

KEJURUTERAAN ASASTERA BERHAD (“KAB” OR “THE COMPANY”)

JOINT VENTURE AND SHAREHOLDERS’ AGREEMENT BETWEEN KAB TECHNOLOGIES SDN BHD (“KABT”), A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND RESOURCE DATA MANAGEMENT ASIA SDN BHD (“RDMA”)

1. INTRODUCTION

Reference is made to the Company’s announcement on 3 September 2019 in relation to the Memorandum of Understanding entered into between KABT and RDMA (hereinafter referred to collectively as “Parties” and individually as “Party”) to maximise the benefits from both Parties’ mutual interests in translating areas of business practices into developing new technology solutions, expansion of market shares as well as identifying strategic business developments and revenue generations for both Parties.

The Board of Directors of KAB (“Board”) wishes to announce that KABT, a wholly owned subsidiary of the Company, has on 21 October 2019, entered into a Joint Venture and Shareholders’ Agreement (“JVSA”) with RDMA to formalise and set out the basic terms of their relationship with each other via their respective investment participation in the joint venture through a joint venture company (“JV Co”) to be incorporated to carry out the business of the joint venture as disclosed in Section 2.2.5 below (“Proposed Joint Venture”).

2. DETAILS OF THE PROPOSED JOINT VENTURE

2.1 Information on RDMA

RDMA was incorporated on 12 April 2010 as a private company limited by shares under the Companies Act 1965. The share capital of RDMA is RM1,000,000 comprising 1,000,000 ordinary shares.

RDMA is principally engaged in:

- general distributing of electronic control system that provides world class temperature management assurance and flexible building automation for a wide variety of industries;
- energy monitoring and control systems; and
- auditing and consulting for energy efficiency projects.

The existing directors of RDMA are Jesudason Selvaraj and Praba Kiri A/P Paltore.

The shareholding structure of RDMA is as follows:-

| Name of Shareholders | Percentage of Shareholdings |
|----------------------------------------|-----------------------------|
| Resource Data Management Group Limited | 100% |

2.2 Salient Terms of the JVSA

2.2.1 Effective Date and Term

- a) The JVSA shall become effective as from the date of execution hereof for a minimum of three(3) years from the date of first business or sales of the JV Co and shall continue in force and effect until:
 - i. the JV Co shall be dissolved or otherwise cease to exist as a legal entity; or
 - ii. the JVSA is terminated pursuant to the terms hereof.
- b) Upon the occurrence of any of the aforesaid events the JVSA shall be deemed to have been terminated forthwith.
- c) The termination of the JVSA for any cause whatsoever shall not release any party hereto from any liability which at the time of termination has already accrued to the other parties or which thereafter may accrue in respect of any act or omission prior to such termination.

2.2.2 Specialised System Integrator of RDMA

Save and except RDMA's existing contracts, RDMA hereby agrees and covenants to grant to the JV Co the First Right of Refusal to act as a system integrator for RDMA in relation to the products supplied by RDMA in Territory (Asia).

2.2.3 Structure of the JV Co

The JV Co, which name will be mutually agreed by the Parties and approved by the Companies Commission of Malaysia, shall have an initial issued share capital of RM100 divided into 100 ordinary shares.

The shareholding structure of the JV Co shall at all times, be as follows:-

| Party | Type of Shares | Percentage |
|-------|-----------------|------------|
| KABT | Ordinary Shares | 80.00% |
| RDMA | Ordinary Shares | 20.00% |
| Total | | 100.00% |

The JV Co will be a subsidiary of KABT, which in turn is a subsidiary of KAB upon incorporation.

2.2.4 Composition of Board

Unless otherwise agreed by the Parties hereto, the Board shall at all times comprise of three (3) members as follows:-

- i. one director nominated by RDMA;
- ii. one director nominated by KABT; and
- iii. the Chairman of JV Co shall be nominated by KABT.

2.2.5 Business of the JV Co (“the Business”)

- a) The primary essence and objective of the Business is to provide end to end solutions for energy efficiency, automation engineering, service solutions and to provide solutions such as Internet Of Things integration solutions including without limitation soft services such as auditing, analytics and remote management services. The operation of the Business may be based on methods or structures such as sale, energy performing contracts, service model, build operate transfer model and such other methods or structures based on the requirements of the potential clients of the JV Co.
- b) The managing director shall be held responsible for the performance of the JV Co, shall other than as herein provided, make independent business decisions impartial to both KABT and RDMA for the better profitability of the JV Co in its best interests without any undue influence from either party.
- c) RDMA shall use its best endeavours and act in the best interest of the JV Co in respect of its needs for the relevant market and shall work jointly with KABT to meet the marketing schedule for the new products to be designed.
- d) The JV Co shall not be prohibited to use, apply, deploy any other products or materials not associated with and/or supplied by RDMA for implementation of projects secured by the JV Co in carrying out the business.

2.2.6 Financing

- a) The Parties agree that KABT shall be responsible for providing and arranging for financing of the JV Co for purposes of the Business made by issuance and allotment of redeemable convertible preference shares (“RCPS”) in the JV Co to KABT.
- b) The Parties agree that funding for the Business to be carried out by the JV Co shall also be made by external funding by way of loans from banks or third parties to be procured and secured without any additional security by way of guarantees, securities, indemnities, warranties or other undertakings of any Director or Party.

- c) In the event the external funding by way of loans from bank or other third parties has to be secured by the provision of guarantee by the Parties or by the JV Co, KABT shall ensure that the bank or other third parties granting the external funding to the JV Company shall not require RDMA to provide any guarantee for such funding that the bank or other third parties may grant to the JV Co for the Business.
- d) In the event external funding is not available, funding of the business shall be made by issuance and allotment of RCPS in the JV Co to KABT in one or more tranches from time to time as may be required for purposes of the Business.

2.2.7 Disposal of Shares

In the event that any Party ("Disposing Party") seeks to dispose of all of its shares in the JV Co, such shares shall first be offered to the other Party at a price to be determined by the Disposing Party in accordance with the terms in the JVSA.

2.2.8 Deadlock

If the Board of Directors or a general meeting of the JV Co is unable to make a decision on any matter within three (3) months of such matter first being considered by the Board of Directors or general meeting, then KABT shall be entitled in their discretion to serve a written notice to RDMA offering to purchase from RDMA all (but not part only) of RDMA's shares in the JV Co in accordance with the JVSA.

2.2.9 Events of Default

- a) Each of the following shall be an event of default:-
 - i. where any Party commits any breach of any of the provisions of the JVSA hereto and in the case of a breach capable of remedy, shall fail to take all necessary steps to remedy the same within thirty (30) days from the date of receipt of any written notice from any other party hereto giving full particulars of the breach and requiring it to be remedied; or
 - ii. where any of the Parties hereto shall go into liquidation either voluntary or compulsory (unless as part of a bona fide scheme of reconstruction or amalgamation), be dissolved, compound with its creditors or have a receiver appointed over the whole or any part of its assets; or
 - iii. where any consent, approval or authorisation necessary for any of the parties hereto to enter into and perform the JVSA is refused, withdrawn, modified, terminated or expired or is not renewed or otherwise is not in full force and effect and as a result thereof that party shall not be able to perform its obligations herein;

- iv. where any Party hereto shall stop or threaten to stop payment of its debts or cease or threaten to cease to carry on the whole or any substantial part of its business other than in the course of a scheme of reconstruction or amalgamation the terms of which shall previously have been approved in writing by the other parties hereto;
- v. where the ownership structure of any party changes to the extent that its management or control shall lie with any competitor of the JV Co.

- b) Upon the occurrence of an event of default referred to in the JVSA, the deadlock provision referred in the JVSA shall apply.

3. RATIONALE, BENEFIT AND PROSPECT FOR THE PROPOSED JOINT VENTURE

The Proposed Joint Venture is to expand the scope of work within the Mechanical & Electrical solutions for KAB group. This will allow KABT to explore further into the technological field and provide its clients a more comprehensive solution.

The Proposed Joint Venture also enables the Company to penetrate markets such as commercial buildings, healthcare (hospitals), retail malls, industrial places, universities, & etc. Offerings to developers can now be enhanced with a more complete Mechanical & Electrical solution.

4. RISKS FACTORS IN RELATION TO THE PROPOSED JOINT VENTURE

The Board does not foresee any material risks pursuant to the Proposed Joint Venture except for the political and economic risk and inherent business risk factors associated with technology industry.

5. EFFECTS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture will not have any effect on the share capital and substantial shareholders' shareholding of the Company.

The Proposed Joint Venture is not expected to have any material effect on the earnings per share, net assets per share and gearing for the financial year ending 31 December 2019.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of KAB, as well as persons connected to them, have any interest, direct or indirect, in the Proposed Joint Venture.

7. DIRECTORS' STATEMENT

The Board, after having considered the Proposed Joint Venture, is of the view that the Proposed Joint Venture is in the best interest of the Company.

Pursuant to Rule 8.23(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board would ensure that the subscription of RCPS by KABT in JV Co, if required, is fair and reasonable to the Company and is not to the detriment of the Company and its shareholders before the subscription.

This announcement is dated 21 October 2019.