665</u>	<u>6,739,161</u>

Lease liabilities

Carrying amount	As at 1.1.2022 RM	Payments of lease liabilities RM	Accretion of interest RM	Foreign exchange movement RM	As at 31.12.2022 RM
Buildings	7,926,019	(3,443,865)	475,124	420,369	5,377,647
Machineries	56,067	(37,666)	2,934	3,036	24,371
	<u>7,982,086</u>	<u>(3,481,531)</u>	<u>478,058</u>	<u>423,405</u>	<u>5,402,018</u>

Carrying amount	As at 1.1.2021 RM	Payments of lease liabilities RM	Accretion of interest RM	Foreign exchange movement RM	As at 31.12.2021 RM
Buildings	10,043,299	(3,135,245)	625,205	392,760	7,926,019
Machineries	83,418	(35,444)	4,890	3,203	56,067
	<u>10,126,717</u>	<u>(3,170,689)</u>	<u>630,095</u>	<u>395,963</u>	<u>7,982,086</u>

Represented by:	2022 RM	2021 RM
Current liabilities	2,401,694	2,843,397
Non-current liabilities	<u>3,000,324</u>	<u>5,138,689</u>
Lease liabilities owing to non-financial institutions	<u>5,402,018</u>	<u>7,982,086</u>

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8. LEASES (continued)

- (a) The Group leases buildings and machineries in the locations, which it operates with fixed periodic rent over the lease term.
- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Buildings	4 - 7 years
Machineries	5 years

- (c) The following are the amounts recognised in profit or loss:

	Group	
	2022	2021
	RM	RM
Depreciation charge of right-of-use assets, included in:		
- cost of sales	1,560,881	1,468,808
- distribution costs	1,209,846	1,138,480
Interest expense on lease liabilities (included in finance costs)	478,058	630,095
	3,248,785	3,237,383

- (d) The following are the total cash outflows for leases as a lessee:

	Group	
	2022	2021
	RM	RM
Included in net cash used in financing activities:		
Payments of lease liabilities	3,481,531	3,170,689

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8. LEASES (continued)

- (e) The following table sets out the carrying amounts, the weighted average incremental borrowing rate and the remaining maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Weighted average incremental borrowing rate per annum %	Within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
31 December 2022					
Lease liabilities	6.75%	2,680,938	3,163,654	-	5,844,592
31 December 2021					
Lease liabilities	6.75%	3,295,979	5,559,684	-	8,855,663

- (f) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

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9. INTANGIBLE ASSETS (continued)

- (a) Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.
- (b) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the cash generating units (“CGUs”) based on estimation of the value in use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of impairment testing of goodwill are disclosed in Note 9(e) to the financial statements.

- (c) Intangible asset with indefinite useful life

Brand name relates to the King Koil® brand names for the Group’s specialised bedding and licensing components. The useful life of the brand is estimated to be indefinite. Details of impairment testing of brand name are disclosed in Note 9(e) to the financial statements.

- (d) Intangible assets with definite useful life

- (i) Trademarks include cost of registration and renewals of trademark, product line and product names, which are capitalised and amortised over the estimated useful life of five (5) years.
- (ii) Cost of website and software are capitalised and amortised over the estimated useful life of five (5) years.
- (iii) Website under installation are not amortised until such time when the assets are available for use.

- (e) Impairment tests for goodwill and other intangible assets with indefinite useful lives

Goodwill has been allocated to the identified CGU based on the geographical location of customers for impairment testing, namely United States of America. The carrying amounts of goodwill and brand name are as follows:

	Group	
	2022	2021
	RM	RM
Goodwill	12,485,980	11,877,324
Brand name	<u>121,821,266</u>	<u>115,882,827</u>
	<u>134,307,246</u>	<u>127,760,151</u>

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9. INTANGIBLE ASSETS (continued)

- (e) Impairment tests for goodwill and other intangible assets with indefinite useful lives (continued)

The goodwill and brand name arose from the acquisition of Kyco Industries, Inc. In performing the impairment assessment of the carrying amounts of goodwill and brand name allocated to the CGU, the recoverable amount of the CGU is determined based on value in use, which is based on cash flow projection. This cash flow projection is based on financial budget approved by management covering a one (1) year period and cash flows beyond the one (1) year period are extrapolated using the estimated growth in future revenues and based on the following key assumptions:

	2022
	Key assumptions
Revenue growth rate	3% - 9%
Gross profit margin	43% - 44%
Pre-tax discount rate	10.5%
Terminal value	<u>Zero growth rate</u>

In the previous financial year, the Group adopted the probability-weighted cash flow approach due to the possible outcomes of the CGU's performance arising from the inherent uncertainty of Covid-19 pandemic. The key assumptions for the pre-tax cash flows calculation were as follows:

	----- 2021 -----		
	Upside scenario	Base scenario	Downside scenario
Weighting	10%	60%	30%
Revenue growth rate in FY2022	60%	29%	10%
Average revenue growth rates for FY2023 to FY2026	6%	6%	6%
Gross profit margin	39%	31% - 32%	29%
Pre-tax discount rate	10.5%	10.5%	10.5%

As at 31 December 2022, the recoverable amount of the CGU based on value in use calculations was higher than the carrying amounts of the goodwill and brand name, therefore no impairment loss was required. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

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10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost	89,635,306	89,635,306

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective interest in equity		% of ownership interest held by non-controlling		Principal activities
		2022 %	2021 %	2022 %	2021 %	
Kyco Industries, Inc.#	United States of America	100	100	-	-	Investment holding
King Koil International Pte. Ltd* +	Singapore	100	100	-	-	In liquidation
Held under Kyco Industries, Inc.						
King Koil Licensing Company, Inc.#	United States of America	100	100	-	-	Licensing of trademarks and know-how for manufacture and sales of beds, mattresses and box springs, along with patents for such products

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10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective interest in equity		% of ownership interest held by non-controlling		Principal activities
		2022 %	2021 %	2022 %	2021 %	
Held under Kyco Industries, Inc. (continued)						
King Koil Sales, Inc.#	United States of America	100	100	-	-	Distribution and marketing
King Koil Manufacturing West, LLC #	United States of America	60	60	40	40	Production, sale and distribution, of mattresses related bedding and sleep products

* *Subsidiary not audited by BDO PLT or member firms of BDO International.*

Exempted from statutory audit under the local legislation.

+ *In liquidation or under official assignee.*

- (c) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. Impairment loss is recognised when the carrying amounts of investments in subsidiaries exceed their recoverable amounts. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value in use of the respective subsidiaries. The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimate future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the projected revenue growth rates, terminal growth rates and the appropriate pre-tax discount rates used for each of the subsidiary.
- (d) The Group does not have subsidiary that has non-controlling interests, which individually material to the Group for both financial years ended 31 December 2022 and 31 December 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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11. INVENTORIES

	Group	
	2022 RM	2021 RM
At cost		
Raw materials	20,905,773	15,399,209
Finished goods	<u>3,921,433</u>	<u>6,154,021</u>
	<u><u>24,827,206</u></u>	<u><u>21,553,230</u></u>

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.
- (b) During the financial year, inventories recognised as cost of sales amounted to RM92,261,633 (2021: RM133,182,149).

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	19,098,572	20,850,509	-	-
Accrued royalties	12,398,286	10,514,617	-	-
	31,496,858	31,365,126	-	-
Less: Impairment losses on third parties	<u>(1,302,477)</u>	<u>(1,488,516)</u>	<u>-</u>	<u>-</u>
Trade receivable, net	<u>30,194,381</u>	<u>29,876,610</u>	<u>-</u>	<u>-</u>
Other receivables				
Deposits	574,010	4,436,182	-	-
Other receivables	1,035,566	1,248,758	-	-
Amount due by a subsidiary	-	-	57,365	35,956
Other receivables, net	<u>1,609,576</u>	<u>5,684,940</u>	<u>57,365</u>	<u>35,956</u>
Total receivables	31,803,957	35,561,550	57,365	35,956
Prepayments	<u>6,013,924</u>	<u>6,210,576</u>	<u>300</u>	<u>-</u>
	<u><u>37,817,881</u></u>	<u><u>41,772,126</u></u>	<u><u>57,665</u></u>	<u><u>35,956</u></u>

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12. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are unsecured and interest free with normal credit terms of 30 days (2021: 30 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Non-trade amount due by a subsidiary represents advances and payment on behalf, which is unsecured, interest free and receivable within next twelve (12) months in cash and cash equivalents.
- (d) Currency exposure profile of total receivables are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	-	-	57,365	35,956
United States Dollar	<u>31,803,957</u>	<u>35,561,550</u>	<u>-</u>	<u>-</u>
	<u>31,803,957</u>	<u>35,561,550</u>	<u>57,365</u>	<u>35,956</u>

- (e) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar (“USD”) exchange rate against the functional currency of the Group, with all other variables held constant:

	Group	
	2022 RM	2021 RM
Profit, net of tax		
USD/RM - strengthened by 10%	2,417,101	2,702,678
- weakened by 10%	<u>(2,417,101)</u>	<u>(2,702,678)</u>

- (f) The Group applies the MFRS 9 simplified approach in measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for trade receivables. During this process, the probability of non-payment by the trade receivable is adjusted by forward looking information on macroeconomic factors, which the Group has identified as customer price index, and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivable. For trade receivable, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other operating expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

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12. TRADE AND OTHER RECEIVABLES (continued)

(f) (continued)

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The Group defines increase in credit risk based on past due information, i.e. twelve (12) months after credit term. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result in default events on a financial instrument that are possible within twelve (12) months after the reporting date.

For the purpose of assessing whether the credit risk of the Group has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and forward-looking information, which are available without undue cost or effort.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward-looking information in assessing the expected credit loss allowance.

(g) The information about the credit risk and ECL allowance for trade receivables of the Group using the provision matrix are as follows:

Group	Current RM	1 - 90 days past due RM	More than 90 days past due RM	Total RM
31 December 2022				
Gross carrying amounts				
- trade receivables	21,330,114	9,063,932	1,102,812	31,496,858
ECL allowances	(184,596)	(208,019)	(909,862)	(1,302,477)
	<u>21,145,518</u>	<u>8,855,913</u>	<u>192,950</u>	<u>30,194,381</u>
31 December 2021				
Gross carrying amounts				
- trade receivables	23,855,012	6,274,139	1,235,975	31,365,126
ECL allowances	(286,865)	(236,859)	(964,792)	(1,488,516)
	<u>23,568,147</u>	<u>6,037,280</u>	<u>271,183</u>	<u>29,876,610</u>

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12. TRADE AND OTHER RECEIVABLES (continued)

- (h) The reconciliations of movements of impairment losses for total receivables at the end reporting period are as follows:

Group	Lifetime ECL* RM	Credit impaired RM	Total RM
Trade receivables			
As at 1 January 2022	1,153,384	335,132	1,488,516
Charge for the financial year	-	91,685	91,685
Write off	-	(295,875)	(295,875)
Exchange differences	-	18,151	18,151
	<u>1,153,384</u>	<u>149,093</u>	<u>1,302,477</u>
As at 31 December 2022			
As at 1 January 2021	1,153,384	365,725	1,519,109
Charge for the financial year	-	290,628	290,628
Write off	-	(335,803)	(335,803)
Exchange differences	-	14,582	14,582
	<u>1,153,384</u>	<u>335,132</u>	<u>1,488,516</u>
As at 31 December 2021			
Company			
Other receivables			
As at 1 January 2021	-	-	-
Charge for the financial year	-	17,773	17,773
Write off	-	(17,773)	(17,773)
	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2021			

*The effect of expected credit loss is insignificant.

Credit impaired refers to receivables who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

- (i) As at the end of each reporting period, trade receivables of the Group are not secured by any collaterals and are not subject to significant financing component. The Group has significant concentration of credit risks that arise from two (2) customers (2021: two (2) customers), which makes up 28% (2021: 27%) of total receivables.
- (j) As at the end of each reporting period, the other receivables of the Group and of the Company were not subject to significant concentration of credit risk.
- (k) The Group did not renegotiate the terms of any trade receivables at the end of each reporting period.

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13. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash on hand	4,526	4,305	-	-
Cash at banks	44,587,333	22,493,342	130,729	308,124
	<u>44,591,859</u>	<u>22,497,647</u>	<u>130,729</u>	<u>308,124</u>

- (a) Total cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	130,729	308,124	130,729	308,124
United States Dollar	44,461,130	22,133,243	-	-
Singapore Dollar	-	56,280	-	-
	<u>44,591,859</u>	<u>22,497,647</u>	<u>130,729</u>	<u>308,124</u>

- (c) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchanges rate being the main foreign currency of which the Group is exposed to against the functional currency of the Group, with all other variables held constant:

	Group	
	2022 RM	2021 RM
Profit, net of tax		
USD/RM - strengthened by 10%	3,379,046	1,682,126
- weakened by 10%	<u>(3,379,046)</u>	<u>(1,682,126)</u>

The exposure to the other currency was not significant, hence the effect of the changes in the exchange rate was not presented.

- (d) No expected credit losses were recognised arising from cash and bank balances because the probabilities of default by these financial institutions are negligible.

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14. SHARE CAPITAL AND RESERVES

(a) Share capital

	Group and Company			
	2022		2021	
Issued and fully paid:	Number of shares	RM	Number of shares	RM
Ordinary shares with no par value				
As at 1 January/ 31 December	<u>89,237,370</u>	<u>89,237,370</u>	<u>89,237,370</u>	<u>89,237,370</u>

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Foreign currency translation reserves

The foreign currency translation reserves represent the exchange differences arising from the translation of the financial statements of foreign operations of the subsidiaries whose functional currencies are different from that of the Group's presentation currency and the exchange differences arising from translation of intangible assets and goodwill denominated in foreign currencies.

15. BORROWINGS

	Group	
	2022 RM	2021 RM
Unsecured		
Non-current liabilities:		
Term loans	1,320,771	1,962,758
Current liabilities:		
Term loans	<u>742,569</u>	<u>645,793</u>
Total borrowings	<u>2,063,340</u>	<u>2,608,551</u>

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Borrowings of the Group are denominated in USD.

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15. BORROWINGS (continued)

- (c) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant:

	2022	2021
	RM	RM
Profit, net of tax		
USD/RM - strengthened by 10%	(156,814)	(198,250)
- weakened by 10%	<u>156,814</u>	<u>198,250</u>

- (d) The weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group are as follows:

Group	Weighted average effective interest rate per annum %	Within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
2022					
Fixed rate	8.82	<u>742,569</u>	<u>1,320,771</u>	-	<u>2,063,340</u>
2021					
Fixed rate	8.82	<u>645,793</u>	<u>1,962,758</u>	-	<u>2,608,551</u>

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as fixed rate instruments is not affected by change in interest rate.

- (e) The carrying amounts of borrowings is reasonable approximation of fair values, either due to its short-term nature or that floating rate instruments, that is re-priced to market interest rates on or near the end of each reporting period.
- (f) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

Group	Within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
2022				
Term loans	<u>898,137</u>	<u>1,422,048</u>	-	<u>2,320,185</u>
2021				
Term loans	<u>854,355</u>	<u>2,207,080</u>	-	<u>3,061,435</u>

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15. BORROWINGS (continued)

(g) Reconciliation of liabilities arising from financing activities:

Group	Term loans RM	Lease liabilities (Note 8) RM	Total RM
As at 1 January 2021	6,223,979	10,126,717	16,350,696
Cash flows:			
- repayments	(3,844,983)	(3,170,689)	(7,015,672)
- payments of profit rate/interest	(264,176)	-	(264,176)
Non-cash flows:			
- foreign exchange movement	229,555	395,963	625,518
- unwinding of profit rate/interest	264,176	630,095	894,271
As at 31 December 2021/ 1 January 2022	2,608,551	7,982,086	10,590,637
Cash flows:			
- repayments	(682,150)	(3,481,531)	(4,163,681)
- payments of profit rate/interest	(220,304)	-	(220,304)
Non-cash flows:			
- foreign exchange movement	136,939	423,405	560,344
- unwinding of profit rate/interest	220,304	478,058	698,362
As at 31 December 2022	<u>2,063,340</u>	<u>5,402,018</u>	<u>7,465,358</u>

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16. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

		Group	
	Note	2022 RM	2021 RM
As at 1 January		(41,877,199)	(40,502,761)
Recognised in profit or loss	6	135,143	280,252
Exchange differences		<u>(2,160,837)</u>	<u>(1,654,690)</u>
As at 31 December		<u><u>(43,902,893)</u></u>	<u><u>(41,877,199)</u></u>
Presented after appropriate offsetting as follows:			
Deferred tax assets		526,608	526,608
Deferred tax liabilities		<u>(44,429,501)</u>	<u>(42,403,807)</u>
		<u><u>(43,902,893)</u></u>	<u><u>(41,877,199)</u></u>

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

Group	Deferred rental RM	Intangible assets RM	Others RM	Total RM
As at 1 January 2021/ 31 December 2021/ 1 January 2022/ 31 December 2022	145,998	3,478	377,132	<u><u>526,608</u></u>

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16. DEFERRED TAX LIABILITIES (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Group:

Group	Intangible assets RM	Property, plant and equipment RM	Total RM
As at 1 January 2021	(40,033,704)	(995,665)	(41,029,369)
Recognised in profit or loss	-	280,252	280,252
Foreign exchange movement	(1,628,354)	(26,336)	(1,654,690)
As at 31 December 2021/1 January 2022	(41,662,058)	(741,749)	(42,403,807)
Recognised in profit or loss	-	135,143	135,143
Foreign exchange movement	(2,137,838)	(22,999)	(2,160,837)
As at 31 December 2022	(43,799,896)	(629,605)	(44,429,501)

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	6,416,727	10,899,114	-	-
Other payables				
Accrued liabilities	6,573,391	9,353,775	59,900	59,727
Sundry payables	634,706	369,822	18,000	2,807
Amount due to intermediate holding company	29,174	79,154	29,174	79,154
Amount due to a subsidiary	-	-	-	399,483
	<u>7,237,271</u>	<u>9,802,751</u>	<u>107,074</u>	<u>541,171</u>
Total payables	13,653,998	20,701,865	107,074	541,171
Contract liabilities	<u>6,393,600</u>	<u>5,409,686</u>	<u>-</u>	<u>-</u>
	<u>20,047,598</u>	<u>26,111,551</u>	<u>107,074</u>	<u>541,171</u>

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17. TRADE AND OTHER PAYABLES (continued)

- (a) Total payables are classified as financial liabilities measured at amortised cost.
- (b) The normal trade credit terms granted to the Group is 60 days (2021: 60 days). These amounts are non-interest bearing.
- (c) Amount due to intermediate holding company is non-trade in nature, unsecured, interest free and payable within next twelve (12) months in cash and cash equivalents.
- (d) In the previous financial year, amount due to a subsidiary was non-trade in nature, unsecured, interest free and payable within next twelve (12) months in cash and cash equivalents.
- (e) Currency exposure of total payables are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	107,074	141,688	107,074	541,171
United States Dollar	13,546,924	20,552,221	-	-
Singapore Dollar	-	7,956	-	-
	<u>13,653,998</u>	<u>20,701,865</u>	<u>107,074</u>	<u>541,171</u>

- (f) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant:

	Group	
	2022 RM	2021 RM
Profit, net of tax		
USD/RM - strengthened by 10%	(1,029,566)	(1,561,969)
- weakened by 10%	<u>1,029,566</u>	<u>1,561,969</u>

The exposure to the other currency was not significant, hence the effect of the changes in the exchange rate was not presented.

- (g) The maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable within next twelve (12) months.

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17. TRADE AND OTHER PAYABLES (continued)

- (h) Contract liabilities represent advanced billings for royalties income, which is expected to be recognised in the future relating to performance obligation that are unsatisfied at the end of the reporting period. Movement of contract liabilities as at the end of each reporting period are as follows:

	Group	
	2022	2021
	RM	RM
As at 1 January	5,409,686	4,230,408
Revenue recognised during the financial year	(24,301,323)	(22,375,289)
Invoiced during the financial year	25,011,413	23,376,682
Foreign exchange movement	273,824	177,885
	<u>6,393,600</u>	<u>5,409,686</u>
As at 31 December	<u>6,393,600</u>	<u>5,409,686</u>

Revenue of RM6,393,600 (2021: RM5,409,686) is expected to be recognised within the next twelve (12) months in the future in respect of unsatisfied contract liabilities as at the end of the reporting period.

18. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Company include:

- (i) holding companies of the Company;
- (ii) direct and indirect subsidiaries of the Company as disclosed in Note 10 to the financial statements;
- (iii) direct and indirect subsidiaries, associates and a joint venture of ultimate holding corporation, Menteri Besar Selangor (Pemerbadanan); and
- (iv) key management personnel, whom are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include the Executive Directors of the Company.

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18. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with a related party during the financial year:

	Group and Company	
	2022	2021
	RM	RM
Intermediate holding company:		
Management fees expense	<u>88,900</u>	<u>87,600</u>

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and of the Company.

- (c) Compensation of key management personnel

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors:				
Fees	39,000	39,000	39,000	39,000
Allowances	9,600	8,400	9,600	8,400
Total Directors' remuneration	48,600	47,400	48,600	47,400
Other key management personnel:				
Salaries, wages and bonus	4,304,246	4,636,555	-	-
Contributions to defined contribution plan	138,606	69,598	-	-
Other employee benefits	589,548	766,706	-	-
	<u>5,032,400</u>	<u>5,472,859</u>	<u>-</u>	<u>-</u>
	<u>5,081,000</u>	<u>5,520,259</u>	<u>48,600</u>	<u>47,400</u>

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19. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's capital management is to safeguard the ability of the Group to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the current and previous financial years.

(b) Financial risk management

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, profit/interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk and credit risk profiles of the Group and of the Company have been disclosed in Note 12 to the financial statements.

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19. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure to liquidity risk of the Group and the Company arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. The Company manages its operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. As part of its overall liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available credit facilities at a reasonable level to its overall debt position.

The analysis of financial Instruments by remaining contractual maturities has been disclosed in Note 8, Note 15 and Note 17 to the financial statements respectively.

(iii) Profit/Interest rate risk

Profit/Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments fluctuates because of changes in the profit/interest rates.

Cash flow profit/interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in profit/interest rates. Fair value profit/interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in profit/interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in profit/interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

The interest profile and sensitivity analysis of profit/interest rate risk have been disclosed in Note 8 and Note 15 to the financial statements.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales, purchases and borrowings that are denominated in a currency other than RM. The foreign currency in which these transactions is denominated is mainly USD.

The Group does not hedge its financial liabilities denominated in foreign currencies.

The sensitivity analysis for foreign currency risk has been disclosed in Note 12, Note 13, Note 15 and Note 17 to the financial statements respectively.

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20. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

The adoption of these Standards and Amendments did not have any material effect on the financial statements of the Group and of the Company.

(b) New MFRSs and Amendments that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to YJH and AI Dream in this Circular have been provided and confirmed by YJH and the Purchaser, respectively. Therefore, the sole responsibility of our Board is restricted to ensuring that such information is accurately reproduced in this Circular.

2. WRITTEN CONSENT AND DECLARATION OF CONFLICT OF INTERESTS**2.1 RHB Investment Bank**

RHB Investment Bank, being the Principal Adviser for the Proposed Divestment, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad (collectively, the “**RHB Banking Group**”) form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, among others, brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Group. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Group in addition to the role of being the Principal Adviser for the Proposed Divestment.

As at the LPD, Dato' Darawati Hussain, being the Independent Non-Executive Director of RHB Investment Bank is our shareholder, holding 2,584 KPS Berhad Shares. Nevertheless, Dato' Darawati Hussain is not involved in the day-to-day operations of RHB Banking Group and our Group.

Furthermore, in the ordinary course of business, any member of RHB Banking Group may at any time offer or provide its services to or engage in any transactions (whether on its own account or otherwise) with any member of our Group, hold long or short positions in the securities offered by any member of our Group, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group.

The business divisions of RHB Banking Group generally act independently with each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take action that may conflict with the regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group has in its course of ordinary business offered various facilities with a combined approved limit of approximately RM360.00 million to our Group, of which the outstanding amount is approximately RM359.27 million (“**RHB Facilities**”). Our Group will be utilising approximately RM184.00 million of our gross proceeds from the Proposed Divestment to repay borrowings and that may include RHB Facilities. As at the LPD, our Group has yet to identify the specific borrowings to be repaid.

APPENDIX VI – ADDITIONAL INFORMATION

Notwithstanding the above and as at the LPD, RHB Investment Bank, as part of RHB Banking Group, has confirmed that the abovementioned do not and will not likely result in a conflict of interest situation in its capacity as the Principal Adviser in relation to the Proposed Divestment on the basis that:

- (i) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser for the Proposed Divestment is in the ordinary course of its business. RHB Investment Bank does not have any interest in the Proposed Divestment other than as the Principal Adviser based on the terms of engagement which are mutually agreed between both parties. Further, RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its appointment as the Principal Adviser for the Proposed Divestment;
- (ii) the RHB Facilities provided by RHB Banking Group are on an arms' length basis and represent 1.25% when compared to the latest audited shareholders' fund of RHB Banking Group of approximately RM28.72 billion as at 31 December 2022;
- (iii) the RHB Facilities that have been provided by RHB Bank Berhad (as part of RHB Banking Group) are not conditional upon RHB Investment Bank being appointed as the Principal Adviser for the Proposed Divestment;
- (iv) the corporate finance division of RHB Investment Bank ("**RHB CF**") is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. The team in charge of the Proposed Divestment in RHB Investment Bank is independent from the team handling the credit facilities. As at the LPD, there is no involvement by RHB CF in any credit application process undertaken by other departments within the RHB Banking Group; and
- (v) the conduct of RHB Banking Group's business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls and checks which include, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

Save for the above, RHB Investment Bank is not aware of any existing or potential conflict of interest or any circumstance which would give rise to a conflict of interest by virtue of its role as the Principal Adviser for the Proposed Divestment.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

Save as disclosed below, based on the unaudited interim financial statements as at 30 September 2023, being the latest practicable date of which such amounts could be calculated before the date of this Circular, our Board is not aware of any other material commitments incurred or known to be incurred by our Group, for which, upon becoming enforceable, may have a material impact on the financial position of our Group:

	<u>RM' million</u>
(i) Property, plant, and equipment:	
(a) approved but not contracted for	51,193
(b) approved and contracted for	9,768
(ii) Share of capital commitment of an associate	2,194
Total	<u>63,155</u>

3.2 Contingent liabilities

Save as disclosed below, based on the unaudited interim financial statements as at 30 September 2023 being the latest practicable date of which such amounts could be calculated before the date of this Circular, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Group, which, upon becoming due or enforceable, may have a material impact on the financial position of our Group:

	<u>RM' million</u>
Secured:	
(i) Provision of proportionate corporate guarantee for an associate for working capital and issuance of bank guarantees	19,267
(ii) Performance guarantees to third parties	7,313
Unsecured:	
(iii) Performance guarantees to third parties	2,262
Total	<u>28,842</u>

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's corporate office at 17th Floor, Plaza Perangasang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of our forthcoming EGM:

- (i) our Constitution and Kaisercorp's Constitution;
- (ii) our Company's audited consolidated financial statements for the FYEs 2021 and 2022, and the latest unaudited financial statements for the FPE 30 September 2023;
- (iii) Kaisercorp's audited consolidated financial statements for the FYEs 2021 and 2022, and the latest audited financial statements for the FPE 30 September 2023;
- (iv) SSA (including the Proposed Shareholders' Agreement in the form and substance as attached to the SSA); and
- (v) the letter of consent as referred to in Section 2 of Appendix VI of this Circular.

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of Kumpulan Perangsang Selangor Berhad (“**KPS Berhad**” or “**Company**”) will be held virtually through live streaming and online voting via Remote Participation and Electronic Voting (“**RPEV**”) facilities at <https://meeting.boardroomlimited.my> from the Broadcast Venue at KPS Berhad’s corporate office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 6 March 2024 at 10.00 a.m. , or at any adjournment thereof for the purpose of considering and if thought fit, passing the following resolution with or without modifications:

ORDINARY RESOLUTION

PROPOSED DIVESTMENT BY BOLD APPROACH SDN BHD (“BOLD APPROACH**”), A WHOLLY-OWNED SUBSIDIARY OF KPS BERHAD, OF ITS 50.00% EQUITY INTEREST IN KAISERKORP CORPORATION SDN BHD (“**KAISERKORP**”) TO AI DREAM (HK) LIMITED (“**AI DREAM**”) FOR A CASH CONSIDERATION**

“**THAT** subject to the conditions precedent stipulated in the conditional share sale agreement dated 9 January 2024 entered between the Company, Bold Approach, Yeoh Jin Hoe and AI Dream (“**SSA**”) being fulfilled or waived (as the case may be), approval be and is hereby given to the Company for Bold Approach to divest its 50.00% equity interest in KaiserCorp to AI Dream for a cash consideration, subject to the terms and conditions of the SSA;

THAT the execution by the Company and Bold Approach and the performance of the Company’s and Bold Approach’s obligations under the SSA be and are hereby approved, ratified and confirmed;

THAT the execution by the Company and Bold Approach of the new shareholders’ agreement, in form and substance as set out in the SSA, to be entered into to regulate the rights and relationship between the shareholders in KaiserCorp (“**Proposed Shareholder’s Agreement**”) and other ancillary documents in relation thereto be and are hereby approved, ratified and confirmed;

THAT the execution by the Company and Bold Approach and the performance of the Company’s and Bold Approach’s obligations under the Proposed Shareholders’ Agreement and other ancillary documents in relation thereto be and are hereby approved, ratified and confirmed;

THAT approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to use the proceeds to be raised from the Proposed Divestment as set out in Section 2.3 of the circular to the shareholders of the Company dated 16 February 2024 in relation to the Proposed Divestment, and the Board be authorised with full powers to vary the manner and/or purpose of the use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities and/or parties (where required) and/or in the best interest of the Company;

THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things to sign, execute and deliver for and on behalf of the Company, all necessary documents and to take all steps and do all such acts as it may consider necessary, expedient or appropriate in order to implement, finalise, give full effect and complete the Proposed Divestment with full powers and discretion to enter into all such transactions, arrangements and agreements in respect of any matter arising under or in connection with the Proposed Divestment and to assent to any conditions, modifications, variations, additions, revaluation and/or amendments as the Board may deem fit and/or expedient and/or in the best interests of the Company;

AND THAT all previous actions by the Board for the purpose of or in connection with the Proposed Divestment be and are hereby adopted, approved and ratified.”

**BY ORDER OF THE BOARD
KUMPULAN PERANGSANG SELANGOR BERHAD**

SELFIA BINTI MUHAMMAD EFFENDI

Company Secretary
SSM P.C. No. 201908000999
MAICSA 7046782

Shah Alam, Selangor Darul Ehsan, Malaysia
16 February 2024

Explanatory Note on the Ordinary Resolution

The details of the Proposed Divestment are set out in the circular to the shareholders of the Company dated 16 February 2024.

Notes:

1. IMPORTANT NOTICE

*The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016**, which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.*

*Shareholders are to attend, speak (including posing questions to the Board via real-time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPEV facilities at **<https://meeting.boardroomlimited.my>**.*

Please follow the procedures in the Administrative Guide for Shareholders for the EGM and read Notes (2) to (13) below to participate remotely via RPEV facilities.

- 2. For the purpose of determining who shall be entitled to attend this EGM via RPEV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors as at 28 February 2024**. Only members whose names appear on this Record of Depositors shall be entitled to attend the EGM via RPEV facilities or appoint a proxy to attend, speak and vote on his/her/its behalf.*
- 3. A member who is entitled to attend and vote at the EGM via RPEV facilities is entitled to appoint a proxy or attorney or, in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her/its place. A proxy may but need not be a member of the Company.*
- 4. A member of the Company who is entitled to attend and vote at the EGM may appoint not more than two proxies to attend, participate, speak and vote instead of the member at the EGM via RPEV facilities.*
- 5. If two proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act, which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her/its attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised. The appointment of a proxy may be made in hard copy form or by electronic form. If the appointment is made in hard copy form, the Proxy Form must be deposited with the Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time fixed for holding the meeting.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. The last date and time for lodging the proxy form is **Tuesday, 5 March 2024 at 10.00 a.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Boardroom's office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Boardroom's office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. The certificate of appointment should be executed in the following manner:
 14. (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

- Meeting : **EXTRAORDINARY GENERAL MEETING (“EGM”)**
- Date : Wednesday, 6 March 2024
- Time : 10.00 a.m. (Malaysian time)
- Broadcast : KPS Berhad’s corporate office
- Venue : 17th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Malaysia
- Meeting Platform : **<https://meeting.boardroomlimited.my> (“Virtual Meeting Portal”)**
- Mode of communication : (1) You may type your question(s) in the meeting platform. The Messaging window facility will open concurrently with the Virtual Meeting Portal one (1) hour before the scheduled commencement of the EGM, i.e., from **9.00 a.m. on Wednesday, 6 March 2024.**
- (2) You may submit questions relating to the agenda items of the EGM in advance via the Boardroom Smart Investor Portal at **<https://investor.boardroomlimited.com>** commencing **from 16 February 2024** and in any event **no later than 5 March 2024 at 10:00 a.m.** using the same user ID and password provided in Step 2 of item 4 below, and select “**SUBMIT QUESTION**” to pose your questions.

For further details on the mode of communication, please refer to item 5 of this Administrative Guide for Shareholders.

1. Virtual EGM

Kumpulan Perangsang Selangor Berhad (“**Company**” or “**KPS Berhad**”) will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting its EGM entirely via live streaming and online remote voting using remote participation and electronic voting (“**RPEV**”) facilities.

The Broadcast Venue is limited to essential individuals required to be physically present at the venue to organise and conduct the virtual EGM of the Company.

Shareholders are invited to participate and vote at the EGM via the virtual meeting portal at **<https://meeting.boardroomlimited.my>**.

NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES should be physically present at or will be admitted to the Broadcast Venue on the day of the EGM.

2. Entitlement to participate and vote at the EGM

Only a depositor whose name appears on the Record of Depositors of the Company **as at 28 February 2024** shall be eligible to participate in the EGM or appoint proxy(ies) or corporate representative(s) to participate and vote on his/her/its behalf.

As the EGM is a virtual meeting, a shareholder entitled to attend and vote at the EGM may appoint the Chairman of the meeting as his/her/its proxy to attend and vote in his/her/its stead and indicate his/her/its voting instructions in the Proxy Form.

3. Voting procedure – Poll voting

- (i) Voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (ii) The Company has appointed Boardroom Share Registrars Sdn Bhd (“**Boardroom**”) as poll administrator to conduct the poll by way of electronic voting (“**e-Voting**”) and independent scrutineers (“**Scrutineers**”) will be appointed to verify the results of the poll.
- (iii) For the purposes of this EGM, e-Voting may be carried out via personal smart mobile phones, tablets, personal computers or laptops.
- (iv) Members and proxies are required to use one (1) of the following methods to vote remotely:
 - (a) access to **Lumi Portal** via the website URL: <https://meeting.boardroomlimited.my>; or
 - (b) launch the **Lumi Portal** by scanning the QR code given to you in the email along with your remote participation User ID and Password.
- (v) Please note that polling will only commence after an announcement by the Chairman of poll opening and continue until such time the Chairman announces the closure of the poll. The poll result report will be verified by the Scrutineers, and the results will be announced thereafter. The Chairman will declare whether the resolutions put to vote are duly passed.
- (vi) You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the EGM has commenced. It is, therefore, your responsibility to ensure that connectivity for the duration of the EGM is maintained. Kindly note that the quality of the connectivity to the Virtual Meeting Portal for the live webcast and remote online voting is dependent on the bandwidth and stability of the internet connection at remote participants’ locations.

4. RPEV facilities

- (i) The RPEV facilities are available to **individual shareholders, corporate shareholders, authorised nominees and exempt authorised nominees**.
- (ii) If you wish to participate in the meeting, you will be able to view a live webcast of the meeting and submit questions and your votes in real-time while the meeting is in progress.
- (iii) Kindly follow the steps below on how to request your User ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first-time registration only)

[Note: If you have already signed up with the Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for Remote Participation User ID and Password.]

- (i) Access the website: <https://investor.boardroomlimited.com>
- (ii) Click <<**Register**>> to sign up as a user.
- (iii) Select the "Account Type" to "**Sign Up as Shareholder**" or "**Sign Up as Corporate Holder**".
- (iv) Complete registration with all required information. Upload a softcopy of your MyKad (front and back), or passport and authorisation letter (template available) for Corporate Holder.
- (v) Please enter a valid email address and valid mobile number.
- (vi) Thereafter, you will receive an email from the Boardroom for verification to complete the registration.
- (vii) Your registration will be verified and approved within one (1) business day and an email notification will be sent to you.

Step 2 – Submit Request for Remote Participation User ID and Password

[Note: Registration for remote access will open on 16 February 2024]

- **For Individual and Corporate Members**

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and Password from Step 1 above.
- (ii) Select "**KUMPULAN PERANGSANG SELANGOR BERHAD EXTRAORDINARY GENERAL MEETING**" from the list of Meeting Events and click "**Enter**".
- (iii) Click on "**Register for RPEV**".
- (iv) Enter your CDS Account Number.
- (v) Read and accept the Terms & Conditions.
- (vi) Click "**Register**" to submit your request.

- **eProxy Lodgement**

For Individual and Corporate Members

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and PASSWORD from Step 1 above.
- (ii) Select "**KUMPULAN PERANGSANG SELANGOR BERHAD EXTRAORDINARY GENERAL MEETING**" from the list of Meeting Events and click "**Enter**".
- (iii) Click on "**Submit eProxy form**".
- (iv) Select the company you would like to be represented (if more than one), for Corporate Shareholder.
- (v) Enter your CDS Account Number and indicate the number of securities held.
- (vi) Select your proxy/proxies – either the Chairman of the meeting or an individual named proxy/ proxies.
- (vii) Read and accept the Terms and Conditions and click "**Next**".
- (viii) Enter the required particulars of your proxy/ proxies.
- (ix) Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.
- (x) Review and confirm your proxy(ies) appointment.
- (xi) Click "**Apply**".
- (xii) Download or print the eProxy Form acknowledgement.

For Authorised Nominee and Exempt Authorised Nominee

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and PASSWORD from Step 1 above.
- (ii) Select "**KUMPULAN PERANGSANG SELANGOR BERHAD EXTRAORDINARY GENERAL MEETING**" from the list of Meeting Events and click "**Enter**".
- (iii) Click on "**Submit eProxy form**".
- (iv) Select the company you would like to be represented (if more than one).

- (v) Proceed to download the file format for "Submission of Proxy Form".
- (vi) Prepare the file for the appointment of proxy/proxies by inserting the required data.
- (vii) Proceed to upload the duly completed Proxy Appointment file.
- (viii) Review and confirm your proxy/proxies appointment and click "**Submit**".
- (ix) Download or print the eProxy form as acknowledgement.

Note: If you are the authorised representative for more than one (1) authorised nominee/exempt authorised nominee/corporate shareholder, kindly click the home button and select "Edit Profile" in order to add the company name.

Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees (via email)

- (i) Write to bsr.helpdesk@boardroomlimited.com by providing the name of the Member and CDS Account Number, accompanied by the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be), to submit the request.
 - (ii) Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or passport in JPEG, PNG or PDF format as well as his/her email address.
- (a) You will receive a notification from Boardroom that your request has been received and is being verified.
 - (b) Upon system verification of your registration against the **EGM Record of Depositors as at 28 February 2024 and final verification by the appointed scrutineers on 5 March 2024**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
 - (c) You will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
 - (d) Please note that the closing date and time to submit your request is by **5 March 2024 at 10:00 a.m.**

Step 3 – Login to the Virtual Meeting Portal

[Note: Please note that the quality of the connectivity to the Virtual Meeting Portal for the live webcast and remote online voting is highly dependent on the bandwidth and stability of the internet connectivity available at remote users' locations.]

- (i) The Virtual Meeting Portal will open for login one hour before the scheduled commencement of the EGM, i.e., from **9:00 a.m. on Wednesday, 6 March 2024**.
- (ii) Please follow the steps given to you in the email along with your remote access User ID and Password to login to the Virtual Meeting Portal (*Refer to Step 2(c) above*).
- (iii) The steps given will also guide you on how to view the live webcast, submit questions and vote.
- (iv) The live webcast will end, and the Messaging window (for submission of questions) will be disabled once the Chairman announces the closure of the EGM.
- (v) You can then logout from the Virtual Meeting Portal.

Notes to users of the RPEV Facilities:

- (i) *Should your application to join the meeting be approved, Boardroom will facilitate your participation in the live stream meeting and remote voting. Your login to the Virtual Meeting Portal on the day of the meeting will indicate your presence at the virtual meeting.*
- (ii) *If you encounter any issues with login, connecting to the live stream meeting or online voting, please call Boardroom at **+603 7890 4700** or send an email to bsr.helpdesk@boardroomlimited.com for assistance.*

5. Mode of communication

You may submit questions relating to the agenda items of the EGM in advance via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, commencing from **16 February 2024** and in any event no later than **5 March 2024 at 10.00 a.m.** using the same user ID and password provided in Step 2 (under item 4) above, and select “**SUBMIT QUESTION**” to pose questions.

Alternatively, you may submit any questions for the Chairman/Board during the EGM using the Messaging window facility, which will open concurrently with the Virtual Meeting Portal one hour before the scheduled commencement of the EGM, i.e., from **9:00 a.m. on Wednesday, 6 March 2024**.

The Chairman and management will respond to their best endeavours on questions submitted by shareholders which relate to the matters in the agenda of the EGM. Questions that are similar or on the same matter may be consolidated and answered together.

Please note that no recording or photography of the EGM proceedings is allowed without the prior written permission of the Company.

6. Lodgement of Proxy Form

Please deposit your completed Proxy Form at the office of Boardroom Share Registrars Sdn Bhd on the **11th Floor, Menara Symphony, No. 5 Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time appointed for the holding of the EGM, i.e., **not later than Tuesday, 5 March 2024 at 10.00 a.m.**

7. Communication guidance

Shareholders are also reminded to monitor the Company's website and announcements for any changes to the EGM arrangements.

8. No door gifts/vouchers

No door gifts or e-vouchers will be distributed to shareholders/proxies who participate in the EGM.

9. Enquiries

Should you have any enquiry prior to the EGM or if you wish to request technical assistance to participate in the EGM, please contact Boardroom during office hours (8:30 a.m. to 5:30 p.m.) as follows:

Boardroom Share Registrars Sdn Bhd
Help Desk
Tel: +603 7890 4700
Email: bsr.helpdesk@boardroomlimited.com

10. Personal data

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company: (i) consents to the collection, recording, holding, storing, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or

guidelines (collectively, the "**Purposes**"); (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, recording, holding, storing, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

NO. OF ORDINARY SHARES HELD

--

CDS ACCOUNT NO.

--

PROXY FORM FOR THE EGM

KUMPULAN PERANGSANG SELANGOR BERHAD
(REGISTRATION NO.197501002218 (23737-K)) (INCORPORATED IN MALAYSIA)

I/We

.....
(Full name in capital letters)

NRIC No./Passport No./Registration No.

of.....

.....
(Full address)

being a member/members of Kumpulan Perangsang Selangor Berhad ("**Company**"), hereby appoint:

FULL NAME (IN BLOCK):	NRIC NO. / PASSPORT NO.:	PROPORTION OF SHAREHOLDING	
		NO. OF SHARES	%
Address:			
Email address:			
Mobile phone no.:			

and/ or* (*delete as appropriate)

FULL NAME (IN BLOCK):	NRIC NO. / PASSPORT NO.:	PROPORTION OF SHAREHOLDING	
		NO. OF SHARES	%
Address:			
Email address:			
Mobile phone no.:			

or failing him/her/it, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the EGM of the Company which will be conducted virtually through live streaming and online voting via the Remote Participation and Electronic Voting ("**RPEV**") facilities at <https://meeting.boardroomlimited.my> from the **Broadcast Venue at KPS Berhad's corporate office at 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 6 March 2024 at 10:00 a.m.**, or any adjournment thereof.



My/Our proxy is to vote as indicated below:

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Divestment		

(Please indicate with an "X" in the space provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

.....
Signature/Common Seal of Shareholder

Dated thisday of 2024

Notes:

1. **IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016**, which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real-time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPEV facilities at **<https://meeting.boardroomlimited.my>**.

Please follow the procedures in the Administrative Guide for the EGM and read Notes (2) to (13) below to participate remotely via RPEV facilities.

2. For the purpose of determining who shall be entitled to attend this EGM via RPEV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 28 February 2024. Only members whose names appear on this Record of Depositors shall be entitled to attend this EGM via RPEV facilities or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at this EGM via RPEV facilities is entitled to appoint a proxy or attorney or, in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her/its place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at the EGM may appoint not more than two proxies to attend, participate, speak and vote instead of the member at the EGM via RPEV facilities.
5. If two proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act, which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her/its attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised. The appointment of a proxy may be made in hard copy form or by electronic form. If the appointment is made in hard copy form, the Proxy Form must be deposited with the Boardroom Share Registrars Sdn Bhd ("**Boardroom**")'s office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time fixed for holding the meeting.*
10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
11. *The last date and time for lodging the proxy form is **5 March 2024 at 10:00 a.m.***
12. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Boardroom's office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
13. *For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Boardroom's office on the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, submit your electronic Proxy Form via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. The certificate of appointment should be executed in the following manner:*
 - (i) *If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.*
 - (ii) *If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
 - (a) *at least two authorised officers, of whom one shall be a director; or*
 - (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*



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AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN BHD
[Registration No. 199601006647 (378993-D)]
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