1. INTRODUCTION

The Board of Directors of the Company wishes to announce that Kulim had on 7 December 2015, entered into a Sale and Purchase Agreement ("SPA") with JCorp in relation to the proposed acquisition of 14.0 acres of industrial land held under PTD 155633 HS (D) 303856, Mukim of Plentong, District of Johor Bahru, State of Johor ("Subject Property"), for a total consideration of RM17,930,000-00 (Ringgit Malaysia : Seventeen Million Nine Hundred and Thirty Thousand only), ("Purchase Consideration") ("Proposed Acquisition").

The proposed acquisition has been completed on even date, following the execution of the SPA and fulfillment of the conditions precedent of the SPA.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Details of the Subject Property

A summary of the information on the Subject Property is as follows:

<table>
<thead>
<tr>
<th>Title No.</th>
<th>HSD 303856</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot No.</td>
<td>PTD 155633 (formerly PLO 559)</td>
</tr>
<tr>
<td>Land Status</td>
<td>60-year leasehold expiring on 18 May 2060</td>
</tr>
<tr>
<td>Address</td>
<td>PTD 155633, Jalan Keluli, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor.</td>
</tr>
<tr>
<td>Local authority</td>
<td>Majlis Perbandaran Pasir Gudang (&quot;MPPG&quot;) as well as within Flagship Zone D of Iskandar Malaysia.</td>
</tr>
</tbody>
</table>

2.2 Background Information on JCorp

JCorp was established as a public enterprise and a statutory body via Johor Enactment No. 4 1968 (as amended under Enactment No. 5, 1995). As a State-owned Conglomerate, JCorp through its Group of Companies is involved in core businesses encompassing Palm Oils, Specialist Healthcare Services, Foods & Restaurants Services, Property, Port Services, Hospitality, Entrepreneur Business as well as Oil & Gas.
The directors of JCorp are as follows:

(i) YAB Dato’ Mohamed Khaled Bin Nordin  
(ii) YBHG Tan Sri Dr Ali Bin Hamsa  
(iii) YB Dato’ Kamaruzzaman Bin Abu Kassim  
(iv) YB Dato’ Haji Ismail Bin Karim  
(v) YB Dato’ Ishak Bin Sahari  
(vi) YB Tuan Haji Mohd Nasir Bin Abd Salam  
(vii) YBHG Datuk Seri Dr Rahamat Bivi Binti Yusoff  
(viii) YBHG Dato’ Siti Zauyah Binti Md Desa  
(ix) YBHG Dato’ Hafsaah Binti Hashim  
(x) YB Tuan Haji Md Jais Bin Haji Sarday  
(xi) YBHG Encik Izaddeen Bin Daud

2.3 Basis And Justification Of Arriving At The Purchase Consideration

The total purchase consideration of RM17,930,000-00 (Ringgit Malaysia : Seventeen Million Nine Hundred and Thirty Thousand only) was arrived at on a willing buyer-willing seller basis, after taking into consideration the market value of the Subject Property, as appraised by Messrs. Rahim & Co. an Independent Registered Valuer in Malaysia, using a comparison method ("Valuation Report").

2.4 Salient Terms Of The SPA

The salient terms of the SPA are as follows:

(i) JCorp has agreed to sell and Kulim has agreed to purchase the Subject Property on as is where is basis and free from any encumbrances, liens, caveats and other restraints and with vacant possession and clear from any form of structure thereof upon the terms and conditions contained herein and JCorp acknowledges that Kulim shall not be assuming any liability, including contingent liabilities and guarantees pursuant to the sale and purchase of the Subject Property.

(ii) The total purchase consideration for the Subject Property is RM17,930,000-00 (Ringgit Malaysia : Seventeen Million Nine Hundred and Thirty Thousand only) and shall be paid as follows :-
(a) 10% of the purchase consideration ("Deposit") to be paid to JCorp upon acceptance of letter offer.
(b) 20% of the purchase price to be paid to JCorp upon execution of the SPA
(c) 70% of the purchase consideration ("Balance Purchase Consideration")
to be paid to JCorp on 11 December 2015, hereinafter referred to as the "Completion Period", and which date of full payment thereof be referred to as the "Completion Date".

(iii) If Kulim fails to pay the Balance Purchase Consideration within Completion Period then an extension of time shall be granted to Kulim not exceeding thirty (30) days ("Extended Completion Period"), and which date of full payment thereof shall be referred to as the "Extended Completion Date" for Kulim to pay the Balance Purchase Consideration, provided however that Kulim shall pay to JCorp the Penalty on the Balance Purchase Consideration or such amount thereof remaining unpaid from the commencement of the Extended Completion Period till the Extended Completion Date.

(iv) Non perfection of the transfer.

In the event the transfers of the Subject Property free from all charges and encumbrances whatsoever in favour of Kulim as herein provided cannot be or are not registered for any reason whatsoever not due to any default on the part of any of the Parties hereto neither due to any error nor omission which is rectifiable by the Party hereto, JCorp shall subject to the return to the JCorp’s Memorandum of Transfer (if the same is required for cancellation of stamp duty paid), the title and all other related JCorp’s documents that have been forwarded by the JCorp to Kulim duly intact, and redelivery of possession of the Subject Property in the same state and conditions as at the time of delivery of the Subject Property (wear and tear excepted) by Kulim to the JCorp, if applicable, refund forthwith to Kulim all payments made by the Kulim to the JCorp or on behalf of the JCorp towards payment of the Purchase Consideration thereafter this Agreement shall be null and void and of no further force or effect and neither party hereto shall have any claims whatsoever against the other.

(v) The Parties agreed that the Subject Property is sold an “as is where is basis” and JCorp shall deliver possession of the Subject Property to Kulim in its present state and condition (fair wear and tear accepted) and free from all encumbrances on the Completion Date or the Extended Completion Date (as the case may be).

(vi) The risk of the Subject Property shall continue to rest on JCorp until the Completion Date or the Extended Completion Date (as the case may be).
2.5 **Source Of Funding**

The total consideration of RM17,930,000-00 (*Ringgit Malaysia : Seventeen Million Nine Hundred and Thirty Thousand only*) will be funded by internally generated funds of Kulim.

2.6 **Liabilities To Be Assumed**

Kulim will not assume any liabilities (including contingent liabilities and guarantees) arising from the Proposed Acquisition.

2.7 **The Original Heading Cost Of Purchase Of Investment By JCorp**

The Subject Property was alienated to JCorp by the State Authority on 19 May 2000 as JCorp is the investment arm to develop the industrial area in Johor.

3. **RATIONALE FOR AND PROSPECTS OF THE PROPOSED ACQUISITION**

The land is currently rented by EPASA Shipping Agency Sdn Bhd ("EPASA"), a wholly-owned subsidiary of Sindora Berhad, which in turn a wholly-owned subsidiary of Kulim, at the rate of RM90,000 per month or RM1,080,000-00 (*Ringgit Malaysia : One Million and Eighty Thousand only*) per year from JCorp. The Proposed Acquisition is intended to gain a saving in terms of monthly rental to JCorp. Apart from that, the Proposed Acquisition is expected accrue benefits to the Kulim Group in anticipation of the appreciation of value in the future as the Subject Property still carries a 45-year unexpired lease period.

4. **EFFECTS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is not expected to have material effects on the issued and paid-up share capital, substantial shareholders’ shareholdings, consolidated net assets, gearing, consolidated earnings and earnings per share ("EPS") of Kulim for the financial year ending 31 December 2015.

However, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of Kulim Group.

5. **APPROVALS REQUIRED**

The Proposed Acquisition is not subject to the approval of the shareholders of Kulim and/or any other relevant authorities.
6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the directors and major shareholders of Kulim and persons connected to the directors and/or major shareholders of Kulim have any interest, direct or indirect, in the Proposed Acquisition.

<table>
<thead>
<tr>
<th>Related Parties</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Kamaruzzaman Abu Kassim</td>
<td>Chairman of Kulim, President and Chief Executive of JCorp</td>
</tr>
<tr>
<td>Ahamad Mohamad</td>
<td>Managing Director of Kulim and senior management of JCorp</td>
</tr>
<tr>
<td>Jamaludin Md Ali</td>
<td>Director of Kulim and senior management of JCorp</td>
</tr>
<tr>
<td>Abdul Rahman Sulaiman</td>
<td>Director of Kulim and senior management of JCorp</td>
</tr>
<tr>
<td>Zulkifli Ibrahim</td>
<td>Director of Kulim and senior management of JCorp</td>
</tr>
<tr>
<td>Rozaini Mohd Sani</td>
<td>Director of Kulim and senior management of JCorp</td>
</tr>
<tr>
<td><strong>Interested Entity</strong></td>
<td><strong>Relationship</strong></td>
</tr>
<tr>
<td>JCorp</td>
<td>A major shareholder of Kulim</td>
</tr>
</tbody>
</table>

(Collectively, the Directors mentioned above are referred to as the “Interested Directors”)

The Interested Directors are deemed interested in the Proposed Acquisition by virtue of them being persons connected to JCorp.

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in relation to the Proposed Acquisition.

7. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), having considered the rationale, effects, risk factors and terms of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company and the Group.

8. RISK AND INDUSTRY OVERVIEW AND FUTURE PROSPECTS

Kulim is of the view that prospects for the Proposed Acquisition is positive and is not aware of any risk factors arising from the arrangement other than the normal market and global economic risks.
The Proposed Acquisition would deem to be a Related Party Transaction (as defined in the Listing Requirements).

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements is 0.45%.

11. AUDIT COMMITTEE’S STATEMENT

After having considered all aspects of the Proposed Acquisition, the Audit Committee of the Company ("Audit Committee") is of the opinion that the Proposed Acquisition is in the best interest of the Company, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of the Company. In forming its view, the Audit Committee has not sought any independent advice.

12. TRANSACTIONS WITH RELATED PARTY FOR THE PRECEDING TWELVE (12) MONTHS

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Aggregate Value (RM'000)</th>
<th>Percentage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 March 2015</td>
<td>Proposed acquisition of Asia Logistics Council Sdn Bhd (&quot;ALC&quot;), Proposed Subscription of RCPS in Asia Economic Development Fund Limited and Proposed Financial Assistance to ALC</td>
<td>111,660</td>
<td>2.78%</td>
</tr>
</tbody>
</table>

13. DOCUMENTS FOR INSPECTION

The related documents of the Proposed Acquisition will be made available for inspection at the registered office of Kulim at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia during normal office hours from Mondays to Fridays (except on public holidays) for a period of one (1) month from the date of this Announcement.

This announcement is dated 7 December 2015.