

THIS CIRCULAR AND STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has perused only the section on the new recurrent related party transactions proposed by the Company on a limited basis prior to issuance of this Circular and Statement pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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



PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO

**THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF
A REVENUE OR TRADING NATURE**

PART B

STATEMENT TO SHAREHOLDERS IN RELATION TO

**THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS
OWN ORDINARY SHARES**

The above proposals will be tabled as Special Business at the Company's 38th Annual General Meeting ("AGM"). The Notice of the AGM and the Form of Proxy are available online on the Company's website at www.kretam.com.

Date and time of AGM : **Tuesday, 23 June 2026 at 10:00 a.m.**

Last day and time for lodging the Form of Proxy : **21 June 2026 at 10:00 a.m.**

Venue of AGM: **Company's Registered Office at Lot 6, Block 44, Leboh Tiga, 90000 Sandakan, Sabah**

If you are unable to attend and vote in person at the AGM and wish to appoint a proxy to attend and vote on your behalf, you should download the Form of Proxy from the Company's website at www.kretam.com. Complete it in accordance with the instructions given therein and send it to reach the Registered Office of the Company not less than 48 hours before the time set for the AGM or at any adjournment thereof. The lodging of the Form of Proxy however, does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and Statement:

Act	: Companies Act 2016 and any amendments made to it from time to time
AGM	: Annual General Meeting
ALE	: Ang Lee Eng
Board	: The Board of Directors of the Company
Bursa Securities	: Bursa Malaysia Securities Berhad
Code	: Malaysian Code on Take-Overs and Mergers 2016, as amended from time to time
CPO	: Crude Palm Oil
EPS	: Earnings per Share
FFB	: Fresh Fruit Bunches
FLNS	: Datuk Lim Nyuk Sang @ Freddy Lim
FYE	: Financial year ended/ending 31 December
KHB or Company	: Kretam Holdings Berhad [198801000928 (168285-H)]
KHB Group	: KHB and its subsidiary companies
Listing Requirements	: Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
LFN	: Lim Fei Nee
LNK	: Datuk Lim Nyek Kiong @ Lim Nyuk Min
LTY	: Lim Tshung Yu
MB	: Maxland Berhad
MDSB	: Mingo Development Sdn Bhd
NSB	: Nasalim Sdn Bhd
PISB	: Priceworth Industries Sdn Bhd
SPSB	: Sri Peri Sdn Bhd
SSB	: Sabah Softwoods Berhad
LPD	: 30 April 2026, being the latest practicable date prior to the printing of the Circular and Statement
Major Shareholder	: A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company; and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of KHB or its subsidiaries. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act
Market Day(s)	: A day on which Bursa Securities is open for the trading of securities
Minister	: Minister charged with the responsibility for companies, as defined in the Act

NA	: Net assets
Person Connected	: In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories: (a) a family member of the said Person; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (c) a partner of the said Person; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person
PK	: Palm Kernel
Proposed Shareholders’ Mandate	: The Proposed Renewal of the Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions
Proposed Share Buy-Back	: Proposed Renewal of Authority for the Purchase by the Company of its own Ordinary Shares of up to four percent (4%) of the total number of issued shares
Prevailing Laws	: Prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities
Purchased Shares	: Shares to be purchased by the Company pursuant to the Proposed Share Buy-Back
Related Party	: A Director, major shareholder or person connected with such Director or major shareholder, including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director or a major shareholder of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
RM and sen	: Malaysian Ringgit and sen respectively
RRPTs	: Recurrent related party transactions of a revenue or trading nature with Related Parties which are necessary for the KHB Group’s day-to-day operations and are in the ordinary course of business and on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of KHB
SC	: Securities Commission of Malaysia
Share(s)	: Ordinary share(s) in the Company
Shareholders	: Shareholders of KHB
VWAP	: Volume weighted average market price

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PART A

KRETAM HOLDINGS BERHAD

*[198801000928 (168285-H)]
(Incorporated in Malaysia)*

Registered Office:

Lot 6, Block 44,
Leboh Tiga,
90000 Sandakan,
Sabah

26 May 2026

Board of Directors:

Yin Kong Fung (Chairman and Executive Director)
Datuk Lim Nyuk Sang @ Freddy Lim (Chief Executive Officer)
Chiong Li Wei (Executive Director)
Lim Shaw Keong @ Alfred Lim (Independent Non-Executive Director)
Wong Lee Hung (Independent Non-Executive Director)
Lee Chi Min (Independent Non-Executive Director)

To: The Shareholders of KHB

Dear Sir / Madam

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

At the AGM held on 26 May 2025, the Company obtained a mandate from its Shareholders for the Company and its subsidiaries to enter into RRPTs. The authority obtained for the RRPTs shall continue to be in force (unless revoked or varied by the Company in a general meeting) until:

- i) the conclusion of the forthcoming AGM of the Company at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- ii) the expiration of the period within which the next AGM of KHB after the date it is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the Shareholders in an AGM or Extraordinary General Meeting;

whichever is earlier.

On 21 April 2026, the Board had announced the Company's intention to seek Shareholders' approval at the forthcoming AGM for the Proposed Shareholders' Mandate which will enable the Company and/or its subsidiaries to enter into RRPTs with the Related Parties.

The purpose of this Circular is to provide you with information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY
BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED
SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM**

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

Chapter 10, paragraph 10.09 (2) of the Listing Requirements allows the Company to obtain at a general meeting a Shareholders' mandate for RRPTs which are of a revenue or trading nature necessary for the KHB Group's day-to-day operations subject to the following:

- * the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- * the Shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- * in a meeting to obtain the Shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder, and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that person(s) connected with him abstain from voting on the resolution approving the transactions; and
- * the Company will immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more, including any information as may be prescribed by Bursa Securities.

KHB proposes to seek the approval of its Shareholders for a mandate to allow the KHB Group to enter into RRPTs as set out in Section 2.1 of this Circular provided that such transactions are in the ordinary course of business which are necessary for the KHB Group's day-to-day operations based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders.

The principal activities of the KHB Group are the cultivation of oil palms, milling and sale of oil palm products, production and sale of fertilizer, production and sale of refined palm oil products, manufacture and sale of biofuels and investment holding.

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2.1 Classes of Related Parties and Transactions

The Proposed Shareholders' Mandate will apply to RRPTs and with the classes of Related Parties as follows:

a) Proposed Renewal of the Existing Shareholders' Mandate

	Nature of Transaction	Related Party	2026 Mandate	2025 Mandate	
			Estimated value of transaction from this AGM to next AGM (RM)	Estimated value of preceding year's Mandate as disclosed in Circular dated 28 April 2025 (RM)	Actual value transacted up to 30 April 2026* (RM)
1	Purchase of FFB by Syarikat Kretam Mill Sdn Bhd ^a	Malsa Corporation Sdn Bhd ^c	5,500,000	5,500,000	-
2	Purchase of FFB by Abedon Oil Mill Sdn Bhd ^b	Malsa Corporation Sdn Bhd ^c	5,500,000	5,500,000	-
3	i) Transportation of FFB, oil palm products and by-products by Syarikat Kretam Mill Sdn Bhd ^a	Malsa Corporation Sdn Bhd ^c	500,000	500,000	-
	ii) Transportation of FFB, oil palm products and by-products for Syarikat Kretam Mill Sdn Bhd ^a	Malsa Corporation Sdn Bhd ^c	500,000	500,000	-
4	i) Transportation of FFB, oil palm products and by-products by Abedon Oil Mill Sdn Bhd ^b	Malsa Corporation Sdn Bhd ^c	500,000	500,000	-
	ii) Transportation of FFB, oil palm products and by-products for Abedon Oil Mill Sdn Bhd ^b	Malsa Corporation Sdn Bhd ^c	500,000	500,000	-
5	Purchase of CPO by Green Edible Oil Sdn Bhd ^d	Malsa Corporation Sdn Bhd ^c	100,000,000	100,000,000	43,917,008
6	Purchase of empty fruit bunches, palm shell and fibre by Green Edible Oil Sdn Bhd ^d	Malsa Corporation Sdn Bhd ^c	1,500,000	1,500,000	96,638
7	Sale of biodiesel by Green Edible Oil Sdn Bhd ^d	Malsa Corporation Sdn Bhd ^c	500,000	500,000	-
8	Purchase of PK by Green Edible Oil Sdn Bhd ^d	Malsa Corporation Sdn Bhd ^c	7,000,000	7,000,000	-
9	Sale of FFB by KHB [^] and/or its subsidiaries	Malsa Corporation Sdn Bhd ^c	9,000,000	9,000,000	-
10	Purchase of waste wood by Green Edible Oil Sdn Bhd ^d	Priceworth Industries Sdn Bhd ^e	3,000,000	3,000,000	-
11	Purchase of waste wood by Green Edible Oil Sdn Bhd ^d	Innora Sdn Bhd ^f	2,000,000	2,000,000	-
12	Purchase of waste wood by Green Edible Oil Sdn Bhd ^d	Rimbunan Gagah Sdn Bhd ^g	2,000,000	2,000,000	-
13	Rental of payload, lifting crane and other heavy equipment by Green Edible Oil Sdn Bhd ^d	Maxland Timber Sdn Bhd ^h	400,000	400,000	-

a) Proposed Renewal of the Existing Shareholders' Mandate (*Continued*)

	Nature of Transaction	Related Party	2026 Mandate	2025 Mandate	
			Estimated value of transaction from this AGM to next AGM (RM)	Estimated value of preceding year's Mandate as disclosed in Circular dated 28 April 2025 (RM)	Actual value transacted up to 30 April 2026* (RM)
14	Purchase of water by Green Edible Oil Sdn Bhd ^d	Priceworth Industries Sdn Bhd ^e	300,000	300,000	153,838
15	Repair work to access road of Green Edible Oil Sdn Bhd ^d	Priceworth Industries Sdn Bhd ^e	150,000	150,000	-
16	Sale of steam by Green Edible Oil Sdn Bhd ^d	Priceworth Industries Sdn Bhd ^e	100,000	100,000	-
17	Sale of FFB by KHB [^] and/or its subsidiaries	Sabah Softwoods Berhad ⁱ	10,000,000	10,000,000	-
18	Purchase of Fertiliser by KHB [^] and/or its subsidiaries	Sabah Softwoods Hybrid Fertilizers Sdn Bhd ^j	7,200,000	7,200,000	666,879
19	Sale of effluent decanter cakes/ cakes/solids by KHB [^] and/or its subsidiaries	Sabah Softwoods Hybrid Fertilizers Sdn Bhd ^j	300,000	300,000	-
20	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Sabah Softwoods Berhad ⁱ	5,000,000	5,000,000	-
21	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Sabah Softwoods Hybrid Fertilizers Sdn Bhd ^j	5,000,000	5,000,000	-
22	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Sri Peri Sdn Bhd ^l	6,000,000	6,000,000	3,222,586
23	Purchase of FFB by Syarikat Kretam Mill Sdn Bhd ^a	Jaya Masang Sdn Bhd ^m	1,500,000	1,500,000	851,352
24	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Himpunan Palma Sdn Bhd ⁿ	200,000	200,000	-
25	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Suria Century Resources Sdn Bhd ^o	500,000	500,000	-
26	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Ave Development Sdn Bhd ^p	10,000,000	10,000,000	76,381

The actual value transacted of the abovementioned transactions (where transactions took place) up to LPD did not exceed the estimated value of the 2025 Mandate by 10% or more.

b) Proposed New Shareholders' Mandate

	Nature of Transaction	Related Party	2026 Mandate
			Estimated value of transaction from this AGM to next AGM (RM)
1	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Grand Propel Sdn Bhd ^q	1,000,000
2	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Ligreen Enterprise Sdn Bhd ^r	2,000,000
3	Sale of Fertiliser by KHB Nusantara Sdn Bhd ^k	Rantau Hartawan Sdn Bhd ^s	2,000,000

The RRPTs contemplated under the new mandate comply with Paragraph 10.09(2) and the relevant provisions under Items 3.1 and 3.2 of Practice Note 12 of the Listing Requirements.

Notes:

- * Actual Value transacted from 26 May 2025 (date on which the 2025 mandate was obtained) up to 30 April 2026, being the LPD
- ^ FLNS is a Director and major shareholder of KHB
- a A wholly-owned subsidiary of KHB
- b An indirect wholly-owned subsidiary of KHB
- c FLNS and LNK are brothers and are directors of Malsa Corporation Sdn Bhd in which each holds 50% equity interest
- d A wholly-owned subsidiary of KHB
- e LFN, a child of FLNS and a shareholder of KHB, is a director of PISB, a wholly-owned subsidiary of MB of which FLNS is a major shareholder
- f LFN is a director of Innora Sdn Bhd, a wholly-owned subsidiary of MB
- g LFN is a director of Rimbunan Gagah Sdn Bhd, a subsidiary of MB
- h LFN is a director of Maxland Timber Sdn Bhd, a wholly-owned subsidiary of PISB
- i FLNS is a director and major shareholder of SSB
- j Sabah Softwoods Hybrid Fertilizers is an associated company of SSB
- k A wholly-owned subsidiary of KHB
- l FLNS and LNK are brothers and directors of SPSB. FLNS is a director and shareholder of NSB. LNK is a director and shareholder of MDSB. NSB and MDSB each holds 50% equity interest in SPSB
- m A company controlled by Liaw Chin Loi who is a Director and Shareholder of Winpalm Development Sdn Bhd, a 51%-owned subsidiary of KHB
- n ALE, spouse of a brother of FLNS, is the sole director and a shareholder of Himpunan Palma Sdn Bhd
- o ALE is the sole director and sole shareholder of Suria Century Resources Sdn Bhd
- p LTY, a child of FLNS, is the sole director and sole shareholder of Ave Development Sdn Bhd
- q ALE is a director and shareholder of Grand Propel Sdn Bhd
- r ALE is a director and shareholder of Ligreen Enterprise Sdn Bhd
- s LFN and Lim Tshung Yaw are siblings and are children of FLNS. They are directors of Rantau Hartawan Sdn Bhd in which each holds 50% equity interest

In the event that the KHB Group needs to enter into other RRPTs with the Related Parties which are necessary for its day-to-day operations, the details of which will be announced, as and when required, in accordance with the Listing Requirements.

Breakdown of the principal sum and interest for the total outstanding amount due and owing by the Related Parties to the KHB Group pursuant to the RRPTs which exceeded the credit terms as at the FYE 31 December 2025 is as follows:-

Related Party	Total sum due and owing for a period of 1 year or less	
	Principal Sum (RM)	Interest (RM)
Ave Development Sdn Bhd	27,659	Nil

No interest was charged on the above outstanding sum as it became overdue on 31 December 2025. The outstanding amount was fully settled on 2 February 2026.

2.2 Review procedures for the RRPTs

There are procedures established by the KHB Group to ensure that RRPTs are undertaken on an arm's length basis and on the KHB Group's normal commercial terms, consistent with the KHB Group's usual business practices and policies, which are generally not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. The procedures are as follows:

- i) A list of Related Parties will be circulated to the Board and management of the Company and its subsidiaries to notify that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of KHB;
- ii) The transaction prices and terms are determined based on prevailing commodity rates which are determined by market forces, demand and supply, quality of the products, value-added services and other relevant factors;

- iii) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the prices and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar types of products/services and/or quantities.

In the event the quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the transaction price will be determined by those offered by/to other unrelated parties for substantially similar type of transactions and approved by the Board to ensure that the RRPTs are not detrimental to the KHB Group;

- iv) A register will be maintained by the Company to record all RRPTs which are entered into pursuant to the Proposed Shareholders' Mandate; and
- v) All RRPTs will be reviewed by the Audit Committee to ascertain that all guidelines and procedures established to monitor RRPTs have been complied with. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to the transaction, including from independent sources or advisers.

The Board and the Audit Committee of KHB have reviewed the procedures and shall continue to review the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of the Board of KHB or Audit Committee has an interest in the transaction to be reviewed by the Board of KHB or the Audit Committee as the case may be, he will abstain from any deliberation and decision making by the Board or the Audit Committee of KHB in respect of the said transaction.

2.3 Threshold of Authority

There are no specific thresholds for approval of RRPTs within the KHB Group. However, all RRPTs are subject to the approval of the appropriate levels of authority as determined by the Board. Where any Director has an interest (direct or indirect) in any RRPTs, such Director shall abstain from deliberation and voting on the matter.

2.4 Audit Committee statement

The Audit Committee has seen and reviewed the procedures mentioned in Section 2.2 above and is of the view that the existing procedures and processes are sufficient to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee will review these procedures and processes annually or as and when required to ensure that the RRPTs are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of KHB.

3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The RRPTs are necessary for the KHB Group's day-to-day operations. The RRPTs are with Related Parties, some of which, like the KHB Group, are involved in activities related to the cultivation of oil palms and production and sale of oil palm products. It is envisaged that in the normal course of business of the KHB Group, transactions in respect of goods or services with the Related Parties will occur with some degree of frequency from time to time and may arise at any time.

The procurement of the Proposed Shareholders' Mandate will eliminate the need to announce and convene separate general meetings to seek Shareholders' mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad-hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channelled to attain more productive objectives.

In addition to the above benefits, the Related Parties had also proven to be reliable in their delivery of services and products as well as fulfilling the quality expectations of the KHB Group. Due to previous business dealings with the Related Parties, the Related Parties are familiar with the KHB Group's operations and are able to meet the KHB Group's business requirements even when short notice is given. This has allowed the KHB Group to benefit from sudden business opportunities that had arisen which include sale of FFB to the Related Parties' mills in the event a mill of the KHB Group is being upgraded or closed for maintenance.

4. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval being obtained from the Shareholders of the Company at the forthcoming AGM.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The shareholdings of the interested Directors, interested Major Shareholders and of the Related Parties in KHB as at 30 April 2026 are as follows:-

Interested Directors / Interested Major Shareholders / Related Parties	Direct		Indirect	
	No. of shares	%	No. of shares	%
1) Datuk Lim Nyuk Sang @ Freddy Lim ("FLNS")	808,708,380	34.74	347,692,800 [#]	14.94
2) Santraprise Sdn Bhd	335,575,000	14.42	-	-
3) Mingo Development Sdn Bhd	145,425,140	6.25	-	-

[#] Deemed interested by virtue of his child's shareholding and of the shareholding of Santraprise Sdn Bhd in which he and the child have interests

The shareholdings of persons connected to an interested Director and/or interested Major Shareholders in KHB as at 30 April 2026 together with the nature of their relationships are set out as follows:-

Connected Persons	Nature Of Relationship	Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Fei Nee ("LFN") ⁺	Child of FLNS	12,117,800	0.52	335,575,000 ⁺⁺	14.42
Lim Tshung Yu [^]	Child of FLNS	-	-	-	-
Datuk Lim Nyek Kiong @ Lim Nyuk Min ("LNK") [*]	Brother of FLNS	-	-	145,425,140 ^{**}	6.25
Ang Lee Eng	Spouse of a brother of FLNS	-	-	-	-
Lim Tshung Yaw	Child of FLNS	-	-	-	-

⁺ A shareholder of Santraprise Sdn Bhd

⁺⁺ Deemed interested by virtue of the shareholding of Santraprise Sdn Bhd in which LFN has interests

[^] A director of Santraprise Sdn Bhd

^{*} A director and shareholder of Malsa Corporation Sdn Bhd and Sri Peri Sdn Bhd

^{**} Deemed interested by virtue of the shareholding of Mingo Development Sdn Bhd in which LNK has interests

In this respect, FLNS has accordingly abstained and/or will abstain from Board deliberation and voting on the ordinary resolution in relation to the Proposed Shareholders' Mandate. The interested Directors, Major Shareholders and/or persons connected with the Directors or Major Shareholders, which have any interest, direct or indirect, in the Proposed Shareholders' Mandate will abstain from voting in respect of their direct and indirect shareholdings. Where a person connected with a Director or Major Shareholder has any interest, direct or indirect in the Proposed Shareholders' Mandate, the Director or Major Shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. The interested Director and/or Major Shareholder has/have undertaken to ensure that persons connected with him/them abstain from voting on the resolution deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors or Major Shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

6. DIRECTORS' RECOMMENDATION

The Board (save for the interested Director FLNS who has abstained from giving any opinion in respect of the Proposed Shareholders' Mandate) having considered all aspects of the Proposed Shareholders' Mandate is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the KHB Group.

Accordingly, your Board (save for FLNS who has abstained from making any recommendations in respect of the ordinary resolution pertaining to the Proposed Shareholders' Mandate) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

7. AGM

The ordinary resolution on the Proposed Shareholders' Mandate is set out as Special Business in the Company's notice of the forthcoming AGM of which you have been notified. The Company's AGM will be held at the Registered Office at Lot 6, Block 44, Leboh Tiga, 90000 Sandakan, Sabah on **Tuesday, 23 June 2026 at 10.00 a.m.**

8. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,
On behalf of the Board of
KRETAM HOLDINGS BERHAD

Lim Shaw Keong @ Alfred Lim
Independent Non-Executive Director

PART B

KRETAM HOLDINGS BERHAD

[198801000928 (168285-H)]
(Incorporated in Malaysia)

Registered Office:

Lot 6, Block 44,
Leboh Tiga,
90000 Sandakan,
Sabah

26 May 2026

Board of Directors:

Yin Kong Fung (Chairman and Executive Director)
Datuk Lim Nyuk Sang @ Freddy Lim (Chief Executive Officer)
Chiong Li Wei (Executive Director)
Lim Shaw Keong @ Alfred Lim (Independent Non-Executive Director)
Wong Lee Hung (Independent Non-Executive Director)
Lee Chi Min (Independent Non-Executive Director)

To: The Shareholders of KHB

Dear Sir / Madam

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES
OF UP TO FOUR PERCENT (4%) OF THE TOTAL NUMBER OF ISSUED SHARES**

1. INTRODUCTION

At the Company's Thirty-Seventh (37th) Annual General Meeting ("AGM") held on 26 May 2025, the Company had obtained its shareholders' approval to purchase its own Shares of up to four percent (4%) of the total number of issued Shares. The authority is set to expire at the conclusion of the forthcoming Thirty-Eighth (38th) AGM of the Company.

On 21 April 2026, the Company announced to Bursa Securities its intention to seek the shareholders' approval for the renewal of the authority to enable the Company to purchase its own shares of up to four percent (4%) of the total number of issued Shares.

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back as well as to set out the recommendation of the Board and to seek your approval for the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 38th AGM.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT
CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE
PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING AGM**

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Company is proposing to seek your approval for the authority to purchase and/or hold up to four percent (4%) of the total number of issued Shares of the Company at any point in time, subject to compliance with Section 127 of the Act, Chapter 12 of the Listing Requirements, the Code and any Prevailing Laws at the time of purchase(s).

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed four percent (4%) of the total number of issued Shares at any point in time.

As at the LPD, the total number of issued Shares of the Company and the number of treasury shares stood at 2,327,627,135 Shares and 32,549,000 Shares respectively. Pursuant to the Proposed Share Buy-Back, the balance of Shares that the Company may purchase taking into account the treasury Shares is 60,556,085 Shares.

Your authority for the Proposed Share Buy-Back will be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming AGM until:

- (a) the conclusion of the next AGM, at which time the authority shall lapse unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by you at a general meeting;

whichever occurs first.

Your approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its Shares. However, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

2.1 Source of funds

The Proposed Share Buy-Back will be funded through internally-generated funds and/or external borrowings as long as the purchase is backed by an equivalent amount of retained profits of the Company.

The Proposed Share Buy-Back, if funded through internally-generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event that the Proposed Share Buy-Back (or any part of it) is to be financed through external borrowings, the Board will ensure that the Company has sufficient funds to repay such external borrowings.

Based on the Company's latest audited financial statements for FYE 31 December 2025, the retained profits of the Company are approximately RM149.2 million. The maximum funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits of the Company.

The actual number of Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the Company's financial resources and retained profits.

2.2 Treatment of Purchased Shares

In accordance with Section 127(4) of the Act, the Directors may deal with any Shares so purchased by the Company in the following manner:

- (a) cancel the Shares so purchased;
- (b) retain the Shares so purchased as treasury shares; or
- (c) a combination of (a) and (b) above.

The decision whether to retain the Purchased Shares as treasury shares or to cancel the Purchased Shares or a combination of both will be made by the Board at the appropriate time subject to the Company's compliance with the Prevailing Laws.

Accordingly, based on Section 127(7) of the Act subject to the Company's compliance with the Prevailing Laws, where such Shares are held as treasury shares, the Directors may, at their discretion:

- (i) distribute the Purchased Shares as dividends to the Shareholders, such dividends to be known as "shares dividends";

- (ii) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme which may be established in the future;
- (iv) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (v) cancel the Purchased Shares or any of the Purchased Shares; or
- (vi) sell, transfer or otherwise use the Purchased Shares for such other purposes as the Minister may by order prescribe.

If the Purchased Shares were held as treasury shares, the rights attaching to them as to voting, dividends and participation in any other distributions or otherwise would be suspended and the treasury shares would not be taken into account in calculating the number or percentage of Shares or a class of shares in the Company for any purposes including substantial shareholdings, take-overs, notices, requisition of meetings, quorum for meetings and the result of a vote on resolution(s) at meetings.

2.3 Purchase/Resale/Transfer Price

Pursuant to the Listing Requirements, the purchase price of the Shares cannot be more than fifteen percent (15%) above the five (5)-Market Day VWAP of the Shares immediately prior to the date of any purchase(s).

In the case of resale or transfer of Purchased Shares, the Company may only resell or transfer treasury shares on Bursa Securities:

- (a) at a price not less than the five (5)-Market Day VWAP of the Shares immediately prior to the resale or transfer; or
- (b) at a discount of not more five percent (5%) to the five (5)-Market Day VWAP of the Shares immediately prior to the resale or transfer provided that:
 - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of Shares being resold or transferred.

2.4 Public Shareholding Spread

The public shareholding spread of the Company as at LPD was approximately 27.87%. In implementing the Proposed Share Buy-Back, the Company will be mindful of the requirement to maintain the public shareholding spread of at least 25%.

2.5 Implications of the Code

Pursuant to the Code, a mandatory offer obligation arises when a person obtains control in the company or a person holding more than 33% but less than 50% of the voting shares of a company, increases his holding in any 6-month period by an additional 2% or more of the voting shares of the company ("Mandatory Offer").

The Board will ensure that only such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Proposed Share Buy-Back will not result in triggering an obligation by any of the Company's substantial shareholders and/or parties acting in concert with them to undertake a Mandatory Offer under the Code. However, in the event that should such an obligation was to arise resulting from the Proposed Share Buy-Back, the relevant parties may consider seeking from the SC an exemption from the obligation to undertake a Mandatory Offer pursuant to the Code.

2.6 Previous purchases, resale and cancellation of treasury shares

The Company has purchased Shares in the preceding twelve (12) months and details of the purchases are as follows:-

Date of Purchase	No. of Purchased Shares	Purchase Price (RM)			Total Consideration Paid (RM)
		Highest	Lowest	Average	
23.05.2025	399,500	0.660	0.650	0.655	262,745.00

As at the LPD, a total of 32,549,000 Shares were purchased and held as treasury shares.

None of the treasury shares held was resold, transferred or cancelled during the preceding 12 months and up to the LPD.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources not immediately required for other uses, to purchase its own Shares from Bursa Securities to be dealt with in the manner set out in Section 2.2.

Purchased Shares, if subsequently cancelled, will effectively reduce the number of Shares which will result in an increase in the value of your investment in the Company due to the increase in the EPS of the Group.

The Purchased Shares can be held as treasury shares to be transferred for the purpose of or under any employees' share scheme which may be established later by the Company or resold on Bursa Securities at a higher price thereby realising potential gain without affecting the Company's total issued share capital. Should any treasury shares be distributed as share dividends, this would serve to reward you.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

4.1 Potential Advantages

The Proposed Share Buy-Back:

- (a) enables the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may also strengthen the consolidated EPS of the Group;
- (b) provides the Company with opportunities for potential gains if the Purchased Shares which are retained as treasury shares are resold at prices that are higher than their cost of purchase;
- (c) may also stabilise the Share price and the supply and demand of the Shares traded on Bursa Securities, thereby maintaining investors' confidence and facilitating future fund raising exercises via the equity market; and
- (d) allows the Company to transfer the Purchased Shares held as treasury shares for the purpose of or under any employees' share scheme which may be established later by the Company.

4.2 Potential Disadvantages

The Proposed Share Buy-Back will:

- (a) reduce the Group's financial resources which may also result in it foregoing better investment opportunities that may emerge in the future;
- (b) reduce the amount of resources available for distribution to you in the form of cash dividends as funds are utilised to purchase the Shares; and
- (c) affect the cash flow and gearing levels should bank borrowings be utilised to finance the Proposed Share Buy-Back.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantage to you as it will be implemented only after careful consideration of the financial resources of the Company and the resultant impact on you and the Company.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

Assuming the Proposed Share Buy-Back is implemented in full, the effects of the Proposed Share Buy-Back on the share capital, earnings, NA, working capital, gearing and shareholding structure of the Directors and substantial shareholders of the Company are illustrated below:

5.1 Total Number of Issued Shares

The effect of the Proposed Share Buy-Back on the issued share capital and the total number of issued shares will depend on whether the Purchased Shares are retained as treasury shares or cancelled.

If the Purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not affect the Company's issued share capital but the rights attaching to them as to voting, dividends and participation in other distributions or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company will be suspended.

In the event that the Proposed Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the effect of the Proposed Share Buy-Back on the total number of issued Shares of the Company will be as follows:

		<u>No. of Shares</u>
Total number of issued Shares as at LPD	(A)	2,327,627,135
4% of total number of issued Shares		93,105,085
Less: Treasury Shares as at LPD	(B)	32,549,000
Maximum number of Shares that may be purchased pursuant to the Proposed Share Buy-Back	(C)	60,556,085
After the Proposed Share Buy-Back [(A) – (B) – (C)]		<u>2,234,522,050</u>

5.2 Earnings and EPS

The effects of the Proposed Share Buy-Back on the earnings and EPS of the Company will depend on, inter alia, the number of Purchased Shares, the purchase price of such Shares, the effective funding cost to the Company to finance the Purchased Shares or any loss in interest income to the Company and the proposed treatment of the Purchased Shares.

5.3 NA and NA per Share

The consolidated NA of the Company may increase or decrease depending on the number of Shares purchased, the purchase prices of the Purchased Shares, the effective cost of funding and the treatment of the Purchased Shares. The Proposed Share Buy-Back will reduce the NA per Share when the purchase price exceeds the NA per Share at the time of purchase. On the contrary, the NA per Share will increase when the purchase price is less than the NA per Share at the time of purchase.

5.4 Gearing

Assuming that the treasury shares are being retained by the Company and no borrowing is being used to fund any purchase of the Purchased Shares, the Proposed Share Buy-Back may increase the gearing of the Group as the Purchased Shares will reduce the equity by the cost of Shares acquired and held as treasury shares.

The Proposed Share Buy-Back may further increase the gearing of the Company if borrowing is used to fund any purchase of the Purchased Shares. However, at this juncture, the Board has not determined whether to use any borrowing to purchase any Shares under the Proposed Share Buy-Back.

5.5 Shareholdings of Substantial Shareholders, Directors and Connected Persons

For illustration purposes, the proforma effect of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders, Directors and Persons Connected based on the Company's Register of Substantial Shareholders and Register of Directors' Shareholdings as at the LPD is set out below:

	As at LPD				After the Proposed Share Buy-Back ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
Datuk Lim Nyuk Sang @ Freddy Lim ("FLNS")	808,708,380	34.74	347,692,800 ⁽²⁾	14.94	808,708,380	36.19	347,692,800 ⁽²⁾	15.56
Santraprise Sdn Bhd	335,575,000	14.42	-	-	335,575,000	15.02	-	-
Jeng Huat (Bahau) Realty Sdn Bhd	186,280,300	8.00	-	-	186,280,300	8.34	-	-
Kahang Palm Oil Mill Sdn Bhd	163,052,600	7.01	-	-	163,052,600	7.30	-	-
Mingo Development Sdn Bhd	145,425,140	6.25	-	-	145,425,140	6.51	-	-
Chiong Kiau	913,200	0.04	349,332,900 ⁽³⁾	15.01	913,200	0.04	349,332,900 ⁽³⁾	15.63
Chiong Hang Leong	831,500	0.03	349,332,900 ⁽³⁾	15.01	831,500	0.04	349,332,900 ⁽³⁾	15.63
Chiong Yong Foo	797,600	0.03	349,332,900 ⁽³⁾	15.01	797,600	0.03	349,332,900 ⁽³⁾	15.63
Directors								
Datuk Lim Nyuk Sang @ Freddy Lim	808,708,380	34.74	347,692,800 ⁽²⁾	14.94	808,708,380	36.19	347,692,800 ⁽²⁾	15.56
Chiong Li Wei	-	-	913,200	0.04	-	-	913,200	0.04
Persons Connected								
Lim Fei Nee ⁽⁴⁾	12,117,800	0.52	335,575,000 ⁽⁵⁾	14.42	12,117,800	0.54	335,575,000 ⁽⁵⁾	15.02
Santraprise Sdn Bhd ⁽⁶⁾	335,575,000	14.42	-	-	335,575,000	15.02	-	-
Datuk Lim Nyek Kiong @ Lim Nyuk Min ⁽⁷⁾	-	-	145,425,140 ⁽⁸⁾	6.25	-	-	145,425,140 ⁽⁸⁾	6.51
Chiong Kiau ⁽⁹⁾	913,200	0.04	349,332,900 ⁽³⁾	15.01	913,200	0.04	349,332,900 ⁽³⁾	15.63

(1) Assuming the Proposed Share Buy-Back is implemented in full, i.e. four percent (4%) of the total number of issued Shares so acquired from non-substantial shareholders, and the Purchased Shares are subsequently cancelled or held as treasury shares.

(2) Deemed interested by virtue of Sections 8(4) and 59(11)(c) of the Act (shareholdings held through Santraprise Sdn Bhd and held by his child respectively).

(3) Deemed interested by virtue of Section 8(4) of the Act (shareholdings held through Jeng Huat (Bahau) Realty Sdn Bhd and Kahang Palm Oil Mill Sdn Bhd)

(4) A child of FLNS

(5) Deemed interested by virtue of Section 8(4) of the Act (shareholdings held through Santraprise Sdn Bhd)

(6) Body corporate in which FLNS has controlling interest by virtue of Section 197(2)(b)(ii) of the Act

(7) A brother of FLNS

(8) Deemed interested by virtue of Section 8(4) of the Act (shareholdings held through Mingo Development Sdn Bhd)

(9) Parent of Chiong Li Wei

5.6 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of the Company, the quantum of which will depend on the purchase price of Shares and the number of Shares purchased.

For Purchased Shares which are so kept as treasury shares, upon their resale, the working capital and cash flow of the Company will increase upon receipt of the proceeds of the resale. The quantum of such increase will depend on actual selling price of the treasury shares and the number of treasury shares resold.

6. SHARE PRICES

The monthly high and low share price of Shares as traded on Bursa Securities for the past twelve (12) months from May 2025 to April 2026 are as follows:

	2025 May	2025 Jun	2025 Jul	2025 Aug	2025 Sep	2025 Oct	2025 Nov	2025 Dec	2026 Jan	2026 Feb	2026 Mar	2026 April
High (RM)	0.680	0.705	0.700	0.700	0.700	0.710	0.700	0.700	0.690	0.690	0.685	0.690
Low (RM)	0.520	0.655	0.675	0.680	0.630	0.680	0.660	0.660	0.655	0.660	0.605	0.580

Last transacted price of the Shares as at LPD was RM0.655.

(Source: *finance.yahoo.com*)

7. APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval being obtained from the Shareholders at the forthcoming AGM.

8. DIRECTORS' AND/OR SUBSTANTIAL SHAREHOLDERS' INTEREST

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the Directors and substantial shareholders as a result of the decrease in the Company's issued share capital after the Proposed Share Buy-Back, none of the Directors and/or substantial shareholders and/or person(s) connected to them have any interest, direct or indirect, in the Proposed Share Buy-Back.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

10. AGM

The ordinary resolution on the Proposed Share Buy-Back is set out as Special Business in the Company's notice of the forthcoming AGM of which you have been notified. The Company's AGM will be held at the Registered Office at Lot 6, Block 44, Leboh Tiga, 90000 Sandakan, Sabah on **Tuesday, 23 June 2026 at 10.00 a.m.**

11. FURTHER INFORMATION

You are requested to refer to the attached Appendix I for further information.

Yours faithfully,
On behalf of the Board of
KRETAM HOLDINGS BERHAD

Lim Shaw Keong @ Alfred Lim
Independent Non-Executive Director

FURTHER INFORMATION**1. Directors' Responsibility**

This Circular and Statement has been reviewed and approved by the Directors of KHB who individually and collectively accept full responsibility for the accuracy of the information contained herein 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 and Statement misleading.

2. Material Contracts

Neither KHB nor any of its subsidiaries has entered into any contracts which are material, (not being contracts entered into in the ordinary course of business) during the past two (2) years preceding the date of this Circular and Statement.

3. Material Litigation

Neither KHB nor any of its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Board of KHB has no knowledge of any proceedings pending or threatened against the KHB Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the position and/or business of the KHB Group.

4. Documents Available for Inspection

Copies of the following documents are available for inspection at the Registered Office of the Company at Lot 6, Block 44, Leboh Tiga, 90000 Sandakan, Sabah during normal business hours from Monday to Friday (except public holidays) from the date of this Circular and Statement up to and including the date of the AGM:

- i) Constitution of KHB; and
- ii) Audited consolidated financial statements of KHB for the past two (2) financial years ended 31 December 2024 and 31 December 2025.