

THIS CIRCULAR 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 advisers immediately. You should rely on your own evaluation to assess the merits and risks of the Proposals (as defined herein).

The valuation accepted by Bursa Malaysia Securities Berhad ("Bursa Securities") shall only be utilised for the purpose of the Proposed Ipoh Land Acquisition (as defined herein) and shall not be construed as an endorsement by Bursa Securities on the value of the Ipoh Land (as defined herein) for any other purpose.

The approval of the Securities Commission Malaysia ("SC") shall not be taken to indicate that the SC recommends the Proposed Exemption (as defined herein).

Bursa Securities takes no responsibility for the contents of this Circular, 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.



KYM HOLDINGS BHD.

(Company No. 84303-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for the Proposals



MIMB INVESTMENT BANK BERHAD (10209-W)

A Participating Organisation of Bursa Malaysia Securities Berhad

*Independent Adviser for the Proposed Ipoh Land
Acquisition (as defined herein)*



FHMH Corporate Advisory Sdn Bhd (774955-D)

*Independent Adviser for the Proposed Exemption
(as defined herein)*



M&A Securities Sdn Bhd (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting ("EGM") of the Company to be held at the Company's office at No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 26 August 2010 at 2.30 p.m. together with the Form of Proxy, are enclosed herein.

The Form of Proxy must be lodged at the Registered Office of KYM Holdings Bhd. at No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur not later than forty-eight (48) hours before the time fixed for the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 24 August 2010 at 2.30 p.m.
Date and time of the EGM : Thursday, 26 August 2010 at 2.30 p.m.

This Circular is dated 11 August 2010

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING:

PART A

- (I) **PROPOSED ACQUISITION OF A LEASEHOLD LAND MEASURING APPROXIMATELY 167,394 SQUARE METRES OR 41.36 ACRES LOCATED AT MUKIM HULU KINTA, DISTRICT OF KINTA, PERAK DARUL RIDZUAN FROM IDAMAN BINA MAKMUR SDN BHD (“VENDOR”) FOR AN AGGREGATE PURCHASE CONSIDERATION OF RM12 MILLION TO BE SATISFIED BY WAY OF CASH CONSIDERATION OF RM100,000 AND THE BALANCE OF RM11,900,000 WILL BE SATISFIED VIA ISSUANCE OF 8,750,000 NEW ORDINARY SHARES OF RM0.50 EACH IN KYM HOLDINGS BHD. (“KYM”) (“KYM SHARES”) TO BE ISSUED AT AN ISSUE PRICE OF RM1.36 PER KYM SHARE (“PROPOSED IPOH LAND ACQUISITION”); AND**
- (II) **PROPOSED EXEMPTION UNDER PRACTICE NOTE 2.9.1 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 FOR DATO’ LIM KHENG YEW AND THE PARTIES ACTING IN CONCERT WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING KYM SHARES NOT ALREADY OWNED BY THEM UPON THE ISSUANCE OF NEW KYM SHARES TO THE VENDOR PURSUANT TO THE PROPOSED IPOH LAND ACQUISITION (“PROPOSED EXEMPTION”)**

PART B

INDEPENDENT ADVICE LETTER FROM FHMH CORPORATE ADVISORY SDN BHD IN RELATION TO THE PROPOSED IPOH LAND ACQUISITION

PART C

INDEPENDENT ADVICE LETTER FROM M&A SECURITIES SDN BHD IN RELATION TO THE PROPOSED EXEMPTION

DEFINITIONS

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

“Act”	:	Companies Act, 1965 and any amendments thereto from time to time
“AGM	:	Annual General Meeting
“Board”	:	Board of Directors of KYM
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Code”	:	Malaysian Code on Take-Over and Mergers, 1998 and any amendments thereto from time to time
“Consideration Shares”	:	8,750,000 new KYM Shares to be issued at an issue price of RM1.36 per KYM Share to IBM pursuant to the Proposed Ipoh Land Acquisition
“EGM”	:	Extraordinary General Meeting
“EPS”	:	Earnings per share
“ESOS”	:	Employee share option scheme
“FYE”	:	Financial year ended/ending
“IBM” or the “Vendor”	:	Idaman Bina Makmur Sdn Bhd
“Ipoh Land”	:	A piece of leasehold land measuring approximately 167,394 square metres or 41.36 acres held under H.S.(D) 180352, PT 226083, Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan
“Ipoh Land SPA”	:	A sale and purchase agreement dated 30 March 2010 to purchase the Ipoh Land entered into by KYM and IBM for an aggregate Purchase Consideration of RM12 million
“KYM” or the “Company”	:	KYM Holdings Bhd.
“KYM Group” or the “Group”	:	KYM and its subsidiary companies, collectively
“KYM Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.50 each in KYM
“KYM Warrants”	:	40,567,250 outstanding warrants 2010/2013
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements
“LPD”	:	6 August 2010, the latest practicable date prior to the printing of this Circular
“Maximum Scenario”	:	Assuming all the 40,567,250 KYM Warrants and 19,510,312 ESOS options are exercised/converted by its holders prior to the completion of the Proposed Ipoh Land Acquisition
“MGO”	:	Mandatory Take-Over Offer

DEFINITIONS (Cont'd)

“MIMB”	:	MIMB Investment Bank Berhad
“Minimum Scenario”	:	Assuming all the 40,567,250 KYM Warrants and 19,510,312 ESOS options are not exercised/converted by its holders prior to the completion of the Proposed Ipoh Land Acquisition
“NA”	:	Net assets attributable to ordinary equity holders of KYM
“NHC”	:	Nilai Harta Consultant Sdn Bhd
“PN”	:	Practice note of the Code
“Proposals”	:	Proposed Ipoh Land Acquisition and Proposed Exemption, collectively
“Proposed Exemption”	:	Proposed exemption under PN 2.9.1 of the Code by Dato’ Lim Kheng Yew and the parties acting in concert with him from the obligation to undertake a MGO for the remaining KYM Shares not already owned by them upon the issuance of the Consideration Shares to the Vendor pursuant to the Proposed Ipoh Land Acquisition
“Proposed Ipoh Land Acquisition”	:	Proposed acquisition of the Ipoh Land from IBM for an aggregate Purchase Consideration of RM12 million
“Purchase Consideration”	:	The purchase consideration of RM12 million to be satisfied by way of cash consideration of RM100,000 and the balance of RM11,900,000 will be satisfied via issuance of the Consideration Shares
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“SC”	:	Securities Commission Malaysia
“WAMP”	:	Weighted average market price

Words denoting the singular number only shall include the plural and also vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include corporations, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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PART A

LETTER TO THE SHAREHOLDERS OF KYM IN RELATION TO THE PROPOSALS



KYM HOLDINGS BHD.

(Company No. 84303-A)
(Incorporated in Malaysia)

Registered Office:
No. 12, Lorong Medan Tuanku Satu
50300 Kuala Lumpur

11 August 2010

The Board of Directors:

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar (*Executive Chairman and Chief Executive Officer*)
Dato' Chong Thin Choy (*Managing Director*)
Dato' Lim Kheng Yew (*Executive Director*)
Dato' Wira Abdul Rahman bin Haji Ismail (*Independent Non-Executive Director*)
Datuk Mansor bin Masikon (*Independent Non-Executive Director*)
Dato' Ir. Mohamad Othman bin Zainal Azim (*Independent Non-Executive Director*)
Dato' Rahadian Mahmud bin Mohammad Khalil (*Independent Non-Executive Director*)
Dato' Mohd Azmi bin Othman (*Independent Non-Executive Director*)
Chiam Tau Meng (*Independent Non-Executive Director*)

To: The Shareholders of KYM

Dear Sir/Madam,

-
- (I) **PROPOSED IPOH LAND ACQUISITION; AND**
(II) **PROPOSED EXEMPTION**
-

1. INTRODUCTION

On 31 March 2010, MIMB had, on behalf of the Board, announced the following:

- (i) KYM had on 30 March 2010 entered into the Ipoh Land SPA to purchase the Ipoh Land from IBM for an aggregate Purchase Consideration of RM12 million; and
- (ii) Dato' Lim Kheng Yew had proposed to seek an exemption under PN 2.9.1 of the Code from the obligation to undertake a MGO for the remaining KYM Shares not already owned by him and the parties acting in concert with him upon the issuance of new KYM Shares pursuant to the Proposed Ipoh Land Acquisition.

On 22 April 2010, KYM had announced that the SC had vide its letter dated 21 April 2010, approved the appointment of M&A Securities Sdn Bhd to act as the Independent Adviser to advise the non-interested shareholders of KYM in relation to the Proposed Exemption.

On 20 May 2010, MIMB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 20 May 2010, approved the application for an extension of time until 30 June 2010 to comply with Paragraph 9.33(1)(a) of the Listing Requirements in relation to the submission of the draft circular to the shareholders of KYM in relation to the Proposals to Bursa Securities. The said draft circular to the shareholders of KYM was subsequently submitted to Bursa Securities on 30 June 2010.

On 8 July 2010, MIMB had, on behalf of the Board, announced that the application for the Proposed Exemption was submitted to the SC on the same date.

On 12 July 2010, MIMB had, on behalf of the Board, announced that the SC had vide its letter dated 9 July 2010, stated that it will consider the application for the Proposed Exemption upon the following conditions being fulfilled, details of which are as follows:

No.	Conditions/Restrictions	Status of compliance
1.	<p>Dato' Lim Kheng Yew and the parties acting in concert with him fulfilling the following requirements under PN 2.9.1 of the Code:</p> <p>(a) Approval from the independent holders of voting shares of KYM, on a poll in a general meeting in which the interested parties are to abstain from voting. The result of the poll has to be confirmed by an independent auditor. MIMB and the applicant have to confirm that the interested parties have abstained from voting in the general meeting in considering the exemption. MIMB is required to submit the names of the parties who abstained from voting in the general meeting;</p> <p>(b) Provision is made for the shareholders of KYM for competent independent advice regarding the Proposed Exemption. The appointment of the independent adviser and the independent adviser's circular to the shareholders are to be first approved and consented by the SC; and</p> <p>(c) Dato' Lim Kheng Yew and the parties acting in concert with him are to submit declarations (to be furnished after the general meeting) addressed to the SC, attesting that they have not purchased any shares in KYM subsequent to the discussion in relation to the Proposed Ipoh Land Acquisition (if any) and will not acquire any KYM Shares until the granting of the Proposed Exemption by the SC.</p>	<p>To be complied with.</p> <p>The SC had vide its letter dated 21 April 2010, approved the appointment of M&A Securities Sdn Bhd to act as the Independent Adviser in relation to the Proposed Exemption. Subsequently, the SC had vide its letter dated 6 August 2010 given its consent for the issuance of the independent advice letter by M&A Securities Sdn Bhd as set out in Part C of this Circular.</p> <p>To be complied with.</p>
2.	Further Dato' Lim Kheng Yew/MIMB is required to provide reasons for the substantial percentage of votes that are against and abstained from voting on the Proposed Exemption.	To be complied with.

On 15 July 2010, MIMB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 15 July 2010 ("Approval Letter"), approved the listing of and quotation for 8,750,000 new KYM Shares to be issued pursuant to the Proposed Ipoh Land Acquisition subject to the following conditions:

- (i) KYM and MIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Ipoh Land Acquisition;

- (ii) KYM and MIMB to inform Bursa Securities upon the completion of the Proposed Ipoh Land Acquisition;
- (iii) KYM and MIMB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposed Ipoh Land Acquisition prior to the quotation of the Consideration Shares;
- (iv) KYM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Ipoh Land Acquisition is completed; and
- (iv) to incorporate Bursa Securities' comments in respect of the draft circular to shareholders provided in the Approval Letter.

On 6 July 2010, MIMB had, on behalf of the Board, announced that pursuant to the Ipoh Land SPA, KYM and the Vendor have mutually agreed to extend the date for fulfilment of the conditions precedent of the Ipoh Land SPA by one (1) month to 30 September 2010.

On 6 July 2010, MIMB had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 5 August 2010 (which was received on 6 August 2010), resolved to grant KYM an extension of time until 31 August 2010 to comply with Paragraph 9.33(1)(b) of the Listing Requirements in relation to the issuance of the circular to the shareholders of KYM in relation to the Proposals.

The purpose of this Circular is to provide you with information in relation to the Proposals and to seek your approval for the resolutions to be tabled at the forthcoming EGM. The notice of EGM together with the Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Ipoh Land Acquisition

On 30 March 2010, KYM had entered into the Ipoh Land SPA with IBM for the Proposed Ipoh Land Acquisition.

2.1.1 Details of the Ipoh Land

The land in Ipoh, Perak Darul Ridzuan is a single parcel of leasehold land held under H.S.(D) 180352, PT No. 226083, Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan, measuring approximately 167,384 square metres or 41.36 acres of vacant land which has the potential for mixed residential development comprising of bungalows, terrace houses, condominiums and apartments. Further information of the Ipoh Land is set out in the table below:

Category of land use	Residential building
Tenure	Lease period of 99 years expiring on 23 November 2107
Independent valuer	NHC
Date of inspection	18 March 2010
Method of valuation	Comparison & Residual Methods of valuation
Market value	RM12 million
Encumbrances	None

Note:

The net book value of the Ipoh Land is not available as IBM's financial statements have not been prepared as at the date of this Circular.

The Proposed Ipoh Land Acquisition is intended for the following proposed development project:

Proposed project name	To be determined later	
Type of development	Residential development of bungalows, terrace houses, condominiums and apartments	
Development components	Development components	Units to be built
	Bungalows	40
	Double storey terrace houses	43
	Condominiums	120
	Low cost apartments	102
Gross development cost	RM90 million	
Gross development value	RM120 million	
Expected profit from development	RM18 million	
Expected commencement date	Early 2011	
Expected completion date	2015	
Stage of completion	Project has yet to commence	

The approvals for the proposed development have been obtained from the relevant authorities as follows:

Authorities	Date of approval
Pejabat Jurutera Daerah, Jabatan Kerja Raya, Kinta, Ipoh, Perak Darul Ridzuan	21 November 2008
Jabatan Pengairan dan Saliran, Daerah Kinta/Batang Padang, Ipoh, Perak Darul Ridzuan	23 September 2008
Agensi Perakuan-Pembentungan (Negeri Perak), Indah Water Consortium Sdn Bhd	8 August 2008
Tenaga Nasional Berhad, Ipoh, Perak Darul Ridzuan	31 May 2010

As at the LPD, the approvals from Jabatan Pengairan dan Saliran, Jabatan Alam Sekitar and Dewan Bandar Raya Ipoh, Perak Darul Ridzuan are still pending. In addition, the planning consent for the proposed development has not been obtained by KYM as at the LPD. KYM may, if it deems fit, make variations to the approved development plans subject to receiving consent from the relevant authorities.

The estimated gross development cost of RM90 million (excluding the cost of acquiring the Ipoh Land of RM12 million) is expected to be financed via internally generated funds and bank borrowings, the proportions of which have yet to be determined as at the date of this Circular.

In addition, KYM had appointed Rahim & Co, an independent valuer to conduct a market and feasibility study on the proposed housing scheme on the Ipoh Land. Rahim & Co had, vide its report dated 25 May 2010, recommended proposed development components such as bungalows, semi-detached houses, terrace houses and low medium cost terrace houses. The study concluded that bungalows and semi-detached houses have proven to be popular within the study area based on the number of transactions recorded. High-end condominiums were not recommended as the findings by Rahim & Co showed that demand for this type of property is still very low and only marketable within the city center. As for the low cost components, Rahim & Co recommended "Low Medium Cost" terrace houses instead of "Low Cost Apartment/Flat" because the latter is less popular among buyers in Ipoh, Perak Darul Ridzuan. Pursuant to the above, Rahim & Co concluded that based on the recommended development plan, the proposed development would generate a return on investment (on gross development cost) of 27.68% with an estimated land value for the Ipoh Land of RM11.50 per square foot.

2.1.2 Basis of arriving at the Purchase Consideration

The Purchase Consideration for the Proposed Ipoh Land Acquisition of RM12 million or approximately RM6.66 per square foot was arrived at on a willing buyer-willing seller basis based on the open market value of the Ipoh Land as appraised by NHC, an independent registered valuer with the Board of Valuers, Appraisers & Estate Agents Malaysia and appointed by KYM, via its valuation report dated 25 May 2010, using the comparison and residual methods of valuation.

The valuation certificate dated 25 May 2010 of the Ipoh Land prepared by NHC is set out in Appendix I of this Circular.

The Purchase Consideration is proposed to be satisfied by way of a cash consideration of RM100,000 and the balance of RM11,900,000 will be satisfied via issuance of the Consideration Shares to the Vendor. The issuance of the Consideration Shares to part finance the Proposed Ipoh Land Acquisition provides an opportunity for the Vendor to participate in the growth of the KYM Group as a shareholder and is also expected to conserve the Group's cash for other working capital purposes and business needs. In addition, the Company will not need to increase its debt obligations and increase the gearing levels of the Company.

2.1.3 Source of funding

KYM will satisfy the entire Purchase Consideration of RM12 million by way of a cash consideration of RM100,000 to be financed from its internally generated funds and the balance of RM11,900,000 will be satisfied via the issuance of 8,750,000 new KYM Shares at an issue price of RM1.36 per KYM Share.

The manner of settlement of the Purchase Consideration are elaborated in Section 2.1.4(iii) below.

2.1.4 Salient terms of Ipoh Land SPA

The salient terms of the Ipoh Land SPA are as follows:

- (i) The Ipoh Land is to be sold free from all encumbrances but subject to the conditions of title expressed or implied affecting the same if any, as may be endorsed on the title and with vacant possession at the Purchase Consideration and upon the terms and conditions of the Ipoh Land SPA contained;
- (ii) The Ipoh Land SPA is subject to the following being obtained within four (4) months from the date of the Ipoh Land SPA:
 - (a) the approval of the shareholders of KYM for the Proposals;
 - (b) the consent to transfer in favour of KYM or its nominee from the State Authority for the Proposed Ipoh Land Acquisition;
 - (c) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares; and
 - (d) approval from the SC for the Proposed Exemption.

On 6 July 2010, MIMB had, on behalf of the Board, announced that pursuant to the Ipoh Land SPA, KYM and the Vendor have mutually agreed to extend the date for fulfilment of the conditions precedent of the Ipoh Land SPA by one (1) month to 30 September 2010.

- (iii) The Purchase Consideration of the Ipoh Land of RM12 million shall be satisfied in the following manner:
 - (a) upon the execution of the Ipoh Land SPA, KYM shall pay to IBM a sum of RM100,000 in cash; and

- (b) the balance of the Purchase Consideration of RM11,900,000 shall be satisfied by way of issuance of 8,750,000 new KYM Shares with an issue price of RM1.36 per KYM Share within thirty (30) days from the date of fulfilment of the conditions precedent of the Ipoh Land SPA.

2.1.5 Liabilities to be assumed

There are no liabilities to be assumed by KYM, including any contingent liabilities and guarantees pursuant to the Proposed Ipoh Land Acquisition.

2.1.6 Original cost of investment and date of investment

The original cost of the investment by IBM for the aforesaid Ipoh Land was RM10.16 million in 2008.

2.1.7 Additional financial commitment

The estimated additional financial commitment required of KYM for the proposed development is RM90 million being the estimated gross development cost (excluding the cost of acquiring the Ipoh Land of RM12 million).

2.2 Proposed Exemption

As at the LPD, Dato' Lim Kheng Yew together with the parties acting in concert with him, namely Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd, Lim Tze Thean and Melissa Lim Su Lin, hold an aggregate of 32,216,193 KYM Shares representing 36.01% equity interest in KYM.

Pursuant to the Proposed Ipoh Land Acquisition, IBM, a 60% owned company by Datin Millie Lee Siew Kim (the wife of Dato' Lim Kheng Yew), will receive 8.75 million new KYM Shares. As such, the shareholdings of Dato' Lim Kheng Yew and parties acting in concert with him, including IBM, in KYM will increase by 5.70% from 36.01% to 41.71%, which exceeds 2% within a six (6) months period. Pursuant to Part II of the Code, Dato' Lim Kheng Yew and the parties acting in concert with him will be obliged to undertake the MGO for the remaining KYM Shares not already owned by Dato' Lim Kheng Yew and the parties acting in concert with him upon the allotment and issuance of the Consideration Shares. It is not the intention of Dato' Lim Kheng Yew and the parties acting in concert with him to carry out a mandatory offer on KYM Shares as a result of the Proposed Ipoh Land Acquisition.

In this respect, MIMB had on 8 July 2010, on behalf of Dato' Lim Kheng Yew and the parties acting in concert with him, submitted an application to the SC to seek an exemption from the said take-over obligation under PN 2.9.1 of the Code (exemption if transactions involve issuance of new securities). The SC had, vide its letter dated 9 July 2010, had stated that it will consider the Proposed Exemption upon certain conditions being fulfilled as disclosed in Section 1 of Part A of this Circular.

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The shareholdings of Dato' Lim Kheng Yew and the parties acting in concert with him upon the issuance of the Consideration Shares to IBM are as follows:

	Existing as at the LPD		(1) After the Proposed Ipoh Land Acquisition	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Lim Kheng Yew	3,003	3.36	3,003	3.06
Cheong Chan Holdings Sdn Bhd	22,300	24.92	22,300	22.70
KYM Sdn Bhd	3,800	4.25	3,800	3.87
IBM ⁽¹⁾	-	-	8,750	8.91
Lim Tze Thean	1,093	1.22	1,093	1.11
Melissa Lim Su Lin	2,020	2.26	2,020	2.06
Total	32,216	36.01	40,966	41.71

Note:

(1) IBM is deemed to be a person acting in concert with Dato' Lim Kheng Yew by virtue of Section 216(3) of the Capital Markets and Services Act 2007, based on the relationships between Dato' Lim Kheng Yew with a Director and a major shareholder of IBM, namely Datin Millie Lee Siew Kim, who is the spouse of Dato' Lim Kheng Yew.

3. ISSUANCE OF THE CONSIDERATION SHARES

Pursuant to the Proposals, KYM will issue Consideration Shares to IBM as part of the Purchase Consideration for the Proposed Ipoh Land Acquisition.

3.1 Basis and justification of determining the issue price

The issue price of the Consideration Shares of RM1.36 per KYM Share was fixed based on the five (5) days WAMP of KYM Shares up to 31 March 2010 (being the date of execution of the Ipoh Land SPA) of RM1.36.

Based on the audited consolidated profit after taxation attributable to the equity holders of KYM for the FYE 31 January 2010 of approximately RM19.87 million or approximately 22.27 sen per Share, the issue price of RM1.36 per KYM Share represents a net price-to-earnings multiple of approximately 6.11 times.

The issuance of the Consideration Shares provides an opportunity for the Vendor to participate in the growth of the KYM Group as a shareholder. The Vendor is intending to retain the Consideration Shares to be received pursuant to the Proposed Ipoh Land Acquisition.

3.2 Ranking of the Consideration Shares

The new Consideration Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the existing KYM Shares, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid prior to the date of allotment of the Consideration Shares.

3.3 Listing of and quotation for the Consideration Shares

On 30 June 2010, MIMB had on behalf of the Board made an application to Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities, which has been approved by Bursa Securities vide its letter dated 15 July 2010. The details of the conditions for the listing of and quotation for the Consideration Shares are as set out in Section 1 of Part A of this Circular.

4. DETAILS OF IBM

IBM was incorporated in Malaysia as a private limited company under the Act on 1 April 2005 and is principally engaged in property development. IBM has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in IBM of which 500,000 ordinary shares of RM1.00 each in IBM have been issued and fully paid-up.

The directors of IBM are Dato' Chong Thin Choy, Dato' Lim Kheng Yew and Datin Millie Lee Siew Kim.

The substantial shareholders of IBM and their respective shareholdings in IBM are set out in the following table:

Substantial shareholder	Shareholdings in IBM (%)
Datin Millie Lee Siew Kim	60
Dato' Chong Thin Choy	20
Mr Joseph Soon Teik Leong	20
Total	100

5. RATIONALE AND JUSTIFICATION OF THE BENEFITS OF THE PROPOSALS

The Proposed Ipoh Land Acquisition is in line with the KYM Group's plan to venture further into property development given that the KYM Group has been principally engaged in the property development since 1997. The details of the existing property development projects undertaken by the KYM Group and its respective gross development value are as follows:

Company name	Development project	Gross development value (RM'000)
KYM Built Sdn Bhd	Construction of a wire harness factory at Jalan Tapah, Mukim Batang Padang, Perak Darul Ridzuan	14,543
	Infrastructure and earthwork for Phase 1 bungalow lot at Teluk Rubiah, Lumut, Perak Darul Ridzuan	8,500
	Refurbishment for Teluk Rubiah Golf Resort	1,200
	Construction of a paper bag factory at Kanthan Industrial Estate, Chemor, Perak Darul Ridzuan	4,930
KYM Development (Perak) Sdn Bhd	Phase 1 of Taman Klebang Jaya in Ipoh, Perak Darul Ridzuan comprising 1,200 units of low and medium cost houses	12,454
TOTAL		41,627

The total estimated profit that can potentially arise as a result of this transaction and the completion of the aforementioned of the proposed development would amount to approximately RM18 million, thus contributing significantly to the Group's revenue and profitability.

The Proposed Exemption will allow Dato' Lim Kheng Yew and the parties acting in concert with him to increase their shareholdings in KYM upon issuance of the Consideration Shares to IBM, without incurring an obligation under Part II of the Code to extend a MGO for all the remaining KYM Shares not already owned by them as well as to maintain KYM as a public listed company on the Main Market of Bursa Securities.

In addition, the Proposed Ipoh Land Acquisition is conditional upon the Proposed Exemption and vice versa. As such, the Proposed Exemption is essential in order for KYM to proceed with the Proposed Ipoh Land Acquisition. Without the Proposed Exemption, the Proposed Ipoh Land Acquisition will not be implemented and the benefits to be derived therefrom will not materialise.

6. OVERVIEW AND PROSPECTS OF THE MALAYSIAN ECONOMY AND PROPERTY INDUSTRY

6.1 The Malaysian economy

The Malaysia economy accelerated further to record double-digit growth of 10.1% in the first quarter of 2010 (Q4 2009: 4.4%), the highest pace since Q1 2000 (11.7%). Growth was well-entrenched and broad-based, driven by external demand and significant pick-up in aggregate domestic demand.

On the supply side, all sectors in the economy recorded positive growth. The manufacturing sector recorded double-digit growth of 16.9% (Q4 2009: 5.0%). The expansion of the sector is broad-based and driven by buoyant external demand and continued improvement in output of domestic-oriented industries. The services sector posted stronger growth of 8.5% (Q4 2009: 5.2%), spurred with strong expansion in all services sub-sectors, especially utilities, real estate and business services and wholesale and retail trade as well as transport and storage sub-sectors. The agriculture sector expanded 6.8% (Q4 2009: 5.9%), driven by strong increase in the production of rubber, saw logs and livestock.

The construction sector grew further by 8.7% (Q4 2009: 9.3%), following higher construction activities in the civil engineering and non-residential sub-sectors. Despite lower production of crude oil, the mining sector posted positive growth of 2.1% (Q4 2009: -2.8%), following higher production of natural gas, especially from Sabah.

On the demand side, growth during the quarter was underpinned by strong domestic expenditure, following continued expansion in private and public consumption as well as investment. The robust performance of the first quarter was also supported by strong domestic demand which expanded 5.4% (Q4 2009: 2.8%) and reinforced further by the continued revival in the global economy.

(Source: Malaysian Economy, First Quarter 2010, Ministry of Finance)

With improving domestic and external demand, prudent fiscal stance and measures to strengthen recovery in the 2010 Budget, the economy is expected to grow between 2.0% and 3.0% in 2010 supported by private investment and consumption. Nominal per capita income will increase 2.5% from RM24,055 in 2009 to RM24,661 in 2010 or in purchasing power parity terms from United States Dollar (“USD”) 12,826 to USD13,177. With reduced Government spending, the fiscal deficit is expected to narrow to 5.6% of gross development products (“GDP”). The deficit will be financed through domestic borrowing. The balance of payment is expected to remain favourable with the current account in surplus for thirteen (13) consecutive years. The current account surplus of 12.6% of the GDP will be contributed by the goods and travel accounts. These developments augur well for the economy and provide a strong foundation for the transition to a high-income economy.

(Source: Economic Report 2009/2010)

6.2 The property sector

Value-added of the construction sector expanded 8.7% (Q4 2009: 9.3%), supported by on-going civil engineering and non-residential construction projects under the second stimulus package and Ninth Malaysia Plan. During the quarter, a total of 569 second stimulus package construction projects with value of RM1.3 billion had been implemented. These include rural infrastructure projects as well as upgrading, repair and maintenance of schools, clinics, hospitals, roads and public flats. Other major construction projects such as the Second Penang Bridge and Iskandar Corridor infrastructure projects as well as the new Low-Cost Carrier Terminal also contributed to the growth of the sector. Meanwhile, construction activities in the residential sub-sector continued to grow, supported by improved household income and low interest rates.

(Source: Malaysian Economy, First Quarter 2010, Ministry of Finance)

The construction sector is envisaged to expand 3.2% (2009: 3.5%), with all sub-sectors registering steady growth. The sector is expected to benefit from the economy recovery and ongoing construction activities under the second stimulus package. The non-residential sub-sector is expected to pick-up strongly spurred by better demand for property and commercial buildings. The residential sub-sector is also projected to strengthen following improved consumer sentiment and job prospects.

(Source: Economic Report 2009/2010)

Malaysia is currently on the challenge to ensure that there are enough houses for various segments of society. It is also about having houses in a safe, healthy and comfortable built environment befitting the socio-economic status of the country. With these, the Government will focus on streamlining the affordable housing delivery system whereby to increase the efficiency of housing provision, the Government will rationalise and streamline the role of federal agencies involved in public housing.

The Government would also promote the adoption of the build-then-sell (“BTS”) approach where housing developers are encouraged to adopt BTS approach through the provision of additional incentives such as shortening the approval processes for land and building payments for licensing housing developments.

(Source: Tenth Malaysian Plan, 2011-2015)

6.3 Prospects of the Ipoh Land

The Ipoh Land is strategically located next to the Ipoh-Lumut Highway and is approximately six (6) kilometres away from the Ipoh City Centre, thus making it attractive for future investment. Access from the main highway, i.e. PLUS Highway, to the site is convenient as highway users will take the North Ipoh exit to Jalan Chemur and into the Ipoh-Lumut Highway which leads to the Ipoh Land. As the Ipoh Land is also located next to the inter-junction between Jalan Sibilin and the Ipoh-Lumut Highway, a direct junction to the site will enhance accessibility to the Ipoh Land.

In addition, the Ipoh Land is adjacent to the Kledang Sayung Forest Reserve which will be an extra feature for the Ipoh Land as its main attraction. Besides preserving the natural existing topography, the proposed development would enhance the site’s potential development by offering an attractive hillside residential enclave.

Upon completion of the Proposed Ipoh Land Acquisition, the Board is of the view that the proposed development on the Ipoh Land will enhance the KYM Group’s earnings. The Board expects growing demand for property development to be in line with the recovery of the Malaysian economy in year 2010.

(Source: Management of KYM)

7. RISK FACTORS

The Proposed Ipoh Land Acquisition is not expected to give rise to risks to which the KYM Group is not already exposed. These risks include delay in the commencement or completion of projects, obtaining required approvals, satisfactory performance of contractors and adverse economic conditions. The KYM Group seeks to limit these risks through, inter-alia, careful planning and identification of the type of projects, prudent financial policy, close supervision on the projects and effective management.

7.1 Transaction risk

The completion of the Proposed Ipoh Land Acquisition is conditional upon the following conditions precedent in the Ipoh Land SPA being satisfied:

- (a) KYM obtaining the approval of its shareholders in a general meeting;
- (b) the State Authority of Perak Darul Ridzuan for the consent to transfer the Ipoh Land in favour of KYM; and

- (c) Bursa Securities for the listing of and quotation for the Consideration Shares;
- (d) the SC, in relation to the Proposed Exemption; and
- (e) the approval(s) of such other authorities and/or person as KYM shall deem necessary or proper.

There can be no assurance that the Proposals will not be exposed to risks such as the inability to obtain the approvals from the relevant parties and/or inability to comply with the conditions imposed by the relevant authorities, if any. However, KYM will take and continue to take all reasonable steps to procure such required approvals and to fulfil any conditions imposed thereon to facilitate completion of the Proposals.

7.2 Business risk

KYM Group is involved in the property development sector which is exposed to certain risks inherent in the property industry which include:

- (i) changes in general economic conditions and political conditions, inflation, taxation, interest rates and exchange rates of foreign currencies and changes in business conditions such as, but not limited to, deterioration in prevailing market conditions, labour and material supply shortages as well as increase in costs of labour;
- (ii) fluctuations in the prices of building materials and other cost of construction;
- (iii) changes in the competitive environment; and
- (iv) adverse developments in political, economic and regulatory conditions in countries, where the KYM Group market their products such as changes in the general economy, government legislations and policies affecting developer, risks of wars, changes in political leadership, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates, methods of taxation and currency exchange controls.

Nevertheless, the KYM Group continues to keep abreast with the latest developments in the property development market and has an experienced, capable and dedicated management team in place to implement the Group's business plans and strategies to sustain future profitability of the Group. Although steps have been taken to mitigate the aforesaid business risks, no assurance can be given that any changes in these factors will not have any material adverse effect on the KYM Group.

7.3 Delays in development

The demand for properties is dependent on the general economic, business and credit conditions, as well as the availability of supply in the market. Whilst the Board believes that it is possible to mitigate the effects of weaker demand in a slow economic environment by meticulous planning in terms of innovative design, timing of launch and pricing points relative to competitors, there can be no assurance that proposed development on the Ipoh Land will be shielded from any adverse downturn in the economy.

The proposed development on the Ipoh Land is also subject to inherent risks in the property development industry, which includes labour supply, volatility in construction material prices and changes in regulatory framework of the construction and/or property development industries. KYM will leverage on its strength and experience as a property developer to manage these risks closely. The timely completion of the development of the Ipoh Land is dependent on many external factors that may be beyond the control of the KYM Group, including inter-alia obtaining the necessary approvals from planning authorities and local councils as schedules, the availability of viable financing facilities and the satisfactory performance by our appointed building contractors.

However, the Group will seek to mitigate these risks by closely monitoring the progress of the development of the Ipoh Land and endeavour to promptly rectify any setback and ensure the timely completion of the development of the Ipoh Land. Nevertheless, there can be no assurance that there will not be any delays in the completion of the development of the Ipoh Land which could adversely affect the Group's financial performance.

7.4 Compulsory acquisition by the Government

The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act, 1960. In such event, the amount of compensation to be awarded is based on the fair market value of the property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. If the Ipoh Land is compulsorily acquired by the Malaysian Government at a price which is lower than the Purchase Consideration, the KYM Group would register a loss on disposal. Further, the compulsory acquisition will mean that the KYM Group could no longer continue to develop the Ipoh Land. In such instance, the Group would not be able to realise the advantages of having to develop the Ipoh Land.

As at the LPD, the Company is not aware of any intended compulsory acquisition of the Ipoh Land or any part thereof.

8. EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any immediate or material effect on the EPS, NA per Share, gearing, convertible securities, issued and paid-up share capital and substantial shareholders' shareholding of KYM. The effects of the Proposed Ipoh Land Acquisition (considering the exercise or lapse of the existing 40,567,250 KYM Warrants and 19,510,312 ESOS options) are as set out below.

8.1 Issued and paid-up share capital

The proforma effects of the Proposed Ipoh Land Acquisition on the issued and paid-up share capital of the Company are as follows:

	Par value	Minimum Scenario		Maximum Scenario	
		No. of Shares ('000)	RM'000	No. of Shares ('000)	RM'000
As at the LPD	0.50	89,502	44,751	89,502	44,751
Assuming full exercise of the outstanding KYM Warrants	0.50	-	-	40,567	20,284
Enlarged issued and paid up share capital assuming full exercise of the KYM Warrants	0.50	89,502	44,751	130,069	65,035
Assuming full exercise of the outstanding ESOS options	0.50	-	-	19,510	9,755
Enlarged issued and paid up share capital assuming full exercise of the ESOS options		89,502	44,751	149,579	74,790
Number of KYM Shares to be issued pursuant to the Proposed Ipoh Land Acquisition	0.50	8,750	4,375	8,750	4,375
Enlarged issued and paid-up share capital	0.50	98,252	49,126	158,329	79,165

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8.2 Substantial shareholders' shareholdings

The proforma effects of the Proposed Ipoh Land Acquisition on the substantial shareholders' shareholdings in KYM based on the Register of Substantial Shareholders of KYM as at the LPD are as follows:

(i) Minimum Scenario

Shareholders	Existing as at the LPD				After the Proposed Ipoh Land Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Cheong Chan Holdings Sdn Bhd	22,300	24.92	-	-	22,300	22.70	-	-
Dato' Lim Kheng Yew	3,003	3.36	(1) 29,213	32.64	3,003	3.06	(1) 37,963	38.64
IBM	-	-	-	-	8,750	8.91	-	-
Datin Millie Lee Siew Kim	-	-	-	-	-	-	(2) 8,750	8.91

(ii) Maximum Scenario

Shareholders	Existing as at the LPD				(I) Assuming full exercise of all the outstanding KYM Warrants and KYM ESOS				(II) After (I) and the Proposed Ipoh Land Acquisition			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Cheong Chan Holdings Sdn Bhd	22,300	24.92	-	-	33,450	22.36	-	-	33,450	21.13	-	-
Dato' Lim Kheng Yew	3,003	3.36	(1) 29,213	32.64	6,005	4.01	(1) 43,820	29.30	6,005	3.79	(1) 52,570	33.20
IBM	-	-	-	-	-	-	-	-	8,750	5.53	-	-
Datin Millie Lee Siew Kim	-	-	-	-	-	-	-	-	-	-	(2) 8,750	5.53

Notes:

- (1) Deemed interest by virtue of his direct and indirect shareholdings in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of his spouse and children.
- (2) Deemed interest by virtue of her shareholding in IBM.

8.3 NA, NA per Share and gearing

The proforma effect of the Proposed Ipoh Land Acquisition on the NA, NA per Share and gearing based on the audited consolidated financial statements of KYM for the FYE 31 January 2010 are as follows:

KYM Group	Audited as at 31 January 2010 (RM'000)	After the Proposed Ipoh Land Acquisition	
		Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Share capital	44,617	⁽¹⁾ 49,126	⁽¹⁾ 79,165
Share premium	1,965	^{(1) & (2)} 8,597	^{(1), (2), (3) & (4)} 8,597
Revaluation reserve	22,334	22,334	22,334
Capital reserve	10,142	10,142	10,142
Accumulated losses	(29,666)	(29,666)	(29,666)
Shareholders' equity/NA	49,392	60,533	90,572
Par value per ordinary share (RM)	0.50	0.50	0.50
No. of Shares ('000)	89,235	98,252	158,329
NA per Share (RM)	0.55	0.62	0.57
Total borrowings (RM'000)	189,108	189,108	189,108
Gearing (times)	3.83	3.07	2.07

Notes:

- (1) As at the LPD, 267,000 ESOS options had been exercised at RM0.90 for every one (1) new KYM Share.
- (2) Based on the Consideration Shares of 8,750,000 Shares to be issued at an issue price of RM1.36 per KYM Share and after deducting the estimated expenses incidental to the Proposals of RM1.0 million.
- (3) The 40,567,250 outstanding KYM Warrants are exercised at the exercise price of RM0.50 for every one (1) new KYM Share.
- (4) Assuming the 19,510,312 outstanding ESOS options are exercised at the par value of RM0.50 for every one (1) new KYM Share.

8.4 Earnings and EPS

The Proposed Ipoh Land Acquisition is not expected to have an immediate or material effect on the earnings of the KYM Group for the FYE 31 January 2011. Nevertheless, the Proposed Ipoh Land Acquisition is expected to improve the earnings and EPS of the KYM Group in the future financial years in view of the estimated profits expected to be generated by the development projects in Ipoh Land. However, there will be dilutive effects on the EPS of the KYM Group resulting from the issuance of the Consideration Shares pursuant to the Proposed Ipoh Land Acquisition as illustrated below:

FYE 31 January 2010	Audited (RM)	After the Proposed Ipoh Land Acquisition (RM)
EPS of the KYM Group	0.25	0.22

8.5 Convertible securities

The Proposed Ipoh Land Acquisition will not have any impact on the number, exercise price and terms of the existing KYM Warrants and allotted ESOS options. As such, no adjustments to the existing KYM Warrants and allotted ESOS options will be made.

Save for the KYM Warrants and ESOS options, the Company does not have any other outstanding convertible securities in issue.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of KYM Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	Highest RM	Lowest RM
2009		
August	0.81	0.60
September	0.78	0.51
October	0.73	0.60
November	0.73	0.60
December	0.70	0.60
2010		
January	1.22	0.67
February	1.30	0.91
March	1.48	0.84
April	1.38	1.13
May	1.20	0.91
June	1.30	0.98
July	1.44	1.16

The last transacted market price of KYM Shares immediately prior to the announcement of the Proposals on 30 March 2010 was RM1.42.

The last transacted market price of KYM Shares as at the LPD was RM1.35.

(Source: Bloomberg)

10. APPROVALS REQUIRED

The Proposals are conditional upon the approvals being obtained from:

- (a) Bursa Securities for the listing of and quotation for the Consideration Shares;
- (b) the SC, in relation to the Proposed Exemption;
- (c) the shareholders of KYM at the forthcoming EGM; and
- (d) any other relevant authorities/parties, if any.

The Proposed Ipoh Land Acquisition is conditional upon the Proposed Exemption and vice versa. The Proposals are not conditional upon any other corporate exercises being undertaken by KYM (if any).

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposals are expected to be completed by the fourth quarter of 2010. The indicative timing of events leading up to the completion of the Proposals are as follows:

Tentative timing	Events
26 August 2010	Convening of EGM
End September 2010	Proposed Ipoh Land Acquisition becomes unconditional
End October 2010	Completion of the Proposals

12. PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals and as disclosed below, the Board confirms that there is no other outstanding corporate proposals which has been announced but pending implementation as at the date of this Circular.

- (i) MIMB had on 11 June 2009, on behalf of KYM announced that KYM and Harta Makmur Sdn Bhd (“HMSB”), a 54%-owned subsidiary company of KYM, had on even date entered into a conditional sale and purchase agreement with Vale International S.A. (“Vale”) for the disposal of sixteen (16) parcels of leasehold land measuring approximately 409 acres (or 1,655,992 square metres) located at Mukim of Lumut, District of Manjung, Perak Darul Ridzuan by HMSB to Vale for an aggregate cash consideration of RM101,874,578.41 and the grant of an option to Vale giving Vale the right (but not the obligation) to purchase an additional thirteen (13) parcels of leasehold land located at Mukim of Lumut and Mukim of Setiawan, District of Manjung, Perak Darul Ridzuan measuring approximately 756 acres (or 3,061,372 square metres) (“Option Properties”) from HMSB for an aggregate cash consideration of RM93,759,024.15 (“Original SPA”) (“Proposed Option”). The approval from the shareholders of KYM in relation to the Proposed Option had been obtained in the EGM held on 6 August 2009.

In view of the above, KYM, HMSB and Vale Malaysia Manufacturing Sdn Bhd (“Vale Malaysia”) had on 31 March 2010, entered into a conditional sale and purchase agreement pursuant to the exercise of their option to purchase the Option Properties at an aggregate cash consideration of RM93,762,467.44 (“Option SPA”). The proposed purchase price has increased from the amount stipulated in the Original SPA (i.e. RM93,759,024.15) by an amount of RM3,443.29 due to an increase in the actual land area of the Option Properties.

MIMB had on 2 August 2010, on behalf of the Board announced that pursuant to the Option SPA, KYM, HMSB and Vale Malaysia had mutually agreed to extend the cut-off date for fulfilment of condition precedent of the Option SPA to 31 August 2010. The Proposed Option is currently pending completion and it is not conditional upon any other corporate exercise being undertaken by KYM.

- (ii) MIMB had on 6 August 2010, on behalf of KYM announced that Polypulp Enterprises Sdn Bhd (“Polypulp”), a wholly owned subsidiary of KYM, had on even date entered into a conditional share sale agreement with Dato’ Ayoub Bin Ismail and Datin Miriam Nazlee Bt Tan Sri A. B. Samad for the proposed acquisition of 50,000 ordinary shares of RM1.00 each in Tegas Consolidated Sdn Bhd (“Tegas”) representing the remaining 10% of the issued and paid-up share capital of Tegas not already held by Polypulp for a purchase consideration of RM3,000,000 (hereinafter referred as the “Proposed Acquisition”). The Proposed Acquisition is currently pending completion and is conditional upon the completion of the disposal of Option Properties as mentioned above.

13. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors, major shareholders and/or persons connected to them, as defined in the Listing Requirements, have any interest, direct or indirect, in the Proposals:

- (i) Dato' Lim Kheng Yew is the Executive Director and major shareholder of KYM with 3.36% direct and 32.65% indirect equity interest in KYM as at the LPD. His spouse, Datin Millie Lee Siew Kim, is the major shareholder of IBM with 60% equity interest as at the LPD, which is also the Vendor for the Proposed Ipoh Land Acquisition. Pursuant to the Proposed Exemption, Dato' Lim Kheng Yew together with the parties acting in concert with him are seeking an exemption for undertaking the MGO consequent to the Proposed Ipoh Land Acquisition. In view of this, Dato' Lim Kheng Yew is deemed interested in the Proposals;
- (ii) Dato' Chong Thin Choy is the Managing Director of KYM. He is also a Director and a shareholder of IBM with 20% equity interest in IBM as at the LPD. As such, Dato' Chong Thin Choy is also deemed interested in the Proposals; and
- (iii) Cheong Chan Holdings Sdn Bhd is the major shareholder of KYM with 24.92% equity interest in KYM as at the LPD. It is deemed interested in the Proposals by virtue of it being connected with Dato' Lim Kheng Yew, where Dato' Lim Kheng Yew is a Director and major shareholder of Cheong Chan Holdings Sdn Bhd.

Accordingly, Dato' Lim Kheng Yew and Dato' Chong Thin Choy have abstained and will continue to abstain from all deliberations and voting at the Board meetings in respects of the Proposals.

The abovementioned Directors and major shareholders will also abstain from voting in respect of their direct and/or indirect shareholdings in KYM as shown in Section 8.2 of Part A of this Circular on the resolutions pertaining to the Proposals at the forthcoming EGM. The abovementioned Directors and major shareholders will also ensure that persons connected to them will also abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions pertaining to the Proposals at the forthcoming EGM.

14. DIRECTORS' RECOMMENDATION

The Board (save for Dato' Lim Kheng Yew and Dato' Chong Thin Choy), after having considered all aspects of the Proposals including but not limited to the rationale, fairness of consideration, salient terms of the Ipoh Land SPA, financial effects of the Proposals and the evaluation by the Audit Committee and Independent Advisers respectively, is of the opinion that the Proposals are fair and reasonable, and are in the best interest of the Company. Accordingly, the Board (save for Dato' Lim Kheng Yew and Dato' Chong Thin Choy) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

There have been no other transactions with the same related parties as set out in Section 13 of Part A of this Circular for the preceding twelve (12) months from the date of this Circular.

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15. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of KYM, having considered all aspects of the Proposals including but not limited to the rationale, fairness of consideration, salient terms of the Ipoh Land SPA and financial effects of the Proposals, is of the opinion that the Proposals are:

- (i) in the best interest of the KYM Group and not detrimental to the interest of the non-interested shareholders of KYM; and
- (ii) fair and reasonable based on normal commercial terms as the Purchase Consideration for the Proposed Ipoh Land Acquisition was arrived at after taking into consideration the open market value of the Ipoh Land as appraised by NHC.

The Audit Committee of KYM has sought the opinion of the Independent Advisers, namely FHMH Corporate Advisory Sdn Bhd and M&A Securities Sdn Bhd in forming its views in relation to the Proposed Ipoh Land Acquisition and Proposed Exemption respectively, and concurred that the terms and conditions of the Proposed Ipoh Land Acquisition and Proposed Exemption are fair and reasonable.

16. INDEPENDENT ADVISERS

In view of the interests of certain Directors and a major shareholder in the Proposals as set out in Section 13 of Part A of this Circular, the Proposals are deemed to be a related party transaction under Paragraph 10.08 of Chapter 10 of the Listing Requirements.

In this respect, FHMH Corporate Advisory Sdn Bhd has been appointed by KYM to act as the Independent Adviser to advise the non-interested shareholders of KYM on whether the Proposed Ipoh Land Acquisition is fair and reasonable in so far as the non-interested shareholders are concerned and whether the Proposed Ipoh Land Acquisition is detrimental to the interests of the non-interested shareholders of KYM.

In compliance with the requirements under PN 2.9.1 of the Code, M&A Securities Sdn Bhd has been appointed by KYM to act as the Independent Adviser to advise the non-interested shareholders of KYM in relation to the Proposed Exemption. The SC had vide its letter dated 21 April 2010 approved the appointment of M&A Securities Sdn Bhd as the Independent Adviser for the Proposed Exemption.

The independent advice letters to the non-interested shareholders of KYM in relation to the Proposed Ipoh Land Acquisition and Proposed Exemption as prepared by the Independent Advisers are set out in Part B and Part C of this Circular.

You are advised to read Part A, Part B and Part C of this Circular together with the appendices carefully before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.

17. EGM

The EGM, the notice of which is enclosed together with this Circular, will be held at the Company's office at No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 26 August 2010 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the relevant resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy for the EGM in accordance with the instructions printed thereon as soon as possible, so as to arrive at the registered office of KYM at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur, not less than forty-eight (48) hours before the time set for the EGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending the EGM and voting in person at the EGM should you subsequently wish to do so.

18. FUTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors
KYM HOLDINGS BHD.

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PART B

**INDEPENDENT ADVICE LETTER FROM FHMH CORPORATE ADVISORY SDN BHD IN RELATION
TO THE PROPOSED IPOH LAND ACQUISITION**

To: The Non-interested Shareholders of KYM Holdings Bhd

Dear Sir/ Madam,

KYM Holdings Bhd

FERRIER HODGSON & MONTEIRO & HENG
CORPORATE FINANCE

Monteiro & Heng Chambers
No. 22, Jalan Tun Sambathan 3
50470 Kuala Lumpur
T: 03- 2273 6227, F: 03- 2273 7503

Independent Advice Letter in relation to the Proposed Ipoh Land Acquisition

All definitions used in this IAL shall have the same meanings as the words and expressions defined in this Circular unless the context otherwise requires or where otherwise defined in this IAL.

1. INTRODUCTION

On 31 March 2010, MIMB on behalf of the Board, announced that:

- (a) KYM had entered into a sale and purchase agreement to purchase a leasehold land measuring approximately 41.36 acres located at Mukim Hulu Kinta, Perak Darul Ridzuan ("Ipoh Land") from Idaman Bina Makmur Sdn Bhd ("IBM") for an aggregate purchase consideration of RM12,000,000; and
- (b) Dato' Lim Kheng Yew ("Dato' KY") has proposed to seek an exemption under Practice Note 2.9.1 of the Code from the obligation to undertake a MGO for the remaining KYM Shares not already owned by him and parties acting in concert with him upon the issuance of new KYM Shares pursuant to the Proposed Ipoh Land Acquisition.

In view of the interests of the Interested Directors of KYM in the Proposed Ipoh Land Acquisition as set out in Sections 13 and 16 of Part A of this Circular, the Proposed Ipoh Land Acquisition is deemed a related party transaction, as defined under Chapter 10 of the Listing Requirement of Bursa Securities.

FHMH Corporate Advisory ("FHCA") has been appointed as the Independent Adviser to advise the non-interested shareholders of KYM in relation to the Proposed Ipoh Land Acquisition. FHCA had on 2 April 2010 declared to Bursa Securities that it is eligible to act as the Independent Adviser of the Company in respect of the Proposed Ipoh Land Acquisition.

The purpose of this IAL is to provide the non-interested shareholders of KYM with an independent evaluation of the Proposed Ipoh Land Acquisition and to comment on whether the Proposed Ipoh Land Acquisition is fair and reasonable so far as the non-interested shareholders are concerned and whether the Proposed Ipoh Land Acquisition is detrimental to the non-interested shareholders of the Company.

The non-interested shareholders of KYM are advised to read both this IAL and Part A of the Circular together with the accompanying appendices and consider carefully our opinion as contained herein before voting on the ordinary resolution pertaining to the Proposed Ipoh Land Acquisition at the forthcoming EGM of the Company.

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

2. LIMITATIONS TO THE EVALUATION OF THE PROPOSED ACQUISITION

FHCA has not been involved in the formulation of any deliberations and negotiations pertaining to the Proposed Ipoh Land Acquisition. In forming our opinion on the fairness and reasonableness of the Proposed Ipoh Land Acquisition, we have taken into consideration pertinent matters which we believe are of general importance to the assessment of the financial implications of the Proposed Ipoh Land Acquisition and which would be of significant relevance and of general concern to the non-interested shareholders of KYM as a whole.

The scope of FHCA's responsibility with regards to its evaluation and recommendation contained herein is confined to the financial terms of the Proposed Ipoh Land Acquisition only, and where comments or points of consideration are included on certain pertinent matters which may be commercially oriented, these are incidental to our overall financial evaluation and concern matters which may be deemed material for disclosure and to have possible implications on the financial prospects of the business of KYM.

FHCA does not have any financial relationship with KYM, save for advisory fees arising from its appointment as the Independent Advisor to the non-interested shareholders of KYM in respect of the Proposed Ipoh Land Acquisition as set out in this IAL. In addition, FHCA does not have any equity interest, direct or indirect, in KYM, which could result in any conflict of interest in its capacity as Independent Adviser.

In the evaluation of the Proposed Ipoh Land Acquisition, FHCA has not given consideration to the specific investment objection, financial situation and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders. Our evaluation is rendered solely for the benefit of the non-interested shareholders of KYM as a whole. We recommend that any individual non-interested shareholder or any group of non-interested shareholders who is in doubt as to the action to be taken or requires advice in relation to the Proposed Ipoh Land Acquisition in the context of their individual objective, financial situation or particular need, to consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers.

In performing our evaluation, we have relied mainly on the following sources of information/documents:

- (i) information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the Sale and Purchase Agreement dated 30 March 2010;
- (iii) the Valuation Certificate dated 19 March 2010 prepared by NHC in relation to the Land;
- (iv) Valuation Report dated 25 May 2010 prepared by NHC;
- (v) discussions with and confirmation by the Directors and senior management of KYM and other relevant documents and information furnished to us by the Directors and Management of KYM; and
- (vi) other publicly available information.

We have not independently verified the abovementioned information and documents for its accuracy, validity and/or completeness and express no opinion on any such information/documents, nor have we undertaken any independent investigation into the business of KYM. In formulating our recommendation, we have also relied on the reasonableness, accuracy and completeness of the information/documents provided to us by KYM. We shall not be under any responsibility or liability for any misstatement of facts or for any omissions therein.

Nonetheless, we have obtained written confirmation from the Board that, it collectively and individually accepts full responsibility for the accuracy of the information given to us and confirms that after making reasonable enquiries, to the best of its knowledge and belief, all material facts and information required for the purposes of our evaluation of the Proposed Ipoh Land Acquisition have been disclosed to us accurately and that there are no facts and/or statements and and/or information, the omission of which would make any information provided incomplete, misleading or inaccurate.

3. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Ipoh Land Acquisition, we have considered the following:

- 3.1 Rationale of the Proposed Ipoh Land Acquisition
- 3.2 Basis of Arriving at the Purchase Consideration
- 3.3 Salient Terms and Conditions of the Sale and Purchase Agreement
- 3.4 Financial Effects of the Proposed Ipoh Land Acquisition

3.1 Rationale of the Proposed Ipoh Land Acquisition

The rationale of the Proposed Ipoh Land Acquisition, as extracted from Section 5 of Part A of the Circular, is as follows:

“The Proposed Ipoh Land Acquisition is in line with the KYM Group’s plan to venture further into property development. The total estimated profit that can potentially arise as a result of this transaction and the completion of the aforementioned of the proposed development would amount to approximately RM18 million thus contributing significantly to the Group’s revenue and profitability.”

We further evaluate the rationale of the Proposed Ipoh Land Acquisition as follows:

- i. the Proposed Ipoh Land Acquisition allows KYM to procure strategic land for investment;
 - ii. the Proposed Ipoh Land Acquisition is expected to contribute positively to KYM’s future earnings; and
 - iii. the Proposed Ipoh Land Acquisition allows KYM to mitigate the Company’s financial risk.
- i. The proposed Ipoh Land Acquisition allows KYM to procure strategic land for investment

Starting out as a manufacturing company, KYM has since ventured into new businesses, expanding its portfolio to include resort hotels and property development. In this regard, the Proposed Ipoh Land Acquisition enables KYM to own a parcel of a vacant leasehold land held under H.S(D) 180352, No. PT 226083, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak measuring approximately 167,394 sq m or 41.36 acres in area for further investments.

It was noted from the valuation certificate prepared by NHC dated 19 March 2010, the land conveys a 99 year leasehold interest (an unexpired term of approximately 97 years) located approximately 6.0 kilometers to the immediate north-west of Ipoh city centre and about 1.5 kilometre west of the Silibin local commercial area in Taman SAZ.

With the Proposed Ipoh Land Acquisition, KYM intends to use the land for mix development purposes. Following are details of the intended development for Ipoh Land:

Proposed Project Name	To be determined later
Type of Development	Residential development of bungalows, terrace houses, condominiums, and apartments.
Gross Development Cost (excluding land cost) (RM)	90,000,000
Gross Development Value (RM)	120,000,000
Expected Profit From Development (RM)	18,000,000
Expected Commencement Date	Early 2011
Expected Completion Date	2015
Stage of Completion	Project has yet to commence.

The board expects that the gross development value of the said development will be approximately RM120 million. The effect of the Proposed Ipoh Land Acquisition on the Company's future earnings is further explained in Section 3.1 (ii) below.

ii. The Proposed Ipoh Land Acquisition is expected to contribute positively to KYM's future earnings

KYM recorded revenue of RM57.5 million arising from the manufacturing division in the FYE2010. The Property Development division on the other hand generated a revenue of RM105.7 million contributing approximately 65% of the total revenue earned in FYE2010. Included in the revenue from the property development division is a disposal of land amounting to RM101.8 million.

In view that the intended development takes place, the Proposed Ipoh Land Acquisition is expected to generate a profit of approximately RM18 million which translates to a return of 15% on the Gross Development Value of which in our opinion is fair.

On a separate note, should no development takes place, the Proposed Land Acquisition could also be disposed of in the future as an investment if no development takes place.

iii. The Proposed Ipoh Land Acquisition allows the Company to mitigate the Company's financial risk

KYM is presently involved in both manufacturing and property development. The Company's intention to intensify into other aspects of business markets allows the Company to mitigate risk. In this regard, the Company's Proposed Ipoh Land Acquisition would allow the Company to further intensify its business in the area of property development in relation to its existing manufacturing business. Such investment will allow KYM to manage the Group's revenue in different market events and reduces the business risk exposed to its existing manufacturing sector. Premised on our evaluation above, we are of the view that the rationale for the Proposed Ipoh Land Acquisition is fair and reasonable, and is in the best interest of the Company. Nonetheless, non-interested shareholders should be informed that future earnings contribution and cashflow from the development of the Ipoh Land is subject to risks inherent in the property development industry as well as certain risk factors as disclosed in Section 5 of Part A of the Circular.

3.2 Basis of Arriving at the Purchase Consideration

We noted from Sections 2.1.2 and 2.1.3 of Part A of the Circular, the total purchase consideration of RM 12 million was arrived at based on a willing- buyer willing- seller basis based on the indictable open market value of Ipoh Land as appraised by NHC using the Comparison Method and Residual Method of Valuation which is further explained below; and will be satisfied by way of cash consideration of RM100,000 and the balance of RM11,900,000 will be satisfied via the issuance of 8,750,000 new ordinary shares of RM0.50 each in KYM ("KYM Shares") to be issued at an issue price of RM1.36 per KYM share ("Consideration Shares"). The purchase price of RM1.36 is arrived at based on 5 days Weighted Average Market Price ("WAMP") up to 31 March 2010. We are of the opinion that the WAMP method used is reasonable as it is a commonly used method and it takes into account both the volume and price factor in determining the average share issue price.

Based on the audited consolidated profit after taxation attributable to the equity holders of KYM for the FYE 31 January 2010 of approximately RM19.87 million or approximately RM0.22 per Share, the issue price of RM1.36 per KYM Share represents a price-to-earnings ratio of approximately 6.11 times.

Comparison Method

In this approach, sales and listing of comparable properties recorded within the same locality are compiled. Comparable companies are analysed for their characteristics, benefits and restriction in interest, physical features, legal and legislative constraints, time element and other factors that may affect the value under which the properties have been transacted.

In arriving at their opinion of value, the NHC has taken into consideration amongst others, the following sale transactions:

No	Land Details	Land Area (sq ft)	Date of transaction	Consideration per Sq ft (RM)	Consideration (RM)
1.	PT 212797, HS(D) 159452, Mukim of Hulu Kinta Perak	851,292	9 February 2010	6.47	8,500,000
2.	PT 228836, HS(D) 185176, Mukim of Hulu Kinta	593,543	21 December 2009	7.35	12,500,000
3.	PT 190561, HS(D) 176834, Mukim Hulu Kinta	482,072	23 July 2007	7.11	5,000,000
Average				7.00	

Residual Method

This method essentially entails the application of a capital outlay by way of improvements, alteration or development on a property of yielding a higher income with a resultant of higher value for the property which otherwise remained latent and incapable of being released.

In arriving their opinion of value based on the Residual Method, NHC assumed that 463 acres of land will be used to build 14 units of Bungalows, 27 units of Two Storey Terrace House, 120 Condominiums and 102 Low Cost Apartment.

As extracted from the valuation report using the residual method, the Ipoh Land is valued at RM27,574,290 with a land value per sq ft of RM11.50.

Commentary

Based on our evaluation, the purchase consideration of RM 12 million can be further compared as follows:

Items	SPA between IBM and KYM	Valuation Report	
		Average Value based on Comparison Method	Residual Method
Consideration (RM/ sq. ft)	6.65	7.00	11.50

A purchase price of approximately RM6.65 per square foot is 5.2% and 73% lower than the average consideration per square foot for the Comparison Method and for the Residual Method respectively.

3.3 Salient Terms and Conditions of the Ipoh Land SPA

The Salient terms of the Ipoh Land SPA are as follows:

Salient Terms of the Principal SPA	Our Comments
<p>i. The Ipoh Land is to be sold free from all encumbrances but subject to the conditions of title expressed or implied affecting the same if any, as may be endorsed on the title and with vacant possession at the Purchase Consideration and upon the terms and conditions of the Ipoh Land SPA contained;</p>	<p><i>The value of which the land is sold for is fair and reasonable based on valuation report.</i></p>
<p>ii. The Ipoh Land SPA is subject to the following being obtained within four (4) months from the date of the Ipoh Land SPA:</p> <p>(a) the approval of the shareholders of KYM for the Proposals;</p> <p>(b) the consent to transfer in favor of KYM or its nominee from the State Authority for the Proposed Ipoh Land Acquisition;</p> <p>(c) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares and</p> <p>(d) approval from the Securities Commission for the Proposed Exemption.</p>	<p><i>It is reasonable for the SPA to include such clause as terms in the SPA as it is necessary to abide to all the four conditions mentioned herein in order to finalize the sale.</i></p>
<p>iii. The purchase consideration of the Ipoh Land of RM12,000,000 shall be satisfied in the following manner:</p> <p>(a) upon the execution of the Ipoh Land SPA, KYM shall pay to IBM a sum of RM100,000 in cash;</p> <p>(b) the balance of the purchase consideration of RM11,900,000 shall be paid within thirty (30) days upon fulfillment of the conditions precedent of the Ipoh Land SPA by 8,750,000 new KYM Shares with an issue price of RM1.36.</p>	<p><i>It is a normal commercial practice for a purchase consideration be satisfied in this manner. The manner in which the purchase consideration is satisfied is fair and reasonable.</i></p>

After evaluating the Ipoh Land SPA, we find that the terms and conditions as contained above are generally fair reasonable as far as KYM's interest are concerned and not detrimental to the non-interested shareholders of KYM.

3.4 Financial Effects of the Proposed Ipoh Land Acquisition

The effect of the Proposed Ipoh Land Acquisition is as follows:

i. Share Capital

As stated in Part A of the circular, we note that the Proposed Ipoh Land Acquisition would result in an increase in the issued and paid up share capital of the Company as follows:

	Par value	Minimum Scenario		Maximum Scenario	
		No. of Shares ('000)	RM'000	No. of Shares ('000)	RM'000
As at the LPD	0.50	89,502	44,751	89,502	44,751
Assuming full exercise of the outstanding KYM Warrants	0.50	-	-	40,567	20,284
Enlarged issued and paid up share capital assuming full exercise of the KYM Warrants	0.50	89,502	44,751	130,069	65,035
Assuming full exercise of the outstanding ESOS options	0.50	-	-	19,510	9,755
Enlarged issued and paid up share capital assuming full exercise of the ESOS options	0.50	89,502	44,751	149,579	74,790
Number of KYM Shares to be issued pursuant to the Proposed Ipoh Land Acquisition	0.50	8,750	4,375	8,750	4,375
Enlarged issued and paid-up share capital	0.50	98,252	49,126	158,329	79,165

ii. Substantial Shareholders Shareholdings

As stated in Part A of the Circular, we note that the Proposed Ipoh Land Acquisition would result in a shareholding as follows:

Shareholders	Existing as at the LPD		After the Proposed Ipoh Land Acquisition			
			Minimum Scenario		Maximum Scenario	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	%	%	%	%	%	%
Cheong Chan Holdings Sdn Bhd	24.92	-	22.70	-	21.13	-
Dato' Lim Kheng Yew	3.36	32.64	3.06	38.64	3.79	33.20
IBM	-	-	8.91	-	5.53	-
Datin Millie Lee Siew Kim	-	-	-	8.91	-	5.53

After the Proposed Ipoh Land Acquisition, there is an increase in the substantial shareholder shareholdings from approximately 20.3% to 30.5%.

iii. Earnings

The Proposed Ipoh Land Acquisition is not expected to have an immediate or material effect on the earnings of the KYM Group for the FYE 31 January 2011. However, based on the audited consolidated financial statements of KYM for the FYE 31 January 2010, the KYM Group had registered a profit after taxation attributable to the shareholders of KYM of approximately RM19.87 million or an EPS of approximately RM0.25 per KYM Share. Upon issuance of the Consideration Shares, the EPS of the KYM Group will be diluted by RM0.03 to approximately RM0.22 per KYM Share on assumption that the issuance takes place on the first day of the financial year and profits arising from the acquisition of land is not taken into consideration. Accordingly, there will be dilutive effects on the shareholding of the non-interested shareholders resulting from the issuance of Consideration Shares.”

iv. Net Assets and Gearing

As stated in Part A of the circular, we noted that the Proposed Ipoh Land Acquisition will have the following effects on Net Assets and Gearing:

a. Assuming none of the existing KYM Warrants and ESOS options are exercised:

- (i) The net assets per share will increase from RM 0.55 to RM 0.62; and
- (ii) The gearing level will decrease from 3.83 times to 3.07 times

	No Existing KYM Warrants and ESOS Options Exercised	
	As at 31 January 2010	After the Proposed Ipoh Land Acquisition
Shareholders Equity/ NA (“RM’000)	49,392	60,533
Total Borrowing (RM’000)	189,108	189,108
NA per share (sen)	55	62
Gearing (Times)	3.83	3.07

b. Assuming all of the existing KYM Warrants and ESOS options are exercised:

- (i) The net assets will increase from RM0.55to RM0.57; and
- (ii) The gearing level will decrease from 3.83 times to 2.07 times

	All existing KYM Warrants and ESOS Options exercised	
	As at 31 January 2010	After the Proposed Ipoh Land Acquisition
Shareholders Equity/ NA (RM’000)	49,392	90,572
Total Borrowing (RM’000)	189,108	189,108
NA per share (sen)	55	57
Gearing (Times)	3.83	2.07

Based on our evaluation on the financial effects of the Proposed Ipoh Land Acquisition, we note that the Proposed Ipoh Land Acquisition would increase the net assets and decrease the gearing level of the Company. An increase in the net assets would thereon increase the shareholders equity. However, we note that the Proposed Ipoh Land Acquisition does not have material effects on the share capital, shareholdings, net assets and gearing of KYM.

4. Conclusion and Recommendation

In arriving at our opinion on the Proposed Ipoh Land Acquisition, we have considered various significant factors summarized as follows:

- i. The Proposed Ipoh Land Acquisition allows KYM to embark on the Company's Property Development and Construction division to allow more recognition in the market.
- ii. The terms and condition of the Ipoh Land SPA is generally fair and reasonable as far as KYM Group's interest is concerned.
- iii. The purchase price of the Ipoh Land of RM 12,000,000 represents the fair market value as appraised by NHC, an independent firm of registered valuers using both the Comparison Method and Residual Method of Valuation.
- iv. The overview and prospects of the Malaysian economy and property industry as set out in Sections 6.1 and 6.2 of Part A of this Circular, have been carefully considered by the Board.
- v. The risk factors associated with the Proposed Land Acquisition as set-out in section 7.0 of Part A of this circular, which have been carefully considered by the Board.
- vi. KYM is able to mitigate its business risk by the Proposed Ipoh Land Acquisition as the Company has already been involved in the business of property development. It is therefore more of an advantage for KYM as the Company is already in this industry. The business risk is reduced specifically from the perspective of implementation. This is further supported by the revenue generated from the property development division amounting to approximately 65% of the total revenue earned in FYE2010.
- vii. In the Proposed Ipoh Land Acquisition, the consideration shall be paid in the form of shares that shall make up to 99.2% of the total purchase price. This allows the Company to conserve its cash for other investment opportunity or to meet working capital requirements.
- viii. The financial effect of the Proposed Land Acquisition resulted with a profit of RM18 million as tabulated under Section 2.1.1 of Part A of this Circular. Considering that the Net Assets of the Company would increase upon the Proposed Ipoh Land Acquisition, the gearing level thereafter would decrease. The decrease in the gearing level of the Company is a positive effect arising from the Proposed Ipoh Land Acquisition. Overall, the Proposed Ipoh Land Acquisition does not pose a material effect to the financial position of the Company.

Based on the preceding evaluation, subject to the risk factors and future prospects which cannot be determined with certainty, we are of the opinion that the Proposed Ipoh Land Acquisition is fair and reasonable and is not detrimental to the non-interested shareholders of KYM.

Accordingly, we recommend that the non-interested shareholders of KYM vote in favor of the ordinary resolution relating to the Proposed Ipoh Land Acquisition to be tabled at the forthcoming EGM.

Shareholders should note that FHCA does not express an opinion on the commercial merits of the Proposed Ipoh Land Acquisition or the feasibility of the Proposed Ipoh Land Acquisition which remains the sole responsibility of the Board. Further, our advice as contained in this IAL is rendered solely for the benefit of the non-interested shareholders of KYM as a whole.

Yours faithfully,
For and on behalf of
FHMH Corporate Advisory Sdn Bhd

NARIMAH MOHD PERAI
Director

ONG TEE CHIN
Director

THIS INDEPENDENT ADVICE LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS INDEPENDENT ADVICE LETTER TOGETHER WITH THE ACCOMPANYING ATTACHMENTS IN CONJUNCTION WITH PART A AND PART B AS WELL AS THE ACCOMPANYING APPENDICES IN THIS CIRCULAR DATED 11 AUGUST 2010

PART C

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF KYM IN
RELATION TO THE PROPOSED EXEMPTION**

Independent Adviser



M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings as words and expressions defined in the definition section of this Circular, except where the content requires otherwise or otherwise defined herein.

This Executive Summary is intended to be a brief summary of this Independent Advice Letter (“IAL”) which has been prepared by M&A Securities Sdn Bhd (“M&A Securities”) as the Independent Adviser to provide the non-interested shareholders of KYM with an independent evaluation of the Proposed Exemption and to express our recommendations thereon.

1. INTRODUCTION

On 31 March 2010, MIMB had, on behalf of your Company announced that it proposes to undertake the following:-

- (a) the Proposed Ipoh Land Acquisition (via the Ipoh Land SPA); and
- (b) the Proposed Exemption

Based on the terms of the Ipoh Land SPA, the purchase consideration of RM12 million under the Proposed Ipoh Land Acquisition will be settled by way of a cash consideration of RM100,000 and the balance of RM11,900,000 will be satisfied via the issuance of 8,750,000 new KYM Shares at an issue price of RM1.36 to IBM.

As at the LPD, Dato’ Lim Kheng Yew and parties acting in concert with him, namely Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd, IBM, Datin Millie Lee Siew Kim, Lim Tze Thean and Melissa Lim Su Lin hold an aggregate of 32,216,193 KYM Shares, representing 36.0% equity interest in KYM.

Upon completion of the Proposed Ipoh Land Acquisition, IBM, a 60% owned company by Datin Millie Lee Siew Kim (the spouse of Dato’ Lim Kheng Yew), will receive 8.75 million KYM Shares. The Proposed Ipoh Land Acquisition will increase the shareholdings of Dato’ Lim Kheng Yew and parties acting in concert with him in KYM from 36.0% to 41.7%. As such, the collective shareholdings of Dato’ Lim Kheng Yew and parties acting in concert with him in KYM will increase by more than 2% within a six (6) months period.

Pursuant to Part II of the Code, Dato’ Lim Kheng Yew and parties acting in concert with him will be obliged to undertake the MGO for the remaining KYM Shares not already held by Dato’ Lim Kheng Yew and parties acting in concert with him upon the allotment and issuance of the Consideration Shares.

Your Board had on 31 March 2010 appointed M&A Securities to act as the Independent Adviser to the non-interested shareholders of KYM in relation to the Proposed Exemption.

The SC had, vide its letter dated 21 April 2010, approved our appointment to act as the Independent Adviser to the non-interested shareholders in relation to the Proposed Exemption.

On 8 July 2010, MIMB announced that it has made an application to the SC for the Proposed Exemption.

On 12 July 2010, MIMB had, on behalf of the Board, announced that the SC had vide its letter dated 9 July 2010, stated that it will consider the application for the Proposed Exemption upon certain conditions being fulfilled, details of which are as follows:

No.	Conditions/Restrictions	Status of compliance
1.	Approval from the independent holders of voting shares of KYM, on a poll in a general meeting in which the interested parties are to abstain from voting. The result of the poll has to be confirmed by an independent auditor. MIMB and the applicant have to confirm that the interested parties have abstained from voting in the general meeting in considering the exemption. MIMB is required to submit the names of the parties who abstained from voting in the general meeting.	To be complied with.
2.	Provision is made for the shareholders of KYM for competent independent advice regarding the Proposed Exemption.	M&A Securities has been appointed by the Board on 31 March 2010 as the Independent Adviser to the non-interested directors and shareholders of KYM for the Proposed Exemption. M&A Securities had on 14 April 2010, confirmed to the SC on its eligibility to act as the Independent Adviser for the Proposed Exemption. The SC had, vide its letter dated 21 April 2010, approved the appointment of M&A Securities as the Independent Adviser for the Proposed Exemption.
3.	The appointment of the independent adviser and the independent adviser's circular to the shareholders are to be first approved and consented by the SC.	The SC's consent to despatch the IAL was received on 6 August 2010. Nevertheless, the consent from the SC to despatch the IAL only means that the IAL was prepared in compliance with the provisions of the Code.
4.	Dato' Lim Kheng Yew and parties acting in concert with him are to submit declarations (to be furnished after the general meeting) addressed to the SC, attesting that they have not purchased any shares in KYM subsequent to the discussion in relation to the Proposed Ipoh Land Acquisition (the date of the discussion is to be stated in the declarations) and will not acquire any KYM Shares until the granting of the Proposed Exemption by the SC (if so decided).	To be complied with.
5.	Further, Dato' Lim Kheng Yew/MIMB is required to provide reasons for the substantial	To be complied with.

No. Conditions/Restrictions**Status of compliance**

percentage of votes that are against and abstained from voting (excluding the abstinence by the interested parties) on the Proposed Exemption.

On 15 July 2010, MIMB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 15 July 2010, approved the listing of and quotation for 8,750,000 new KYM Shares to be issued pursuant to the Proposed Ipoh Land Acquisition subject to the following conditions:

- (i) KYM and MIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Ipoh Land Acquisition;
- (ii) KYM and MIMB to inform Bursa Securities upon the completion of the Proposed Ipoh Land Acquisition;
- (iii) KYM and MIMB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposed Ipoh Land Acquisition prior to the quotation of the Consideration Shares;
- (iv) KYM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Ipoh Land Acquisition is completed; and
- (iv) to incorporate Bursa Securities' comments in respect of the draft circular to shareholders provided in the abovesaid letter.

The SC had on 6 August 2010 given its consent to the dispatch of this IAL. However, the consent of the SC for the dispatch of this IAL does not imply that the SC concurs with our views and recommendation, but only means that this IAL has been prepared in compliance with provisions of the Code.

2. OUR EVALUATION AND RECOMMENDATIONS

We have assessed and evaluated the Proposed Exemption taking into consideration the various factors, summarised as follows:-

- (i) the Proposed Ipoh Land Acquisition is expected to provide your Company with the opportunity to increase its land banks for the Property Business and at the same time, strengthen KYM's revenue and earnings from the Property Business;
- (ii) the Proposed Ipoh Land Acquisition will not incur significant additional financial burden to your Company as 99% of the consideration value for the Proposed Ipoh Land Acquisition will be satisfied via issuance of the Consideration Shares;
- (iii) Dato' Lim Kheng Yew and the parties acting in concert with him will remain as the controlling shareholders in KYM;
- (iv) Dato' Lim Kheng Yew does not intend to effect any major changes to the business or operations of your Group, except where such changes are effected to rationalise and/or improve your Group's financial position or the efficiency of operations;

- (v) the Proposed Ipoh Land Acquisition and the Proposed Exemption are inter-conditional upon one another. Therefore, your approval for the Proposed Exemption is crucial in order to ensure that the Proposed Ipoh Land Acquisition can be successfully implemented;
- (vi) the obligations of Dato' Lim Kheng Yew and the parties acting in concert with him to undertake a MGO for all the remaining KYM Shares not already owned by them after the Proposed Ipoh Land Acquisition is due to the increase in their shareholding in KYM by more than 2% within a six (6) months period as a result of the issuance of the Consideration Shares to the Vendor pursuant to the Proposed Ipoh Land Acquisition;
- (vii) if you **approve** the Proposed Exemption, the SC would be able to consider the application by Dato' Lim Kheng Yew and the parties acting in concert with him for the Proposed Exemption. Upon implementation of the Proposals, your Company will be able to derive the anticipated benefits which include inter-alia improving the future earnings and enhancing the balance sheet of your Group (via the investment in and development of the Ipoh Land); and
- (viii) if you **do not approve** the Proposed Exemption, the Proposed Ipoh Land Acquisition may be aborted as the Proposed Ipoh Land Acquisition and the Proposed Exemption are inter-conditional upon one another. Your Board may then need to consider other corporate proposals to broaden KYM's revenue and earnings.

After taking into consideration the various factors included in our evaluation for the Proposed Exemption and based on the information made available to us we are of the view that the Proposed Exemption is fair and reasonable. As such, we recommend that you **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

YOU ARE ADVISED TO READ BOTH THIS IAL TOGETHER WITH THE ACCOMPANYING ATTACHMENTS, PART A AND PART B OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION AT THE FORTHCOMING EGM.



M & A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of INSAS BHD)

A PARTICIPATING ORGANISATION OF BURSA MALAYSIA SECURITIES BERHAD

KUALA LUMPUR BRANCH

Level 1 & 2, No. 45 & 47 and Level 3, No. 45, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur

Tel : +603-2282 1820 (General Line) +603-2284 2911 (CF) Fax : +603-22831019 (Admin) +603-2284 2718 (CF)

11 August 2010

To: The non-interested shareholders of KYM Holdings Bhd.

Dear Sir/Madam,

KYM HOLDINGS BHD.

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF KYM FOR THE PROPOSED EXEMPTION

This IAL is prepared for inclusion in this Circular dated 11 August 2010. All definitions used in this IAL shall have the same meanings as words and expressions defined in the definition section of this Circular, except where the content requires otherwise or otherwise defined herein.

1. INTRODUCTION

On 31 March 2010, MIMB had, on behalf of your Company announced that it proposes to undertake the following:-

- (c) the Proposed Ipoh Land Acquisition (via the Ipoh Land SPA); and
- (d) the Proposed Exemption

Based on the terms of the Ipoh Land SPA, the purchase consideration of RM12.0 million under the Proposed Ipoh Land Acquisition will be settled by way of a cash consideration of RM100,000 and the balance of RM11,900,000 will be satisfied via the issuance of 8,750,000 new KYM Shares at an issue price of RM1.36 to IBM.

As at the LPD, Dato' Lim Kheng Yew and parties acting in concert with him, namely Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd, IBM, Datin Millie Lee Siew Kim, Lim Tze Thean and Melissa Lim Su Lin hold an aggregate of 32,216,193 KYM Shares, representing 36.0% equity interest in KYM.

Upon completion of the Proposed Ipoh Land Acquisition, IBM, a 60% owned company by Datin Millie Lee Siew Kim (the spouse of Dato' Lim Kheng Yew), will receive 8.75 million KYM Shares. The Proposed Ipoh Land Acquisition will increase the shareholdings of Dato' Lim Kheng Yew and parties acting in concert with him in KYM from 36.0% to 41.7%. As such, the collective shareholdings of Dato' Lim Kheng Yew and parties acting in concert with him in KYM will increase by more than 2% within a six (6) months period.

Pursuant to Part II of the Code, Dato' Lim Kheng Yew and parties acting in concert with him will be obliged to undertake the MGO for the remaining KYM Shares not already held by Dato' Lim Kheng Yew and parties acting in concert with him upon the allotment and issuance of the Consideration Shares.

Your Board had on 31 March 2010 appointed M&A Securities to act as the Independent Adviser to the non-interested shareholders of KYM in relation to the Proposed Exemption.

The SC had, vide its letter dated 21 April 2010, approved our appointment to act as the Independent Adviser to the non-interested shareholders in relation to the Proposed Exemption.

On 8 July 2010, MIMB announced that it has made an application to the SC for the Proposed Exemption.

On 12 July 2010, MIMB had, on behalf of the Board, announced that the SC had vide its letter dated 9 July 2010, stated that it will consider the application for the Proposed Exemption upon certain conditions being fulfilled, details of which are as follows:

No.	Conditions/Restrictions	Status of compliance
1.	Approval from the independent holders of voting shares of KYM, on a poll in a general meeting in which the interested parties are to abstain from voting. The result of the poll has to be confirmed by an independent auditor. MIMB and the applicant have to confirm that the interested parties have abstained from voting in the general meeting in considering the exemption. MIMB is required to submit the names of the parties who abstained from voting in the general meeting.	To be complied with.
2.	Provision is made for the shareholders of KYM for competent independent advice regarding the Proposed Exemption.	M&A Securities has been appointed by the Board on 31 March 2010 as the Independent Adviser to the non-interested directors and shareholders of KYM for the Proposed Exemption. M&A Securities had on 14 April 2010, confirmed to the SC on its eligibility to act as the Independent Adviser for the Proposed Exemption. The SC had, vide its letter dated 21 April 2010, approved the appointment of M&A Securities as the Independent Adviser for the Proposed Exemption.
3.	The appointment of the independent adviser and the independent adviser's circular to the shareholders are to be first approved and consented by the SC.	The SC's consent to despatch the IAL was received on 6 August 2010. Nevertheless, the consent from the SC to despatch the IAL only means that the IAL was prepared in compliance with the provisions of the

No.	Conditions/Restrictions	Status of compliance
		Code.
4.	Dato' Lim Kheng Yew and parties acting in concert with him are to submit declarations (to be furnished after the general meeting) addressed to the SC, attesting that they have not purchased any shares in KYM subsequent to the discussion in relation to the Proposed Ipoh Land Acquisition (the date of the discussion is to be stated in the declarations) and will not acquire any KYM Shares until the granting of the Proposed Exemption by the SC (if so decided).	To be complied with.
5.	Further, Dato' Lim Kheng Yew/MIMB is required to provide reasons for the substantial percentage of votes that are against and abstained from voting (excluding the abstinence by the interested parties) on the Proposed Exemption.	To be complied with.

On 15 July 2010, MIMB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 15 July 2010, approved the listing of and quotation for 8,750,000 new KYM Shares to be issued pursuant to the Proposed Ipoh Land Acquisition subject to the following conditions:

- (i) KYM and MIMB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Ipoh Land Acquisition;
- (ii) KYM and MIMB to inform Bursa Securities upon the completion of the Proposed Ipoh Land Acquisition;
- (iii) KYM and MIMB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposed Ipoh Land Acquisition prior to the quotation of the Consideration Shares;
- (iv) KYM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Ipoh Land Acquisition is completed; and
- (iv) to incorporate Bursa Securities' comments in respect of the draft circular to shareholders provided in the abovesaid letter.

The SC has on 6 August 2010 given its consent to the dispatch of this IAL. However, the consent of the SC for the dispatch of this IAL does not imply that the SC concurs with our views and recommendation, but only means that this IAL has been prepared in compliance with provisions of the Code.

YOU ARE ADVISED TO READ AND UNDERSTAND BOTH THIS IAL TOGETHER WITH THE ACCOMPANYING ATTACHMENTS, PART A AND PART B OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR RECOMMENDATION INCLUDING THE RATIONALE AND IMPLICATIONS AS WELL

AS OTHER RELEVANT INFORMATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM.

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

2. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED EXEMPTION

M&A Securities was not involved in the negotiations of the terms and conditions of the Proposed Exemption nor were we involved in the deliberations leading up to the decision by your Board in respect of the Proposed Exemption.

In performing our evaluation of the Proposed Exemption, we have relied on the following sources of information/documents:-

- (i) details of the Proposals contained in Part A of this Circular and the appendices attached hereto;
- (ii) independent advice letter from FHMH Corporate Advisory Sdn Bhd contained in Part B of this Circular;
- (iii) the audited consolidated financial statements of KYM for the three (3) FYE 31 January 2008 to 31 January 2010 and its latest unaudited results for the FPE 30 April 2010;
- (iv) the Ipoh Land SPA;
- (v) valuation report by NHC ("Valuer") dated 25 May 2010 on the Ipoh Land;
- (vi) market and feasibility study report by Rahim & Co Research Sdn Bhd dated 30 June 2010 for the proposed housing scheme on the Ipoh Land;
- (vii) discussions with and confirmation/representations by the Directors and senior management of KYM, and other relevant documents and information furnished to us by your Directors and management; and
- (viii) other publicly available information.

We have not, however, independently verified such information, whether written or verbal. Nevertheless, your Board has collectively and individually confirmed to us that all relevant material facts and information essential to the Proposed Exemption have been disclosed to us. Your Board has also accepted full responsibility for the accuracy of the information provided and given herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other information and/or facts, the omission of which would make any information supplied to us misleading, incomplete or inaccurate.

In evaluating the Proposed Exemption, we have not taken into consideration any specific investment objectives, financial situation, risk profiles and particular needs of any shareholder or any specific group of shareholders who are independent to the Proposed Exemption. We therefore recommend that any individual non-interested shareholder or any specific group of non-interested shareholders who may require advice in relation to the Proposed Exemption within

the context of their specific investment objectives, financial situation, risk profiles and particular needs to consult their stockbroker, bank manager, accountant, solicitor and other professional adviser.

3. EVALUATION OF THE PROPOSED EXEMPTION

In evaluating the Proposed Exemption, we have taken into consideration the following factors in forming our opinion:-

- 3.1 Rationale;
- 3.2 Industry outlook and prospects of the KYM Group;
- 3.3 The business and future plans of the KYM Group;
- 3.4 Effects of the Proposals; and
- 3.5 Implications from the voting outcome of the Proposed Exemption.

3.1 Rationale

As summary of the rationale for the Proposals as out in Section 5 of Part A of this Circular is as follows:

Proposed Ipoh Land Acquisition

- (i) The Proposed Ipoh Land Acquisition is in line with your Group's plan to venture further into property development; and
- (ii) The estimated profits from the proposed development on the Ipoh Land is approximately RM18.0 million thus contributing significantly to your Group's revenue and profitability.

Proposed Exemption

- (i) The Proposed Exemption allows Dato' Lim Kheng Yew and the parties acting in concert with him to increase their shareholdings in KYM upon issuance of the Consideration Shares without incurring the obligations under Part II of the Code to extend a mandatory offer for all the remaining KYM Shares not already owned by them;
- (ii) The Proposed Exemption is essential in order to implement the Proposed Ipoh Land Acquisition; and
- (iii) Without the Proposed Exemption, your Company will not be able to realise the benefits of the proposed development on the Ipoh Land.

M&A Securities' Commentary

3.1.1 Proposed Ipoh Land Acquisition

Your Group's core business can be classified into the following:

- (i) manufacturing and sale of corrugated fibre boards and boxes, corrugated carton boxes, industrial woven bags;
- (ii) property investment and development ("Property Business"); and
- (iii) other ancillary activities such as the provision of recreational sports facilities.

The Proposed Ipoh Land Acquisition is expected to provide your Company with the opportunity to increase its land banks particularly land banks with good location and development potential for the Property Business and at the same time, strengthen KYM's revenue and earnings from the Property Business. As such, your Board's rationale for the Proposed Ipoh Land Acquisition is in line with your Group's strategy to expand its Property Business.

We note from Section 2.1.1, Part A of this Circular that proposed development project intended for the Ipoh Land has a gross development value of approximately RM120 million, of which a profit of RM18 million is expected to be realised. As such, the Proposed Ipoh Land Acquisition is expected to contribute positively to the future earnings and cash flow of KYM.

The purchase consideration of RM12.0 million for the Proposed Ipoh Land Acquisition (or RM6.66 per sq ft) is supported the Valuer's valuation report dated 25 May 2010, using the comparison and residual methods. Based on the valuation report, the indicative open market value of the Ipoh Land as appraised by the Valuer is RM12.0 million, being the lower of the 2 methods of valuation used.

(i) Comparison Method

In this approach, sales and listing of comparable properties recorded within the same locality are compiled. Comparable companies are analysed for their characteristics, benefits and restriction in interest, physical features, legal and legislative constraints, time element and other factors that may affect the value under which the properties have been transacted.

Under the Comparison Method, the Valuer had compared the Proposed Ipoh Land Acquisition against the following comparable transactions involving similar properties:

Date of transaction	Location/ Tenure	Adjusted price per sq ft* (RM)
9 February 2010	PT 212797, HS(D) 159452, Mukim of Hulu Kinta Perak/ Freehold	6.47
21 December 2009	PT 228836, HS(D) 185176, Mukim of Hulu Kinta/ Unexpired 98-years leasehold	7.35
26 September 2008	PT 181796, HS(D) 180254, Mukim of	6.46

Date of transaction	Location/ Tenure	Adjusted price per sq ft* (RM)
	Belanja/ Unexpired 97-years leasehold	
23 July 2007	PT 190561, HS(D) 176834, Mukim of Hulu Kinta/ Unexpired 97-years leasehold	7.11
9 November 2006	PT 1953, HS(D) 69880, Mukim of Belanja/ Unexpired 87-years leasehold	5.81
	Average	6.64
31 March 2010	Proposed Ipoh Land Acquisition/ Unexpired 97-years leasehold	6.66

Note:

* *In arriving at the adjusted price per sq ft, the Valuer adjusted the price per sq ft of the past transactions after taking into account other factors such as land location, transaction date, shape of land and tenure.*

Based on the above, the purchase consideration of RM6.66 per sq ft for the Ipoh Land is within the range of transacted prices of between RM5.81 per sq ft and RM7.35 per sq ft and slightly above the average transacted price of RM6.64 per sq ft.

(ii) Residual Method

This method essentially entails the application of a capital outlay by way of improvements, alteration or development on a property of yielding a higher income with a resultant of higher value for the property which otherwise remained latent and incapable of being released.

Under the residual method of valuation, the Valuer had valued the Ipoh Land at **RM11.49 per sq ft**, based on the assumption that residential development will be undertaken for the Ipoh Land.

As such, the purchase consideration of RM6.66 per sq ft for the Ipoh Land is also below value ascribed by the valuer using the Residual Method of RM11.50 per sq ft.

Based on the above, there are sufficient merits to justify to rationale and basis of purchase consideration for the Proposed Ipoh Land Acquisition. As such, we are of the opinion that the rationale and basis of purchase consideration for the Proposed Ipoh Land Acquisition is fair and reasonable.

We also take note of the opinion by FMMH Corporate Advisory Sdn Bhd vide its Independent Advice Letter (contained in Part B of this Circular) that the Proposed Ipoh Land Acquisition is fair and reasonable and is not detrimental to the non-interested shareholders of KYM.

3.1.2 Proposed Exemption

As disclosed in Section 2.2 of Part A of this Circular, IBM, a 60% owned company by Datin Millie Lee Siew Kim (the spouse of Dato' Lim Kheng Yew), will receive 8.75 million KYM Shares. As such, the collective shareholdings of Dato' Lim Kheng Yew and parties acting in concert with him in KYM (which stands at 36.0% of the issued and paid-up share capital of KYM as at the LPD) will increase by more than 2% within a six (6) months period.

Details of shareholdings of Dato' Lim Kheng Yew and the parties acting in concert with him upon the issuance of the Consideration Shares are as follows:

	Existing as at the LPD				After the Proposed Ipoh Land Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Lim Kheng Yew	3,003,193	3.36	⁽¹⁾ 29,213,000	32.64	3,003,193	3.06	⁽¹⁾ 37,963,000	38.64
Cheong Chan Holdings Sdn Bhd	22,300,000	24.92	-	-	22,300,000	22.70	-	-
KYM Sdn Bhd	3,800,000	4.25	-	-	3,800,000	3.87	-	-
IBM	-	-	-	-	8,750,000	8.91	-	-
Datin Millie Lee Siew Kim	-	-	-	-	-	-	⁽²⁾ 8,750,000	8.91
Lim Tze Thean	1,093,000	1.22	-	-	1,093,000	1.11	-	-
Melissa Lim Su Lin	2,020,000	2.26	-	-	2,020,000	2.06	-	-

Notes:

(1) Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd, IBM and interest of the spouse and children.

(2) Deemed interest by virtue of her shareholding in IBM.

Pursuant to Part II, Section 6 of the Code, Dato' Lim Kheng Yew and parties acting in concert with him will be obliged to extend a MGO for all the remaining KYM Shares not already owned by him and the parties acting in concert with him in KYM upon the allotment and issuance of the Consideration Shares.

The Proposed Ipoh Land Acquisition is in line with your Group's strategy to refocus on the Property Business and forms part and parcel of your Group's plan to venture further into property development.

The Proposed Exemption will enable your Group to proceed with its ventures pertaining to the Ipoh Land without Dato' Lim Kheng Yew and parties acting in concert with him incurring any burden to undertake a MGO for all the remaining KYM Shares not already owned by him and the parties acting in concert with him pursuant to Part II of the Code.

3.2 Industry outlook and prospects of the property sector

We take note of the industry outlook and prospects of the property sector in Malaysia, as set out in Section 6.2 of Part A of this Circular. A summary on the industry outlook and prospects of the property sector in Malaysia is as follows:

- (i) the construction sector expanded 8.7% as a result of the second stimulus package and Ninth Malaysia Plan;
- (ii) construction activities in the residential sub-sector registered growth, as a result of improved household income and low interest rates;
- (iii) the construction sector is expected to further expand by 3.2%, as a result of the economy recovery and further effects of the second stimulus package;
- (iv) the residential sub-sector is also projected to strengthen as a result of improved consumer sentiment and job prospects; and
- (v) the Government is promoting the adoption of the build-then-sell approach which is expected to benefit for future housing development projects.

M&A Securities' Commentary

Upon completion of the Proposed Ipoh Land Acquisition, your Group is in a strong position to capitalise on the second stimulus package by the government for the property sector as well as to take advantage of the growing domestic demand for housing in various segments of society.

We also took note of the market and feasibility study report on the proposed housing scheme on the Ipoh Land dated 30 June 2010 (of which the summary is enclosed in Appendix II of this Circular) by Rahim & Co Research Sdn Bhd which states that development components such as bungalows and semi-detach houses are proven to be popular within the Ipoh Land.

As such, we are of the opinion that the Proposed Ipoh Land Acquisition (of which the Proposed Exemption relates to) is expected to enhance your Group's Property Business' financial and business prospects and outlook over the next 12 months due to the encouraging outlook of the property industry and potential demand from the vicinity area.

3.3 The business and future plans of the KYM Group

Upon the completion of the Proposed Ipoh Land Acquisition, the collective shareholdings of Dato' Lim Kheng Yew and parties acting in concert with him in KYM will increase from 36.0% to 41.7%. As such, Dato' Lim Kheng Yew and the parties acting in concert with him will still remain as the controlling shareholders in KYM upon completion of the Proposed Ipoh Land Acquisition.

Save for changes required to rationalise and/or improve the operational and financial position of your Group, Dato' Lim Kheng Yew has no intention to enter into any arrangement, agreement or understanding which will result in the following:-

- (i) any major changes in the continuation of the business of the KYM Group;
- (ii) any major changes to the business of the KYM Group, including any plans to liquidate, sell/re-deploy the fixed and major assets or effect any major changes in the shareholding structure of the KYM Group; and
- (iii) any major changes to the continued employment of the employees of the KYM Group.

3.4 Effects of the Proposals

The Proposed Exemption is undertaken to facilitate the implementation of the Proposed Ipoh Land Acquisition. As a result, you should consider the effects of the Proposed Ipoh Land Acquisition as follows:

3.4.1 Issued and Paid-Up Share Capital

The Proposed Ipoh Land Acquisition will have the following effects on the issued and paid-up share capital of KYM:

	Par value	Minimum Scenario		Maximum Scenario	
		No. of Shares ('000)	RM	No. of Shares ('000)	RM
As at the LPD	0.50	89,502	44,751	89,502	44,751
Assuming full exercise of the outstanding KYM Warrants	0.50	-	-	40,567	20,284
Assuming full exercise of the outstanding ESOS options	0.50	89,502	44,751	130,069	65,034
		-	-	19,510	9,755
Number of KYM Shares to be issued pursuant to the Proposed Ipoh Land Acquisition	0.50	8,750	4,375	8,750	4,375
Enlarged issued and paid-up share capital	0.50	98,252	49,126	158,329	79,165

3.4.2 NA and Gearing

The proforma effect of the Proposed Ipoh Land Acquisition on the NA, NA per Share and gearing based on the audited consolidated financial statements of KYM for the FYE 31 January 2010 are as follows:

KYM Group	Audited as at 31 January 2010 (RM'000)	After the Proposed Ipoh Land Acquisition	
		Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Share capital	44,617	⁽¹⁾ 49,126	⁽¹⁾ 79,165
Share premium	1,965	^{(1) & (2)} 8,597	^{(1), (2), (3) & (4)} 8,597
Revaluation reserve	22,334	22,334	22,334
Capital reserve	10,142	10,142	10,142
Accumulated losses	(29,666)	(29,666)	(29,666)
Shareholders' equity/NA	49,392	60,533	90,572
Par value per ordinary share (RM)	0.50	0.50	0.50
No. of Shares ('000)	89,235	98,252	158,329
NA per Share (RM)	0.55	0.62	0.57
Total borrowings (RM'000)	189,108	189,108	189,108
Gearing (times)	3.83	3.07	2.07

Notes:

- (1) As at the LPD, 267,000 ESOS options had been exercised at RM0.90 for every one (1) new KYM Share.
- (2) Based on the Consideration Shares of 8,750,000 Shares to be issued at an issue price of RM1.36 per KYM Share and after deducting the estimated expenses incidental to the Proposals of RM1.0 million.
- (3) The 40,567,250 outstanding KYM Warrants are exercised at the exercise price of RM0.50 for every one (1) new KYM Share.
- (4) Assuming the 19,510,312 outstanding ESOS options are exercised at the par value of RM0.50 for every one (1) new KYM Share.

Upon completion of the Proposed Ipoh Land Acquisition, the NA and NA per share of the Company is expected to improve under both the Minimum and Maximum Scenario. Correspondingly, the gearing of the Company is also expected to improve under both the Minimum and Maximum Scenario. This is due to the issuance of the Consideration Shares at a premium of RM0.81 above the NA per share of the Company, which is beneficial to the Company.

3.4.3 Working Capital

KYM will satisfy the entire Purchase Consideration of RM12.0 million by way of a cash consideration of RM100,000 to be financed from its internally generated funds and the balance of RM11,900,000 will be satisfied via the issuance the Consideration Shares. As such, the Proposed Ipoh Land Acquisition will reduce your Group's working capital by RM100,000.

Apart from the above, the estimated expenses incidental to the Proposals (which includes cost for the process of obtaining approval from authorities and shareholders) is RM1.0 million.

3.4.5 EPS

Based on the audited consolidated financial statements of KYM for the FYE 31 January 2010 the EPS of KYM is RM0.25 per KYM Share. Upon issuance of the Consideration Shares, the EPS of the KYM Group will decrease by RM0.03 to RM0.22 per KYM Share. The decrease in EPS is due to the dilutive effect from the increase in the issued and paid-up share capital of KYM as a result of the issuance of the Consideration Shares. Nevertheless, the Proposed Ipoh Land Acquisition is expected to be earnings accretive and will contribute positively to the EPS of the KYM Group for future financial years.

3.4.6 Directors' and Substantial Shareholders' Shareholdings

Upon completion of the Proposed Ipoh Land Acquisition (and assuming the Proposed Exemption is approved at the forthcoming EGM), the collective shareholdings of Dato' Lim Kheng Yew and parties acting in concert with him in KYM (the substantial shareholders of KYM) will increase from 36.0% to 41.7% (based on their shareholdings as at the LPD) and they will still remain as the controlling shareholders in KYM. Therefore, the ability of Dato' Lim Kheng Yew and parties acting in concert with him to control the outcome of matters requiring shareholders' approval will not be altered.

Save for Dato' Lim Kheng Yew (an Executive Director of KYM), the Proposed Ipoh Land Acquisition will not have any effect on the other Directors' shareholdings in KYM as they do not hold any KYM Shares as at the LPD.

M&A Securities' Commentary

We note from Section 10 of Part A of this Circular that the Proposed Ipoh Land Acquisition is conditional upon the Proposed Exemption and vice versa, being approved at the forthcoming EGM. Should the Proposed Ipoh Land Acquisition and Proposed Exemption be approved, the following benefits are expected to be derived:

- (i) the Proposed Ipoh Land Acquisition is expected to provide your Company with the opportunity to increase its land banks particularly land banks with good location;
- (ii) the proposed development project intended for the Ipoh Land has a gross development value of approximately RM120 million and is expected to contribute positively to the future earnings and cash flow of KYM; and
- (iii) the Proposed Ipoh Land Acquisition will not incur significant additional financial burden to your Company as 99% of the consideration value for the Proposed Ipoh Land Acquisition will be satisfied via issuance of the Consideration Shares.

However, if the Proposed Exemption is not approved by the shareholders of KYM at the forthcoming EGM, the Proposed Ipoh Land Acquisition may be aborted as the Proposed Ipoh Land Acquisition and the Proposed Exemption are inter-conditional upon one another. As such, the benefits described above cannot be realised.

Shareholders should note the Proposed Exemption does not exempt Dato' Lim Kheng Yew and/or parties acting in concert with him in KYM from their obligation to undertake the MGO for the remaining KYM Shares not already owned by them pursuant to Part II of the Code as a result of them exercising their Warrants and/or ESOS options (if they so choose to) resulting in their collective shareholdings in KYM increasing by more than 2% within a six (6) months period.

For illustrative purposes, upon completion of the Proposals and assuming the full exercise of all Warrants and ESOS options held by Dato' Lim Kheng Yew and the parties acting in concert with him in KYM, the maximum potential shareholdings of Dato' Lim Kheng Yew and the parties acting in concert with him in KYM is as follows:

	After the Proposed Ipoh Land Acquisition and the exercise of Warrants and ESOS options ⁽³⁾			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Lim Kheng Yew	5,504,794	4.77	⁽¹⁾ 52,569,500	45.57
Cheong Chan Holdings Sdn Bhd	33,450,000	29.00	-	-
KYM Sdn Bhd	5,700,000	4.94	-	-
IBM	8,750,000	7.58	-	-
Datin Millie Lee Siew Kim	-	-	⁽²⁾ 8,750,000	7.58
Lim Tze Thean	1,639,500	1.42	-	-
Melissa Lim Su Lin	3,030,000	2.63	-	-
Total	58,074,294	50.34		

Notes:

- (1) Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd, IBM and interest of the spouse and children.*
- (2) Deemed interest by virtue of her shareholding in IBM.*
- (3) Assuming only Warrants and ESOS options held by Dato' Lim Kheng Yew and the parties acting in concert with him as at the LPD are fully exercised.*

As at the LPD, Dato' Lim Kheng Yew and the parties acting in concert with him hold the following Warrants and ESOS options:

	No of ESOS options ⁽¹⁾	No of Warrants ⁽²⁾	
		Direct	Indirect
Dato' Lim Kheng Yew	1,000,000	1,501,601	⁽³⁾ 14,606,500
Cheong Chan Holdings Sdn Bhd	-	11,150,000	-
KYM Sdn Bhd	-	1,900,000	-
Datin Millie Lee Siew Kim	-	-	-
Lim Tze Thean	-	546,500	-
Melissa Lim Su Lin	-	1,010,000	-
IBM	-	-	-

Notes:

- (1) The ESOS options are effective up to 15 April 2015 and each ESOS option is exercisable into one (1) new KYM Share.
- (2) The expiry date of the Warrants is 18 February 2013.
- (3) Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the children.

3.5 Implications from the voting outcome of the Proposed Exemption

You should take note that the SC will only consider the application for the Proposed Exemption under PN 2.9.1 of the Code if inter-alia, the approval for the Proposed Exemption is obtained from the non-interested shareholders of your Company, by way of a poll, at a general meeting.

In view that the Proposed Ipoh Land Acquisition and Proposed Exemption are inter-conditional with each other, we have also taken into consideration the following implications from the voting outcome of the Proposed Exemption in our evaluation:-

- (i) If you vote **IN FAVOUR** of the Proposed Exemption

Should you vote in favour of the Proposed Exemption at the forthcoming EGM, the SC will be able to consider the application made by Dato' Lim Kheng Yew and the parties acting in concert with him under PN 2.9.1 of the Code. The Proposed Exemption will allow Dato' Lim Kheng Yew and the parties acting in concert with him to increase their equity interest in your Company without being required to extend a MGO.

Upon completion of the Proposed Ipoh Land Acquisition and assuming that the Proposed Exemption has been granted by the SC, Dato' Lim Kheng Yew and the parties acting in concert with him will collectively hold 40,966,193 KYM Shares, representing approximately 41.7% of its issued and paid-up share capital of KYM (assuming no exercise of the Warrants and ESOS options).

In addition, you should note that the Proposed Exemption will essentially deny you of the opportunity to dispose your shareholdings in KYM through a MGO.

By voting in favour of the Proposed Exemption, the SC would be able to consider and approve the Proposed Exemption which is crucial to facilitate the successful implementation of the Proposed Ipoh Land Acquisition.

Upon implementation of the Proposals, your Company will be able to derive the anticipated benefits which include inter-alia improving the future earnings of your Group (via the development of the Ipoh Land).

Your approval of the Proposed Exemption will imply that you have agreed to exempt Dato' Lim Kheng Yew and the parties acting in concert with him from their obligations to undertake a MGO pursuant to Part II of the Code. Dato' Lim Kheng Yew and the parties acting in concert with him would be able to have a greater influence on the outcome of certain matters requiring the vote of your Company's shareholders unless they are required to abstain from voting by the Listing Requirements and/or other relevant laws.

(ii) If you vote **AGAINST** the Proposed Exemption

In the event that you vote against the Proposed Exemption at the forthcoming EGM, the Proposed Ipoh Land Acquisition may be aborted as it is inter-conditional with the Proposed Exemption. In such an event, the anticipated benefits of the Proposed Ipoh Land Acquisition will not be realised.

Premised on the above, when you vote in favour of the Proposed Exemption, your Company will be able to implement the Proposed Ipoh Land Acquisition and hence derive the potential benefits from the same. If you do not vote in favour of the Proposed Exemption, the potential benefits of the Proposed Ipoh Land Acquisition will not be realised.

4. FURTHER INFORMATION

You are advised to refer to Part A of this Circular together with the accompanying appendices therein and the following accompanying attachments for further information:-

Attachment I	Information on KYM
Attachment II	(A) Information on Dato' Lim Kheng Yew (B) Information on IBM (C) Information on Cheong Chan Holdings Sdn Bhd (D) Information on KYM Sdn Bhd (E) Information on Datin Millie Lee Siew Kim (F) Information on Lim Tze Thean (G) Information on Melissa Lim Su Lin
Attachment III	Confirmations and declarations of interests

5. INTERESTS OF DIRECTORS

The interest of certain Directors in the Proposed Ipoh Land Acquisition are set out in Section 13 of Part A of this Circular.

6. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by your Board, who collectively and individually accept full responsibility for the accuracy of the information pertaining to our Group given in this IAL and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts that the omission of which would make any statement in this IAL misleading.

7. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Exemption taking into consideration the various factors, summarised as follows:-

- (i) the Proposed Ipoh Land Acquisition is expected to provide your Company with the opportunity to increase its land banks for the Property Business and at the same time, strengthen KYM's revenue and earnings from the Property Business;
- (ii) the Proposed Ipoh Land Acquisition will not incur significant additional financial burden to your Company as 99% of the consideration value for the Proposed Ipoh Land Acquisition will be satisfied via issuance of the Consideration Shares;
- (iii) Dato' Lim Kheng Yew and the parties acting in concert with him will remain as the controlling shareholders in KYM;
- (iv) Dato' Lim Kheng Yew does not intend to effect any major changes to the business or operations of your Group, except where such changes are effected to rationalise and/or improve your Group's financial position or the efficiency of operations;
- (v) the Proposed Ipoh Land Acquisition and the Proposed Exemption are inter-conditional upon one another. Therefore, your approval for the Proposed Exemption is crucial in order to ensure that the Proposed Ipoh Land Acquisition can be successfully implemented;
- (vi) the obligations of Dato' Lim Kheng Yew and the parties acting in concert with him to undertake a MGO for all the remaining KYM Shares not already owned by them after the Proposed Ipoh Land Acquisition is due to the increase in their shareholding in KYM by more than 2% within a six (6) months period as a result of the issuance of the Consideration Shares to the Vendor pursuant to the Proposed Ipoh Land Acquisition;
- (vii) if you **approve** the Proposed Exemption, the SC would be able to consider the application by Dato' Lim Kheng Yew and the parties acting in concert with him for the Proposed Exemption. Upon implementation of the Proposals, your Company will be able to derive the anticipated benefits which include inter-alia improving the future earnings

and enhancing the balance sheet of your Group (via the investment in and development of the Ipoh Land); and

- (viii) if you **do not approve** the Proposed Exemption, the Proposed Ipoh Land Acquisition may be aborted as the Proposed Ipoh Land Acquisition and the Proposed Exemption are inter-conditional upon one another. Your Board may then need to consider other corporate proposals to broaden KYM's revenue and earnings.

After taking into consideration the various factors included in our evaluation for the Proposed Exemption and based on the information made available to us we are of the view that the Proposed Exemption is fair and reasonable. As such, we recommend that you **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

Yours faithfully,

For and on behalf of
M&A SECURITIES SDN BHD

GARY TING
Head
Corporate Finance

DANNY WONG
Deputy Head
Corporate Finance

INFORMATION ON KYM

1. HISTORY AND PRINCIPAL ACTIVITIES

KYM was incorporated as Polypulp Paper Industries Sdn Bhd in Malaysia on 30 April 1982 under the Companies Act, 1965. It was converted to a public limited company, Polypulp Paper Industries Berhad, on 25 February 1991 and changed its name to its current form on 10 April 1996.

KYM was listed on the then Second Board of the Bursa Securities on 16 December 1991. The listing was transferred to the Main Board of the Bursa Securities on 8 August 1995.

KYM's core business are as follows:

- (iv) manufacturing and sale of corrugated fibre boards and boxes, corrugated carton boxes, industrial woven bags;
- (v) property investment and development; and
- (vi) other ancillary activities such as the provision of recreational sports facilities.

2. SHARE CAPITAL

2.1 Authorised, Issued and Paid-Up Share Capital

As at the LPD, the authorised, issued and paid-up share capital of KYM is as follows:-

	No. of KYM Shares	Par value RM	Total RM
<i>Authorised share capital</i>			
Ordinary share	2,000,000,000	0.50	1,000,000,000
<i>Issued and fully paid-up share capital</i>			
Ordinary share	89,501,500	0.50	44,750,750

2.2 Movements in Share Capital

The details of the changes in the issued and paid-up share capital of KYM since its incorporation up to the LPD are as follows:-

Date of allotment	No. ordinary shares issued in KYM	Par value RM	Consideration	Issued and paid-up share capital (Cumulative) RM
30-04-82	2	1.00	Cash	2
05-07-82	999,998	1.00	Cash	1,000,000
02-06-84	220,000	1.00	Cash	1,220,000
30-09-84	780,000	1.00	Cash	2,000,000
10-09-87	100,000	1.00	Cash	2,100,000
31-05-88	2,064,000	1.00	Cash	4,164,000
11-09-91	3,123,000	1.00	Bonus issue of 3 for 4	7,287,000
30-09-91	8,328,000	1.00	Cash	15,615,000
08-06-94	3,142,857	1.00	Cash	18,757,857
20-06-95	9,378,928	1.00	Cash	28,136,785
20-06-95	4,500,000	1.00	Cash	32,636,785
17-08-95	3,000	1.00	Cash	32,639,785
13-01-96	10,000	1.00	Cash	32,649,785
05-03-96	2,000	1.00	Cash	32,651,785
03-04-96	228,000	1.00	Cash	32,879,785
15-04-96	308,000	1.00	Cash	33,187,785
30-04-96	176,000	1.00	Cash	33,363,785
30-04-96	17,000	1.00	Cash	33,380,785
30-05-96	184,000	1.00	Cash	33,564,785
30-05-96	34,000	1.00	Cash	33,598,785
29-06-96	48,000	1.00	Cash	33,646,785
29-06-96	52,000	1.00	Cash	33,698,785
31-07-96	53,000	1.00	Cash	33,751,785
30-08-96	7,000	1.00	Cash	33,758,785
30-08-96	4,000	1.00	Cash	33,762,785
30-09-96	22,000	1.00	Cash	33,784,785
30-09-96	36,000	1.00	Cash	33,820,785
31-10-96	76,000	1.00	Cash	33,896,785
31-10-96	1,000	1.00	Cash	33,897,785
29-11-96	1,988,182	1.00	Cash	35,885,967
30-11-96	2,000	1.00	Cash	35,887,967
30-11-96	2,000	1.00	Cash	35,889,967
31-01-97	6,000	1.00	Cash	35,895,967
28-02-97	2,000	1.00	Cash	35,897,967
10-03-97	3,580,000	1.00	Cash	39,477,967
31-03-97	1,000	1.00	Cash	39,478,967
31-03-97	8,000	1.00	Cash	39,486,967
03-06-97	2,000	1.00	Cash	39,488,967
10-03-99	30,000	1.00	Cash	39,518,967
03-05-99	5,000	1.00	Cash	39,523,967
07-06-99	5,000	1.00	Cash	39,528,967
30-07-99	30,000	1.00	Cash	39,558,967
30-07-99	176,000	1.00	Cash	39,734,967

Date of allotment	No. ordinary shares issued in KYM	Par value RM	Consideration	Issued and paid-up share capital (Cumulative) RM
09-09-99	15,000	1.00	Cash	39,749,967
06-10-99	10,000	1.00	Cash	39,759,967
11-11-99	50,000	1.00	Cash	39,809,967
06-12-99	100,000	1.00	Cash	39,909,967
14-02-00	11,000	1.00	Cash	39,920,967
01-03-00	130,000	1.00	Cash	40,050,967
01-03-00	113,000	1.00	Cash	40,163,967
05-04-00	5,000	1.00	Cash	40,168,967
05-04-00	10,000	1.00	Cash	40,178,967
05-04-00	169,000	1.00	Cash	40,347,967
08-05-00	10,000	1.00	Cash	40,357,967
08-05-00	91,000	1.00	Cash	40,448,967
17-05-00	150,000	1.00	Cash	40,598,967
25-05-00	200,000	1.00	Cash	40,798,967
25-05-00	115,000	1.00	Cash	40,913,967
25-05-00	26,000	1.00	Cash	40,939,967
08-10-03	40,194,533	1.00	Cash	81,134,500
27-01-10	8,100,000	0.50	Cash	44,617,250
02-07-10	77,000	0.50	Cash	44,655,750
03-08-10	190,000	0.50	Cash	44,750,750

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of KYM and their respective shareholdings, based on the Register of Substantial Shareholders, are as follows:-

Substantial Shareholders	Existing as at LPD			
	←-----Direct----->		←-----Indirect----->	
	No. of KYM Shares ('000)	%	No. of KYM Shares ('000)	%
Cheong Chan Holdings Sdn Bhd	22,300	24.92	-	-
Dato' Lim Kheng Yew	3,003	3.36	⁽¹⁾ 29,213	32.64

Note:-

(1) Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the children.

4. DIRECTORS

As at the LPD, the Directors of KYM and their shareholdings in KYM are as follows:-

Name	Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of KYM Shares ('000)	%	No. of KYM Shares ('000)	%
Dato' Lim Kheng Yew	Malaysian	3,003	3.36	29,213 ⁽¹⁾	32.64
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	Malaysian	-	-	-	-
Dato' Chong Thin Choy	Malaysian	-	-	-	-
Dato' Wira Abdul Rahman bin Haji Ismail	Malaysian	-	-	-	-
Datuk Mansor bin Masikon	Malaysian	-	-	-	-
Dato' Ir. Mohamad Othman bin Zainal Azim	Malaysian	-	-	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	Malaysian	-	-	-	-
Dato' Mohd Azmi bin Othman	Malaysian	-	-	-	-
Chiam Tau Meng	Malaysian	-	-	-	-

Note:-

(1) Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the children.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Name	Date and place of incorporation	Effective equity interest (%)	Principal activities
KYM Industries (M) Sdn Bhd	11 January 1983, Malaysia	100	Manufacturing and sale of corrugated fibre boards and boxes
Anabatic Sdn Bhd	5 December 1989, Malaysia	100	Property investment
KYM Industries (Penang) Sdn Bhd	31 March 1987, Malaysia	100	Dormant
Teguh Amalgamated Sdn Bhd	12 September 1984, Malaysia	100	Property investment
KCP Carton Sdn Bhd	7 July 1997, Malaysia	100	Dormant
KYM Industries (Johor) Sdn Bhd	11 July 1977, Malaysia	100	Manufacturing and sale of corrugated fibre boards and boxes. The company has temporary ceased operations.
Panorama Industries Sdn Bhd	17 November 1979, Malaysia	100	Property investment
KYM Industries (BP) Sdn Bhd	29 July 1992, Malaysia	95	Dormant
PPI Bags Sdn Bhd	14 October 1995, Malaysia	51	Manufacturing and sale of industrial woven bags
KYM Industries (Melaka) Sdn Bhd	29 January 1993, Malaysia	100	Manufacturing and sale of corrugated fibre boards and boxes. The company has temporary ceased operations.
Polypup Enterprises Sdn Bhd	26 October 1994, Malaysia	100	Investment holding

Name	Date and place of incorporation	Effective equity interest (%)	Principal activities
Tegas Consolidated Sdn Bhd	5 June 1984, Malaysia	90	Investment holding
Harta Makmur Sdn Bhd	11 January 1983, Malaysia	54	Property investment and development
Teluk Rubiah Resorts Sdn Bhd	25 July 1991, Malaysia	54	Resort operator
Teluk Rubiah Country Club Sdn Bhd	9 April 1991, Malaysia	54	Provide recreational and sport facilities and operating a golf course
Suria Makmur Development Sdn Bhd	21 April 2004, Malaysia	54	Property development
Hasrat Meranti Capital Sdn Bhd	14 February 1995, Malaysia	100	Dormant
KYM Properties Sdn Bhd	19 September 1996, Malaysia	100	Property management
KYM Built Sdn Bhd	19 September 1996, Malaysia	100	General construction
KYM Development (Perak) Sdn Bhd	21 May 1986, Malaysia	100	Dormant
KYM Leisure Sdn Bhd	19 September 1996, Malaysia	100	Dormant
KYM Maserba Sdn Bhd	21 December 1998, Malaysia	100	Dormant
KMG Assets Sdn Bhd	30 December 1996, Malaysia	100	Providing management services
Hasrat Meranti Sdn Bhd	18 June 1991, Malaysia	100	Manufacturing and sale multi-wall industrial paper bags

Name	Date and place of incorporation	Effective equity interest (%)	Principal activities
KYM Mineral Sdn Bhd <i>(formerly known as KYM 2000 Sdn Bhd)</i>	8 August 2000, Malaysia	100	Dormant
Konsortium Melaka Gemilang Sdn Bhd	7 July 2009, Malaysia	51	Property Development
Omni Green Sdn Bhd	11 May 2007, Malaysia	51	Management and operation of golf course

As at the LPD, KYM has no associated company.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of KYM based on its audited consolidated results for the past three (3) FYE 31 January 2008 to 2010 and unaudited consolidated results for the three (3)-month FPE 30 April 2009 are as follows:-

	Audited FYE 31 January			Unaudited FPE 30 April
	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	2010 (RM'000)
Revenue	71,404	52,612	162,009	14,694
Profit/(Loss) before taxation	(10,950)	(19,496)	24,436	497
Taxation	(227)	882	5,146	-
Profit/(Loss) after taxation	(11,177)	(18,614)	29,109	497
Minority interest	(3,176)	(4,539)	9,239	(118)
Profit/(Loss) after taxation and minority interest	(8,001)	(14,075)	19,870	336
Number of ordinary shares in issue ('000)	81,135	81,135	89,235	89,235
EPS/(LPS) (sen)	(9.9)	(17.3)	22.3	1.5*
Dividend per share (sen)	-	-	-	-

Note:

* *Annualised.*

7. STATEMENT OF ASSETS AND LIABILITIES

The summary statement of assets and liabilities of KYM, based on its latest audited consolidated balance sheets as at 31 January 2008, 2009 and 2010 as well as the unaudited consolidated balance sheet as at 30 April 2010 are as follows:-

	As at 31 January 2008	As at 31 January 2009	As at 31 January 2010	As at 30 April 2010
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Non-current assets	260,646	254,470	64,092	65,181
Current assets	26,164	22,654	234,654	52,379
Total assets	286,810	277,124	298,446	220,040
Non-current liabilities	29,474	30,046	13,610	15,075
Current liabilities	208,996	216,630	219,207	131,881
Total Liabilities	238,470	246,676	232,817	154,075
Share capital	81,135	81,135	44,617	44,617
Net assets (inclusive of minority interests)	48,340	30,448	65,629	65,965

8. MATERIAL LITIGATION

Neither KYM nor its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of KYM has no knowledge of any proceedings pending or threatened against the KYM Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the KYM Group.

9. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by KYM and/or its subsidiaries during the two (2) years preceding the date of this IAL.

- (i) Sale & Purchase Agreement dated 5 September 2008 between KYM and Datuk Tee Siew Kiong and Datin Lee Choon Guek for the disposal of 310,500 ordinary shares of RM1.00 each representing the entire share capital of Ireson Perniagaan Sdn Bhd for a total cash consideration of RM2,710,000 only.
- (ii) Sale & Purchase Agreement dated 11 June 2009 between KYM, Harta Makmur Sdn Bhd ("HMSB") and Vale International S.A. ("Vale") for the disposal of sixteen (16) parcels of land measuring approximately 409 acres (or 1,655,992 square metres) ("Tranche 1

Properties”) for an aggregate cash consideration of RM101,874,578.41 and grant of option to Vale to purchase from HMSB an additional thirteen (13) parcels of land measuring approximately 756 acres (or 3,061,372 square metres) (“Option Properties”) for an aggregate cash consideration of RM93,759,024.15.

- (iii) Debt Settlement Agreement dated 10 December 2009 between KYM, HMSB, United Overseas Bank (Malaysia) Bhd (“UOB”) and RHB Investment Bank Berhad (“RHB”) (collectively, as Lender) and United Overseas Bank (Malaysia) Bhd (“UOB” as Agent) in relation to the proposed full and final settlement sum of RM120 million in respect of the outstanding Club Deal Term Loan granted by UOB and RHB, Bilateral Term Loan granted by UOB and Bilateral Term Loan granted by RHB.
- (iv) Sale & Purchase Agreement dated 30 March 2010 between KYM and Idaman Bina Makmur Sdn Bhd to acquire a piece of leasehold land measuring approximately 167,394 square metres or 41.36 acres located at Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan for an aggregate purchase consideration of RM12 million.
- (v) Sale & Purchase Agreement dated 31 March 2010 between KYM, HMSB and Vale Malaysia Manufacturing Sdn Bhd (“VMMSB”) (“Option SPA”) pursuant to the exercise of option by VMMSB to purchase from HMSB the Option Properties for an aggregate cash consideration of RM93,762,467.44.
- (vi) Co-operation Agreement dated 31 March 2010 between KYM, HMSB and VMMSB to govern the continued use by KYM and HMSB, of the Teluk Rubiah Beach & Golf Resort on the following parcels of property or part thereof forming part of the Tranche 1 Properties:
 - Title Number PN 210051 Lot 6920 Mukim Lumut, Daerah Manjung, State of Perak;
 - Title Number PN 210060 Lot 6926 Mukim Lumut, Daerah Manjung, State of Perak;
 - Title Number PN 210063 Lot 6931 Mukim Lumut, Daerah Manjung, State of Perak;
 - Title Number PN 210064 Lot 6932 Mukim Lumut, Daerah Manjung, State of Perak;
 - Title Number PN 210065 Lot 6928 Mukim Lumut, Daerah Manjung, State of Perak;
 - Title Number PN 210073 Lot 6937 Mukim Lumut, Daerah Manjung, State of Perak;
 - Title Number PN 210074 Lot 6938 Mukim Lumut, Daerah Manjung, State of Perak;
 - and
 - Title Number PN 210079 Lot 6943 Mukim Lumut, Daerah Manjung, State of Perak.
- (vii) Sale & Purchase Agreement dated 19 July 2010 between KYM and Dato’ Seri Thiagarajah A/L Nadarajah J.P. for the acquisition of 3 contiguous parcels of leasehold land measuring a total of approximately 5,797.8 sq. metres located at Genting Highlands, Pahang for an aggregate purchase consideration of RM3 million.
- (viii) Sale & Purchase Agreement dated 6 August 2010 between Polypulp Enterprises Sdn Bhd (“Polypulp”) and Dato’ Ayoub Bin Ismail and Datin Miriam Nazlee Bt Tan Sri A. B. Samad for the proposed acquisition of 50,000 ordinary shares of RM1.00 each in Tegas Consolidated Sdn Bhd representing the remaining 10% of the issued and paid-up share capital of Tegas not already held by Polypulp for a purchase consideration of RM3,000,000.

INFORMATION ON DATO' LIM KHENG YEW

Name : Dato' Lim Kheng Yew
NRIC : 510717-08-5137
Nationality : Malaysian
Age : 59
Occupation : Executive Director
Address : No. 1, Jalan SS2/8, 47300 Petaling Jaya, Selangor

Dato' Lim Kheng Yew is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Subsequently, he was attached to a leading merchant bank in Kuala Lumpur. At present, he is also a Director of TSM Global Berhad and Edaran Berhad. He is a member of the Executive Committee and Chairman of the Investment Committee of the Company.

INFORMATION ON IBM**1. HISTORY AND PRINCIPAL ACTIVITIES**

IBM was incorporated in Malaysia as a private limited company under the Act on 1 April 2010 and is principally engaged in property development.

2. SHARE CAPITAL

The authorized and issued and paid-up capital of IBM as at the LPD is as follows:

Type	No. of Shares	Par Value	Amount
		(RM)	(RM)
Authorised	1,000,000	1.00	1,000,000
Issued and paid-up	500,000	1.00	500,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more) and their respective shareholdings in IBM as at the LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Dato' Lim Kheng Yew	-	-	300,000*	60
Datin Millie Lee Siew Kim	300,000	60	-	-
Dato' Chong Thin Choy	100,000	20	-	-
Mr Joseph Soon Teik Leong	100,000	20	-	-

Note:

* Deemed interest by virtue of his spouse's interest in IBM.

4. BOARD OF DIRECTORS AND THEIR SHAREHOLDINGS

The particulars of the directors of IBM and their shareholdings in IBM as at the LPD is as follows

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Dato' Lim Kheng Yew	-	-	300,000*	60
Datin Millie Lee Siew Kim	300,000	60	-	-
Dato' Chong Thin Choy	100,000	20	-	-

Note:

* *Deemed interest by virtue of his spouse's interest in IBM.*

5. LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, IBM does not have any subsidiaries nor associated companies.

6. PROFIT AND DIVIDEND RECORD

IBM has not prepared any financial statements since its incorporation on 1 April 2005.

7. STATEMENT OF ASSETS AND LIABILITIES

IBM has not prepared any financial statements since its incorporation on 1 April 2005.

INFORMATION ON CHEONG CHAN HOLDINGS SDN BHD**1. HISTORY AND PRINCIPAL ACTIVITIES**

Cheong Chan Holdings Sdn Bhd was incorporated in Malaysia as a private limited company under the Act on 15 May 1989 and is principally involved in investment holding.

2. SHARE CAPITAL

The authorized and issued and paid-up capital of Cheong Chan Holdings Sdn Bhd as at the LPD is as follows:

Type	No. of Shares	Par Value	Amount
		(RM)	(RM)
Authorised	2,000,000	1.00	2,000,000
Issued and paid-up	1,582,955	1.00	1,582,955

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more) and their respective shareholdings in Cheong Chan Holdings Sdn Bhd as at the LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Dato' Lim Kheng Yew	1,582,954	99.99	-	-

4. BOARD OF DIRECTORS AND THEIR SHAREHOLDINGS

The particulars of the directors of Cheong Chan Holdings Sdn Bhd and their respective shareholdings as at the LPD is as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Dato' Lim Kheng Yew	1,582,954	99.99	1*	-
Datin Millie Liew Siew Kim	1	-	-	-

Note:

* Deemed interest by virtue of his spouse's interest in IBM.

5. LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Cheong Chan Holdings Sdn Bhd does not have any subsidiaries.

The details of the associate company of Cheong Chan Holdings Sdn Bhd are set out below:-

Name	Date and place of incorporation	Effective equity interest (%)	Principal activities
KYM Holdings Bhd.	30 April 1982, Malaysia	25	Manufacturing and sale of corrugated fibre boards and boxes, property investment and development and provision of sports facilities.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of Cheong Chan Holdings Sdn Bhd based on its audited results for the past three (3) FYE 31 December 2007 to 2009 are as follows:-

	Audited FYE 31 December		
	2007	2008	2009
	(RM'000)	(RM'000)	(RM'000)
Revenue	-	50	50
Profit/(Loss) before taxation	(3)	47	47
Taxation	-	-	-
Profit/(Loss) after taxation	(3)	47	47
Minority interest	-	-	-
Profit/(Loss) after taxation and minority interest	(3)	47	47
Number of ordinary shares in issue ('000)	1,582	1,583	1,583
EPS/(LPS) (sen)	(0.19)	2.97	2.97
Dividend per share (sen)	-	-	-

7. STATEMENT OF ASSETS AND LIABILITIES

The summary statement of assets and liabilities of Cheong Chan Holdings Sdn Bhd, based on its latest audited balance sheets as at 31 December 2007, 2008 and 2009 are as follows:-

	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009
	(RM'000)	(RM'000)	(RM'000)
Non-current assets	14,644	14,646	14,646
Current assets	17	12	52
Total assets	14,661	14,658	14,698
Non-current liabilities	-	-	-
Current liabilities	2,362	2,312	2,313
Total Liabilities	2,362	2,312	2,313
Share capital	1,583	1,583	1,583
Net assets (inclusive of minority interests)	12,299	12,346	12,385

INFORMATION ON KYM SDN BHD**1. HISTORY AND PRINCIPAL ACTIVITIES**

KYM Sdn Bhd was incorporated in Malaysia as a private limited company under the Act on 10 December 1979 and is principally involved in investment holding.

2. SHARE CAPITAL

The authorized and issued and paid-up capital of KYM Sdn Bhd as at the LPD is as follows:

Type	No. of Shares	Par Value	Amount
		(RM)	(RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	200,000	1.00	200,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more) and their respective shareholdings in KYM Sdn Bhd as at the LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Datin Millie Lee Siew Kim	120,000	60	-	-
Dato' Lim Kheng Yew	20,000	10	180,000*	40
Lim Tze Thean	20,000	10	-	-
Mark Lim Tze Seang	20,000	10	-	-
Melissa Lim Su Lin	20,000	10	-	-

Note:

(1) *Deemed interest by virtue of the interest of his spouse and children.*

4. BOARD OF DIRECTORS AND THEIR SHAREHOLDINGS

The particulars of the directors of KYM Sdn Bhd and their respective shareholdings as at the LPD is as follows

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Datin Millie Lee Siew Kim	120,000	60	-	-
Lim Tze Thean	20,000	10	-	-

5. LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, KYM Sdn Bhd does not have any subsidiaries nor associated companies.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of KYM Sdn Bhd based on its audited results for the past three (3) FYE 31 December 2007 to 2009 are as follows:-

	Audited FYE 31 December		
	2007 (RM'000)	2008 (RM'000)	2009 (RM'000)
Revenue	312	533	400
Profit/(Loss) before taxation	1,184	855	493
Taxation	51	73	15
Profit/(Loss) after taxation	1,133	782	478
Minority interest	-	-	-
Profit/(Loss) after taxation and minority interest	1,133	782	478
Number of ordinary shares in issue ('000)	200	200	200
EPS/(LPS) (sen)	567	391	239
Dividend per share (sen)	-	-	-

7. STATEMENT OF ASSETS AND LIABILITIES

The summary statement of assets and liabilities of KYM Sdn Bhd, based on its latest audited balance sheets as at 31 December 2007, 2008 and 2009 are as follows:-

	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009
	(RM'000)	(RM'000)	(RM'000)
Non-current assets	9,799	9,702	10,018
Current assets	38	62	104
Total assets	9,837	9,764	10,122
Non-current liabilities	-	-	-
Current liabilities	6,352	4,267	5,377
Total Liabilities	6,352	4,267	5,377
Share capital	200	200	200
Net assets (inclusive of minority interests)	3,485	4,267	4,745

INFORMATION ON DATIN MILLIE LEE SIEW KIM

Name : Datin Millie Lee Siew Kim
NRIC : 520711-07-5092
Nationality : Malaysian
Age : 58
Occupation : Director
Address : No. 1 Jalan SS2/8
47300 Petaling Jaya
Selangor

Datin Millie Lee is a Fellow Member of the Institute of Chartered Accountants in England and Wales. She is the spouse of Dato' Lim Kheng Yew.

INFORMATION ON LIM TZE THEAN

Name : Lim Tze Thean
NRIC : 781013-14-5773
Nationality : Malaysian
Age : 31
Occupation : Director
Address : No. 1 Jalan SS2/8
47300 Petaling Jaya
Selangor

Lim Tze Thean graduated with a Bachelor of Science with Honours from King's College, University of London. He joined TSM Global Berhad Group in 2001 and has since been working in its various divisions including the broadband and automotive subsidiaries. He is the Executive Director of TSM Global Berhad.

INFORMATION ON MELISSA LIM SU LIN

Name : Melissa Lim Su Lin
NRIC : 870428-43-5232
Nationality : Malaysian
Age : 23
Occupation : Senior Associate in Banking and Capital Markets Audit Group
Address : No. 1 Jalan SS2/8
47300 Petaling Jaya
Selangor

Melissa Lim Su Lin graduated with a Bachelor of Science from of London School of Economics and Political Science. She is currently working in a leading accounting firm in London. She is the daughter of Dato' Lim Kheng Yew and Datin Millie Lee Siew Kim.

CONFIRMATIONS AND DECLARATIONS OF INTERESTS

1. CONFIRMATIONS

In accordance with Schedule 2 of the Code, the following confirmations have been obtained from Dato' Lim Kheng Yew in respect of the Proposed Exemption.

Dato' Lim Kheng Yew confirms that he does not within the immediate 12 months from the date of SC's approval for the Proposed Exemption intend to effect any major changes to:-

- (i) the continuation of the existing business of your Group;
- (ii) the existing business activities of your Group, including any plans to liquidate your Group, sell the assets or effect major re-deployment of fixed assets of your Group or make any major changes to the structure of your Group, unless it is required to rationalise and/or improve the operational and financial position of your Group; and
- (iii) the continued employment of the employees of your Group of its employment policies, except where such re-deployment of the employees may be effected to rationalise and/or improve the efficiency of your Group's operations.

2. DISCLOSURE OF INTERESTS

2.1 By Dato' Lim Kheng Yew and the persons acting in concert with him

As at the LPD, Dato' Lim Kheng Yew and persons acting in concert with him:

- (i) hold the following voting shares and/or convertible securities in KYM:

KYM Shares

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of KYM Shares ('000)	%	No. of KYM Shares ('000)	%
Dato' Lim Kheng Yew	3,003	3.36	29,213 ⁽¹⁾	32.64
Cheong Chan Holdings Sdn Bhd	22,300	24.92	-	-
KYM Sdn Bhd	3,800	4.25	-	-
IBM	-	-	-	-
Datin Millie Lee Siew Kim	-	-	-	-
Lim Tze Thean	1,093	1.22	-	-
Melissa Lim Su Lin	2,020	2.26	-	-

Note:

(1) *Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the spouse and children.*

Warrants

Name	<----- Direct ---->		<----- Indirect ----->	
	No. of Warrants ('000)	%	No. of Warrants ('000)	%
Dato' Lim Kheng Yew	1,502	3.70	14,607 ⁽¹⁾	36.01
Cheong Chan Holdings Sdn Bhd	11,150	27.49	-	-
KYM Sdn Bhd	1,900	4.68	-	-
IBM	-	-	-	-
Datin Millie Lee Siew Kim	-	-	-	-
Lim Tze Thean	547	1.35	-	-
Melissa Lim Su Lin	1,010	2.49	-	-

Note:

(1) *Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the spouse and children.*

ESOS options

Name	<----- Direct ---->	<---- Indirect ---->
	No. of ESOS options ('000)	No. of ESOS options ('000)
Dato' Lim Kheng Yew	1,000	-
Cheong Chan Holdings Sdn Bhd	-	-
KYM Sdn Bhd	-	-
IBM	-	-
Datin Millie Lee Siew Kim	-	-
Lim Tze Thean	-	-
Melissa Lim Su Lin	-	-

(ii) has not dealt in the voting shares and/or convertible securities of KYM in the knowledge that KYM would seek permission from its non-interested shareholders on the Proposed Exemption up to the LPD.

2.2 By KYM

None of the Directors or proposed Directors (if any) of KYM has any existing and proposed service contracts with the KYM Group which is not expiring or determinable by the employing company without payment of compensation within twelve (12) months from the LPD. Further, no such service contracts has been entered into or amended within six (6) months from the LPD.

KYM does not hold any equity interest (direct or indirect) in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and IBM.

2.3 By Directors of KYM

- (i) Save as disclosed below, as at the LPD, none of the Directors of KYM hold directly or indirectly, any voting shares and/or convertible securities in KYM:-

KYM Shares

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of KYM Shares (^{'000})	%	No. of KYM Shares (^{'000})	%
Dato' Lim Kheng Yew	3,003	3.36	29,213 ⁽¹⁾	32.64
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	-	-	-	-
Dato' Chong Thin Choy	-	-	-	-
Dato' Wira Abdul Rahman bin Haji Ismail	-	-	-	-
Datuk Mansor bin Masikon	-	-	-	-
Dato' Ir. Mohamad Othman bin Zainal Azim	-	-	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi bin Othman	-	-	-	-
Chiam Tau Meng	-	-	-	-

Note:-

- (1) *Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the children.*

Warrants

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants ('000)	%	No. of Warrants ('000)	%
Dato' Lim Kheng Yew	1,502	3.70	14,607 ⁽¹⁾	36.01
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	-	-	-	-
Dato' Chong Thin Choy	-	-	-	-
Dato' Wira Abdul Rahman bin Haji Ismail	-	-	-	-
Datuk Mansor bin Masikon	-	-	-	-
Dato' Ir. Mohamad Othman bin Zainal Azim	-	-	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi bin Othman	-	-	-	-
Chiam Tau Meng	-	-	-	-

Note:-

(1) *Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and interest of the children.*

ESOS options

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of ESOS options ('000)	%	No. of ESOS options ('000)	%
Dato' Lim Kheng Yew	1,000	7.45	-	-
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	1,100	8.19	-	-
Dato' Chong Thin Choy	1,000	7.45	-	-
Dato' Wira Abdul Rahman bin Haji Ismail	300	2.23	-	-
Datuk Mansor bin Masikon	300	2.23	-	-
Dato' Ir. Mohamad Othman bin Zainal Azim	300	2.23	-	-
Dato' Rahadian Mahmud bin Mohammad Khalil	300	2.23	-	-
Dato' Mohd Azmi bin Othman	300	2.23	-	-
Chiam Tau Meng	-	-	-	-

- (ii) None of the Directors of KYM has dealt in any voting shares and/or convertible securities of KYM in the six (6) months prior to the LPD.
- (iii) Save for Dato' Lim Kheng Yew's interest in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and IBM and Dato' Chong Thin Choy's interest in IBM (as disclosed in Section 5 of Attachment II(B), (C) and (D)), none of the directors have any interest in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and IBM.

VALUATION CERTIFICATE ON THE IPOH LAND



Registered Valuers ♦ Estate Agents ♦ Project & Property Managers ♦ Property Consultants ♦ Plant & Machinery Appraisers

Suite 11.08, 11th Floor, Menara KH (formerly Menara Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel: +603-2143 8833

Fax: +603-2144 5397

<http://www.nilaiharta.com.my>

e-mail : hq@nilaiharta.com.my

Our Ref : NHC/HQ-VC/COY/2010-0006_cert.

25 May 2010
11 JamadilAkhir 1431H

KYM HOLDINGS BERHAD
12, Lorong Medan Tuanku Satu
50300 Kuala Lumpur

Attention : Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

Dear Sirs,



**VALUATION CERTIFICATE OF A PARCEL OF VACANT BUILDING LAND
IDENTIFIED AS
PT 226083, HELD UNDER HS(D) 180352
WITHIN MUKIM OF HULU KINTA, DISTRICT OF KINTA
PERAK DARUL RIDZUAN**

This certificate has been prepared on the instruction from **KYM Holdings Berhad** to value the abovementioned property (hereinafter referred to as the subject property) for the purpose of submission to Bursa Malaysia Securities Berhad ("Bursa Securities"), for inclusion in the Circular in relation to the proposed **acquisition of the subject property which measures approximately 167,394.0 square metres or 41.36 acres for an aggregate purchase consideration of RM12,000,000/- by KYM Holdings Berhad.**

We hereby confirm that we have carried out necessary inspection and investigated available data related and relevant to the matter.

The subject property was inspected on **Thursday, 18 March 2010**, hereinafter taken as the material date of valuation.

Our valuation has been prepared in accordance with the requirements set out in the Asset Valuation Guidelines of the SC for submission to Bursa Securities and the Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia.

The basis of valuation is the **Market Value** of the property. The term "**Market Value**" as used herein is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Where stated in the Valuation Report that information has been supplied by sources listed, the information reported herewith is believed to be reliable and no responsibility is accepted should it prove not to be so. The Valuation Report has been prepared on the basis that full disclosure of all information and facts which may affect the valuation have been made known to us and we are unable to accept any responsibility, liability or any event the matter, unless such full disclosure has been made.

Brief description of the subject property is as the following:

Title Details of Subject Property	Description of Subject Property	Market Value (Date of Valuation)
<p><u>Lot and Title No.</u> PT 226083 and HS(D) 180352</p> <p><u>Mukim/District/State</u> Hulu Kinta, Kinta, Perak Darul Ridzuan</p> <p><u>Tenure</u> 99-years leasehold interest expiring on 23 November 2107 (an unexpired term of approximately 97 Years)</p> <p><u>Category of land Use</u> Building</p> <p><u>Annual Rent</u> RM71,980/-</p> <p><u>Provisional Land Area</u> 167,394.0 square metres</p> <p><u>Registered Owner</u> Idaman Bina Makmur Sdn. Bhd. (Company No. : 686814-A)</p> <p><u>Express Condition</u> Kediaman – Sebuah Rumah Kediaman</p> <p><u>Restriction in interest</u> Tanah ini boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri</p> <p><u>Encumbrances</u> Nil</p>	<p><u>General</u></p> <p>The subject property is located in an area bordering the Silibin-Kinta enclave which is separated from the former by the Ipoh-Lumut Expressway approximately 6.0 kilometres to the immediate north-west of Ipoh city centre and about 1.5 kilometre west of the Silibin local commercial area. The subject property is sandwiched by the said expressway off its eastern boundary and its north-western tip borders the Keledang-Sayung Forest Reserve.</p> <p>The subject property is considered a first layer parcel of land with a fair size ingress-regress accessibility from the fronting Ipoh-Lumut Expressway via the aforementioned unnamed metalled access road. The parcel of vacant building land is irregular in shape, undulating in terrain with the highest portion mainly forms part of its northern portion and slopes inconsistently towards the lower lying area of the southern portion of the subject property.</p> <p>From our view, we noted that the highest point of the subject property could reach a height in excess of 100.0 metres with parts of the land having a degree of slope of more than 25% gradient. The subject property has a provisional land area of about 167,394.0 square metres or equivalent to 16.73 hectares (41.36 acres). The visible boundaries of the subject property are not demarcated by any form of physical fencing.</p> <p>As at the date of valuation, from our visual assessment, we noted that some parts of the land have been cut and improved, notably with part metalled and part gravel road access throughout. We thus assume that quite a reasonable sum have been invested in the improvement of the property herewith.</p> <p>The subject property is located within an area designated for residential use.</p>	<p>RM12,000,000/- (18 March 2010)</p>

We were informed that relevant pertaining approvals for the development of subject property have been applied for. The following applications have been approved for the development comprising 40 units of bungalows, 43 units of double storey terrace houses – 2 types, 120 units of condominium and 102 units of low cost apartment:

- i. Adjustments on Approved Layout Plans from **Pejabat Jurutera Daerah, Jabatan Kerja Raya (JKR) Kinta, Ipoh, Perak Darul Ridzwan**, under reference no. **JD Kta. 12/10/3717/08(2)** dated **21 November 2008**.
 - Permohonan Kebenaran Merancang (Seksyen 21(1), Akta 172) Dan Pecah Sempadan Secara Serentak (Seksyen 124A KTN) Bagi Cadangan Skim Perumahan Di Atas Tanah Kerajaan Lot 12064, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan Untuk Perbadanan Kemajuan Negeri Perak. (Pindaan Ke Atas Pelan Susunatur Yang Telah Diluluskan)

- ii. Adjustments on Approved Layout Plans from **Jabatan Pengairan Dan Saliran, Daerah Kinta/Batang Padang, Ipoh, Perak Darul Ridzwan**, under reference no. **JPS.K/BP/11/UK/0597** dated **23 September 2008**.
 - PERMOHONAN KEBENARAN MERANCANG (SEKSYEN 21(1), AKTA 172) DAN PECAH SEMPADAN SECARA SERENTAK (SEKSYEN 124A KTN) BAGI CADANGAN SKIM PERUMAHAN DI ATAS TANAH KERAJAAN LOT 12064, MUKIM HULU KINTA, DAERAH KINTA, PERAK DARUL RIDZUAN UNTUK TETUAN PERBADANAN KEMAJUAN NEGERI PERAK (PINDAAN KE ATAS PELAN SUSUNATUR YANG TELAH DILULUSKAN). – (Keluasan 41.36 ekar)
- iii. Approved Development Plan for Sewerage System from **Agensi Perakuan – Pembentungan (Negeri Perak), Indah Water Konsortium Sdn. Bhd.**, under reference no. **IWK/C/PK.01/2008/401** dated **08 August 2008**.
 - PERMOHONAN KEBENARAN MERANCANG (SEKSYEN 21(1), AKTA 172) DAN PECAH SEMPADAN SECARA SERENTAK (SEKSYEN 124A KTN) BAGI CADANGAN SKIM PERUMAHAN DI ATAS TANAH KERAJAAN LOT 12064, MUKIM HULU KINTA, DAERAH KINTA, PERAK DARUL RIDZUAN UNTUK TETUAN PERBADANAN KEMAJUAN NEGERI PERAK - (Kelulusan Pelan Perancangan Sistem Pembentungan (Loji Rawatan Kumbahan)

METHODS OF VALUATION

We have adopted the **Comparison Approach** and supported by the **Residual Method** to derive at our opinion of the **Market Value**.

Comparison Approach

In this approach, sales and listing of comparable properties recorded within the same locality are compiled. From the compiled data, adjustments are made between the subject property and the properties regarded as comparable in order to arrive at a common denominator or a comparison.

Comparable properties are analysed for their characteristics, benefits and restriction in interest, physical features, legal and legislative constraints, time element and other factors that may affect the value under which the properties have been transacted.

Residual Method

The method essentially entails the application of a capital outlay by way of improvements, alteration or development on a property thus enabling the said property of yielding a higher income with a resultant of higher value for the property which otherwise remained latent and incapable of being released.

The basic approach to the method entails the estimation of future incomes or the Gross Realization Value less all the necessary capital expenditures including its subsequent disposal as well as the risk and profit factors due to the owner/developer.

The resultant figure then discounted by a suitable Present Value factor to reflect the elements of time for completion and uncertainties. The final figure arrived at would represent the capital value of the property which may be optimistically calculated but in light of all reasonable circumstances prevailing at that instant of time.

VALUATION RATIONALE

Comparison Method

We managed to obtain recent sales transactions of similar type comparables that are within close attributes to the subject property for the **Comparison Approach**. These attributes are then analyzed to neutralize any differences to further show its comparability to the subject property thus deriving to the land value that reflects the present **Market Value** of the said subject. In assessing the **Market Value** of the subject property, further considerations have been given to the general market condition, regional property market observation and present land value in the locality of similar nature of properties.

From our findings and analysis of all the above said comparables, we have summarized and adopted the followings:

Comparables Source	1	2	3	4	5
Lot Nos.	PT 212797	PT 228836	PT 181796	PT190561	300931(PT 1953)
Title Nos.	HS(D) 159452	HS(D) 185176	HS(D) 180254	HS(D) 176834	PN 55263 (HS(D) 69880)
Mukim/ District	Hulu Kinta/Kinta		Belanja/Kinta	Hulu Kinta/Kinta	Belanja/Kinta
State	Perak Darul Ridzuan				
Property Type	Vacant Building Land		Vacant Land (Agriculture)	Vacant Building Land	
Location	Within Tasek Mutiara, about 8.0 km north-east of Ipoh city centre (Prime Interior Lot)	The Haven, Tambun, about 14.0 km north- east of Ipoh city centre (Good Location Interior Lot)	Vicinity of Papan Town Off the Ipoh-Lumut Expressway about 14.0 km south-west of Ipoh city centre (Poor Location Interior Lot)	Within Pusat Bandar Baru Bercham, about 12.0 km north of Ipoh city centre (Prime 2 nd Layer Lot)	Vicinity of Papan town, neighbouring Bandar Baru Pushpa within Pusing about 15.0 km south-west of Ipoh city centre (Poor Location Interior Lot)
Land Areas	79,085.0 sq.ms 851,291.71 sq.ft.	55,142.0 sq.ms 593,542.97 sq.ft.	105,219.0 sq.ms 1,132,566.79 sq.ft.	44,786.0 sq.ms 482,072.03 sq.ft.	104,000.0 sq.ms 1,119,445.60 sq.ft.
Tenure	Freehold	Unexpired 98-years Leasehold Interest	Unexpired 97-years Leasehold Interest	Unexpired 97-years Leasehold Interest	Unexpired 87-years Leasehold Interest
Consideration	RM8,500,000/-	RM12,500,000/-	RM3,397,680/-	RM5,000,000/-	RM3,450,000/-
Date of Transaction	09 February 2010	21 December 2009	26 September 2008	23 July 2007	09 November 2006
Land Value (p/sq.m.)/(p/sq.ft.) Before Adjustments	RM107.48 p/sqm RM9.99 p/sq.ft.	RM226.69 p/sqm RM21.06 p/sq.ft.	RM32.29 p/sqm RM3.00 p/sq.ft.	RM111.64 p/sqm RM10.37 p/sq.ft.	RM33.17 p/sqm RM3.08 p/sq.ft.
Adjustments	<ul style="list-style-type: none"> Adjust upward for access Adjust downward for location, tenure, shape, utilization, condition & size 	<ul style="list-style-type: none"> Adjust upward for access Adjust downward for location, development approval, utilization, condition & size 	<ul style="list-style-type: none"> Adjust upward for time, location, landuse, zoning & access 	<ul style="list-style-type: none"> Adjust upward for time Adjust downward for location, shape, utilization & condition 	<ul style="list-style-type: none"> Adjust upward for time, location, access & tenure Adjust downward for shape, utilization & condition
Land Value (p/sq.m.)/(p/sq.ft.) After Adjustments	RM69.64 p/sqm RM6.47 p/sq.ft.	RM79.11 p/sqm RM7.35 p/sq.ft.	RM69.54 p/sqm RM6.46p/sq.ft.	RM76.53 p/sqm RM7.11 p/sq.ft.	RM62.54 p/sqm RM5.81 p/sq.ft.

- All data are attained from Jabatan Penilaian Dan Perkhidmatan Harta (JPPH) Cawangan Perak in Ipoh, Perak Darul Ridzuan.

Based on the analysis, the range of the land value is RM62.54 per square metre to RM79.11 per square metre (RM5.81 per square foot to RM7.35 per square foot). We trust all stated comparables contributed to the adoption of the **Market Value** for the subject property although we are of the opinion comparables (1), (2) and (4) are more suitable and closely incline market indication. We have thus concluded comparable (2), with an analyzed value of RM79.11 per square metre (RM7.35 per square foot) would be a reasonable benchmark, reiterating the asking price in the market which is generally in the region of about RM75.34 per square metre (RM7.00 per square foot).

In light of the above, we have valued the subject property at **RM12,000,000/-** at the applied value of **RM71.69 per square metre** or equivalent to **RM6.66 per square foot**.

Residual Method

In the **Residual Method**, we have analyzed the land value at **RM11.49 per square foot** or equivalent to **RM123.68 per square metre**, which sums the **Market Value** of the subject property at in excess of **RM20,700,000/-**.

A Market & Feasibility Studies bearing reference no. 30V M55 10004 has been prepared by Rahim & Co. Research, another independent valuer; who has submitted the report and findings to us.

The studies done on the subject property recommend the developer to change the components of development from the initial development as previously mentioned to accommodate bungalows, semi-detached houses, double storey terrace houses – 3 types and low-medium cost terrace houses. The recommendation was to fully utilize the development usage of the land to 60% from the inefficient use of only 37.43%. The elimination of the high-rise contents which was initially in the previous development component was justifiable due to the lack of demands for stratified or high-rise properties within these regions as proven by past market transactions.

Therefore, in applying the Residual Method to arrive at the Market Value of the subject property, we have utilized the Rahim & Co. Market & Feasibility Studies findings and apply its Gross Development Value (GDV) components and prices in our GDV contents since the findings concur with our own observation and investigation of the market data which has shown that the recent market trend supports this new proposal.



Summary of our Residual Valuation

Residual Land Valuation		Land Area of 1,801,642.0 square feet	
Gross Development Value (GDV)		RM 176,765,000.00	
Components:	Built-up Area	Proposed Selling Price per unit	
Bungalows	64 Units 6,000 sq.ft.	RM900,000/-	
Semi-Detached	51 Units 3,200 sq.ft.	RM700,000/-	
Terraced Type A	106 Units 1,200 sq.ft.	RM200,000/-	
Terraced Type B	123 Units 1,400 sq.ft.	RM230,000/-	
Terraced Type C	80 Units 1,600 sq.ft.	RM330,000/-	
Low Medium Cost Terrace	101 Units 990 sq.ft.	RM75,000/-	
Gross Development Cost (GDC)		RM 152,385,508.80	
Main parameters:			
- Infrastructure costs (roads, drains, etc.)		RM 6,204,796.77	
	@ approx. (RM150,019.26 per acre)		
- Construction cost		RM 102,112,800.00	
1. Bungalows	RM120/- p/sq.ft.		
2. Semi Detached Houses	RM100/- p/sq.ft.		
3. Double Storey Terrace Houses	RM80/- p/sq.ft.		
4. Low Medium Cost Terrace Houses	RM65/- p/sq.ft.		
- Finance cost	8.5% p.a.		
- Developer's profit	15% of GDV		
Development period @ 2 years			
Capitalisation rate @ 8.5% per annum			
Land Net Present Value say		RM 20,710,000.00	
Land Value per square foot		RM 11.49	

Parameter Description

Gross Development Value (GDV)

- The components of landed properties less the high-rise contents as reported in the Market & Feasibility Studies are to fully utilize the land development on the subject property, hence maximizing profit which constitutes the Highest and Best Use of the subject property.
- The contents of bungalows and semi-detached components as well as all the terraced properties are the more popular and preferred developments in the locality and generally in Perak Darul Ridzuan. These developments, as reported in the studies, generate higher demands compared to other type of developments. Most launched schemes record more than 50% take up rate after launching with those sold in 2008 achieve more than 90% take up rate.
- Therefore, premised on the above, the components applied In the GDV in our Residual Method are as per recommended by the independent valuer which in our own investigation and observation of the property market, reflect the popular residential market type and current asking price for new development of similar type properties in the locality.

Gross Development Cost (GDC)

- The cost applied herewith corresponds with the market industry.
- The building costs estimated are based on the prevailing market's standard cost and latest building cost index and guidelines issued by the DSL-JUBM Group for the year 2009.
- The infrastructure costs which include roads and drainage facilities are estimated at RM6,204,796.77 which accounted to approximately RM150,019.26 per acre.
- The capitalization rate used in the calculation is based on the prevailing interest rate for lending at the time of valuation. We have adopted 8.5% rate as reasonable for the size of development which satisfies its two (2) years completion period.
- Based on the industry norm for similar type and scale of development, a two (2) year completion period is reasonable for the development taking into consideration all components are of landed properties with no high-rise contents as recommended by the market study done by independent valuer.
- A 15% developer's profit is achievable and acceptable in the property development industry for the type and scale of the subject development.

RECONCILIATION OF VALUE

In conclusion, with the recommended components for the subject property is adhered, the development looks much favourable. The subject property holds immense potential in terms of residential development provided all critical success factors identified in the studies are fully capitalized.

However, in respect to this valuation exercise, we are of the opinion that the value derived from the **Residual Method at RM11.49 per sq. ft.** is at an optimistic range though it is a reasonable benchmark in assessing the value of the subject property. We felt that the **Comparison Approach** herewith is much more suitable as the residual components rely on considerations based on assumptions that are not yet realized. After careful consideration, we are of the opinion that the value derived using the **Comparison Approach at RM6.66 per sq. ft.** is more suitable and accurate for the purpose of this report and valuation.

Based on the information gathered and considering the current property market conditions, we are of the opinion that the **Market Value** of the subject property with vacant possession, free from encumbrances and subject to the title being good, marketable and registrable as of **18 March 2010** is as follows:

Market Value : **RM12,000,000/- (RINGGIT MALAYSIA : TWELVE MILLION ONLY).**
The land was analyzed at approximately RM71.69/- per square metre (RM6.66 per square foot).

Yours respectfully,
for **NILAI HARTA CONSULTANT SDN. BHD.**



Sr HATTA ADAM
BLE (Aberdeen), FISM, MRICS, APEPS
Registered Valuer – V394
Managing Director

LETTER FROM RAHIM & CO IN RELATION TO THE MARKET AND FEASIBILITY STUDY REPORT



Our Ref: 30VM5510004

Date: 25 May 2010

KYM HOLDINGS BHD.

12, Lorong Medan Tuanku Satu
50300 Kuala Lumpur

For the attention of: Dato' Seri Dr. Isahak bin Yeop Mohamad Shar
Executive Chairman and Chief Executive Officer

Dear Sir,

MARKET AND FEASIBILITY STUDIES FOR THE PROPOSED HOUSING SCHEME ON LOT PT 226083, HSD 180352, MUKIM OF HULU KINTA, DISTRICT OF KINTA, PERAK DARUL RIDZUAN

This letter has been prepared for the inclusion in the Circular of KYM Holdings Berhad ("KYM") in relation to the proposed acquisition of a leasehold land measuring approximately 167,394 square metres or 41.36 acres located at Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan from Idaman Bina Makmur Sdn Bhd for an aggregate purchase consideration of RM12 million ("Proposed Ipoh Land Acquisition").

In accordance to the instructions from KYM, we have conducted a market and feasibility studies on the abovementioned property to determine the viability of the proposed development for KYM for the purpose of the submission to Bursa Malaysia Securities Berhad in accordance to the Securities Commission's Asset Valuation Guidelines.

The report is prepared in conjunction with the Proposed Ipoh Land Acquisition. The opinions, assumptions, and information contained therein or otherwise in relation thereto are made by Rahim & Co Research Sdn Bhd in utmost goodfaith and as far as possible based upon data or sources, which we believe to be reliable in the context thereto.

An International Associates of

savills

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South Africa

USA

Rahim & Co Research Sdn. Bhd. (200137-X)

Level 17, Menara Uni Asia, 1008 Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.

Tel: 603 - 2691 9922 Fax: 603 - 2691 9992

e-mail: research@rahim-co.com

website: www.rahim-co.com

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Based on our analysis, development components that would provide **the highest and best use of the land** are:

- Bungalow (Detached) houses
- Semi-Detached houses
- Terrace houses
- Low Medium Cost Terrace houses

The study concluded that bungalows and semi-detached houses are proven to be popular within the study area based on the number of transactions recorded. High-end condominiums are not recommended because our findings show that demand for this type of property is still very low and only marketable within the city center. As for the low cost component, we recommend "Low Medium Cost" terrace houses instead of "Low Cost Apartment/Flat" because the latter is less popular among buyers in Ipoh, Perak Darul Ridzuan, which consisted only 10% of the total transactions for low cost terrace houses and flats.

The proposed development is estimated to generate **Return on Investment (on Gross Development Cost) of 27.68%** with an estimated **land value of RM11.50 per square foot**.

Thank you.

RAHIM & CO RESEARCH SDN BHD

SALEHA YUSOFF
Senior General Manager



FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board 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 herein false or misleading.

All information relating to IBM has been obtained from the Board of Directors and/or management of IBM. The responsibility of the Board is therefore restricted to ensuring that such information accurately reproduced in this Circular.

2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**2.1 Material commitments**

Save for the proposed development pursuant to the Proposed Ipoh Land Acquisition, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial impact of the KYM Group.

2.2 Contingent liabilities

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may substantially affect the Group's ability to meet its obligations.

3. CONSENTS AND CONFLICT OF INTEREST

- (i) MIMB, the Adviser to KYM for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto where relevant, in the form and context in which it appear. As at 9 July 2010, the total outstanding hire purchase facilities that have been granted by EON Bank Berhad, the holding company of MIMB to the KYM Group, Directors and/or major shareholders and/or persons connected to them (as defined under the relevant provisions of the Listing Requirements) amounted to approximately RM2.89 million. MIMB is not aware of any potential conflict of interest that exists or likely to exist in respect of its role as the Adviser to the Company for the Proposals.

MIMB is of the opinion that the aforesaid credit facilities extended to the KYM Group, Directors and/or shareholders and/or persons connected to them is not material to give rise to any conflict of interest situation in its capacity as the Adviser to the Company for the Proposals.

- (ii) FHMH Corporate Advisory Sdn Bhd and M&A Securities Sdn Bhd, the Independent Advisers to KYM for the Proposed Ipoh Land Acquisition and Proposed Exemption respectively, have given and has not subsequently withdrawn their written consent to the inclusion in this Circular of their names and all references thereto where relevant, in the form and context in which they appear. FHMH Corporate Advisory Sdn Bhd and M&A Securities Sdn Bhd also confirmed that there is no conflict of interest exists or likely to exist in relation to their role in respect of the Proposals.

- (iii) NHC, the independent valuer to KYM for the Proposed Ipoh Land Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, valuation certificate and all references thereto where relevant, in the form and context in which it appear. NHC also confirmed that there is no conflict of interest exists or likely to exist in relation to its role in respect of the Proposed Ipoh Land Acquisition.
- (iv) Rahim & Co, the independent valuer to KYM for the Proposed Ipoh Land Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, letter and all references thereto where relevant, in the form and context in which it appear. Rahim & Co also confirmed that there is no conflict of interest exists or likely to exist in relation to its role in respect of the Proposed Ipoh Land Acquisition.

4. MATERIAL LITIGATIONS

As at the LPD, the Board is not aware of any material litigation, claim or arbitration involving the Ipoh Land to be acquired.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of KYM at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur during normal business hours from Mondays to Fridays (except on public holidays) from the date of this Circular to the date of the EGM:

- (i) Memorandum and Articles of Association of KYM;
- (ii) audited consolidated financial statements of KYM for the past two (2) FYE 31 January 2009 and 2010 and the latest unaudited results for the financial period ended 30 April 2010;
- (iii) valuation report and certificate from NHC dated 25 May 2010 on the Ipoh Land;
- (iv) letter from the independent valuer of KYM, Rahim & Co, dated 30 June 2010 on the market and feasibility study report;
- (v) letters of consent referred to in Section 3 above; and
- (vi) the Ipoh Land SPA and supplements thereto.

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KYM HOLDINGS BHD.
(Co. No.: 84303-A)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of KYM Holdings Bhd. (“KYM” or the “Company”) will be held at the Company’s Office at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 26 August 2010 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF A LEASEHOLD LAND MEASURING APPROXIMATELY 167,394 SQUARE METRES OR 41.36 ACRES LOCATED AT MUKIM HULU KINTA, DISTRICT OF KINTA, PERAK DARUL RIDZUAN FROM IDAMAN BINA MAKMUR SDN BHD (“VENDOR”) FOR AN AGGREGATE PURCHASE CONSIDERATION OF RM12 MILLION TO BE SATISFIED BY WAY OF CASH CONSIDERATION OF RM100,000 AND THE BALANCE OF RM11,900,000 WILL BE SATISFIED VIA ISSUANCE OF 8,750,000 NEW ORDINARY SHARES OF RM0.50 EACH IN KYM (“KYM SHARES”) TO BE ISSUED AT AN ISSUE PRICE OF RM1.36 PER KYM SHARE (“PROPOSED IPOH LAND ACQUISITION”)

“THAT contingent upon the passing of Ordinary Resolution 2 below subject to the approvals of all relevant authorities, approval be and is hereby given for the Company to acquire a parcel of leasehold land measuring approximately 167,394 square metres or 41.36 acres held under H.S.(D) 180352, PT 226083, Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan from the Vendor for an aggregate purchase consideration of RM12 million only (Ringgit Malaysia Twelve Million) only upon fulfilment of the terms and conditions stipulated in the conditional Sale & Purchase Agreement dated 30 March 2010 which are particularly set out in Section 2.1.4 of Part A of the circular to the shareholders of KYM dated 11 August 2010;

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Ipoh Land Acquisition with full power to assent to any conditions, modifications and/or amendments in any manner whatsoever as may be required by the relevant authorities and to take all such steps and to do all such acts, deeds and things and execute all such documents as they may deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER PRACTICE NOTE 2.9.1 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 (“CODE”) BY DATO’ LIM KHENG YEW AND THE PARTIES ACTING IN CONCERT WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING KYM SHARES NOT ALREADY OWNED BY THEM UPON THE ISSUANCE OF NEW KYM SHARES TO THE VENDOR PURSUANT TO THE PROPOSED IPOH LAND ACQUISITION (“PROPOSED EXEMPTION”)

“THAT contingent upon the passing of Ordinary Resolution 1 above and subject to the approval of the relevant authorities being obtained including such conditions as may be imposed by the Securities Commission Malaysia (“SC”) and any other relevant authorities, approval be and is hereby given for exemptions to be granted to Dato’ Lim Kheng Yew and the parties acting in concert with him under Practice Note 2.9.1 of the Code from the obligation to undertake a mandatory offer for the remaining KYM Shares not already owned by Dato’ Lim Kheng Yew and the parties acting in concert with him upon the issuance of new KYM Shares to the Vendor pursuant to the Proposed Ipoh Land Acquisition;

AND THAT the Directors of the Company be and are hereby authorised with full power and in their sole discretion as they deem fit to assent, to reject and/or appeal against any conditions, stipulations, modifications, variations or amendments imposed by the relevant regulatory authorities for the purposes of this resolution, and to do all such acts, deeds and/or things incidental, and/or as may be required, to give full effect to the Proposed Exemption.”

By Order of the Board

Chee Min Er (MAICSA 7016822)

Company Secretary

Kuala Lumpur

11 August 2010

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.*
2. *The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.*
3. *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
4. *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two (2) or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.*



KYM HOLDINGS BHD.
 (Co. No.: 84303-A)
 (Incorporated in Malaysia)

FORM OF PROXY

I/We _____
 (FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. _____

of _____
 (FULL ADDRESS)

being a member/members of **KYM HOLDINGS BHD.** (Company No.: 84303-A), hereby appoint _____

_____ NRIC No. _____
 (FULL NAME IN BLOCK LETTERS)

of _____
 (FULL ADDRESS)

or failing *him/her, _____ NRIC No. _____
 (FULL NAME IN BLOCK LETTERS)

of _____
 (FULL ADDRESS)

or failing *him/her, the "CHAIRMAN OF THE MEETING" as *my/our proxy to attend and vote on *my/our behalf at the Extraordinary General Meeting of the Company to be held at the Company's office at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 26 August 2010 at 2.30 p.m. in the manner indicated below.

(Please indicate with an "X" in the appropriate space below how you wish your vote to be casted. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/her discretion.)

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 – Proposed Ipoh Land Acquisition		
Ordinary Resolution 2 – Proposed Exemption		

NUMBER OF ORDINARY SHARES HELD	
--------------------------------	--

Signed thisday of, 2010.

.....
 Signature of Member or Common Seal



Notes:

- 1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.*
- 2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.*
- 3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 at Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- 4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two (2) or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
KYM Holdings Bhd. (84303-A)
No. 12, Lorong Medan Tuanku Satu
50300 Kuala Lumpur

1st fold here
