

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

AN AGREEMENT ENTERED INTO BETWEEN KAB TECHNOLOGIES SDN BHD, A WHOLLY OWNED SUBSIDIARY OF THE COMPANY, AND ENERGY OPTIMIZATION (THAILAND) CO. LTD

1. INTRODUCTION

Pursuant to Rule 9.03 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of KAB is pleased to announce that KAB Technologies Sdn Bhd (Company No. 1274868-D) (“KABT”), a wholly-owned subsidiary of the Company, had on 10 September 2019 accepted an Agreement with Energy Optimization (Thailand) Co. Ltd (Company No. 0105543071221) (“EOT”) (hereinafter referred to collectively as “Parties” and individually as “Party”) to perform an Energy Performance Contract (EPC) via chiller optimization for Robinson Department Stores located in Central Grand Rama 9 and Robinson Lifestyle Prachinburi subject to the terms and conditions as prescribed in the Agreement.

2. INFORMATION ON EOT

EOT was incorporated on 31 July 2000 as a private limited company incorporated under Department of Business Development Ministry of Commerce in Thailand. The share capital of EOT is 3,000,000 Baht comprising 30,000 ordinary shares.

EOT is Energy Service Company (ESCO) principally engaged in design and implementing of energy saving equipment.

The existing director of EOT is Mr. Chanchai Kitprotpisuth.

The shareholding structure of EOT is as follows:-

Name of Shareholder	Shareholdings	
	Number of Shares	%
Mr Chanchai Kitprotpisuth	30,000	100

3. Salient Terms

3.1 Performance of Services

- a) In consideration of the terms and conditions in the Agreement and mutual covenants herein, EOT hereby engages and KABT hereby accepts the engagement to perform the energy performance contract via chiller optimisation.
- b) KABT shall, at its own costs and expenses, perform installation of the chiller optimisation system, commissioning and training within one hundred twenty (120) days from the date of the Agreement.
- c) KABT shall have control and absolute discretion over the means and manner of performance of the installation of chiller optimization system.
- d) KABT shall, at its own costs and expenses maintain the system.

- e) KABT shall submit EOT the monthly energy report and KABT hereby guarantee savings achievable from the system shall not be less than ten percent (10%).

3.2 Payment

- a) EOT hereby acknowledges, declares, covenants that EOT shall be entitled to the followings on the monthly basis as a result of the implementation works:-
- i. Payment achieved from energy savings from its client (hereinafter referred to as the “Savings Payment”); and
 - ii. Subsidy from the Ministry of Energy, Thailand,
- (hereinafter collectively referred to as the “Revenue”).
- b) The calculation of the Revenue is according to the formula as set out in the Agreement.
- c) The Parties agree that, with effect from the date of Agreement, KABT shall be entitled to a share of seventy percent (70%) on the payments of Revenue received by EOT, which payment shall be made to KABT by EOT on a monthly basis throughout the terms of the Agreement.
- d) All payment payable to KABT pursuant to the Agreement shall be paid to KABT within fourteen (14) days from the date of Revenue collected by EOT.
- e) EOT hereby warrants, declares, undertakes and covenants that in addition to the Saving Payment as referred to in Section 3.2(a) above, the following additional payments shall be payable by the Ministry of Energy to EOT within 12 months of installation

Agreement	Amount	Equivalent to RM*
Energy Performance Contracting No. RSB-iOT 60/61	Thai Baht One Million One Hundred Thousand (THB1,100,000.00) only	Ringgit Malaysia One Hundred Forty-Nine Thousand Six Hundred Ninety-Seven and Ninety cent (RM149,697.90) only
Energy Performance Contracting No. RSB-iOT 61/61	Thai Baht One Million One Hundred Thousand (THB1,100,000.00) only	Ringgit Malaysia One Hundred Forty-Nine Thousand Six Hundred Ninety-Seven and Ninety cent (RM149,697.90) only

and to pay to KABT the sum of Thai Baht One Million Eight Thousand (THB1,078,000.00) (equivalent to RM146,703.95) only from the payments referred to above within 14 days from EOT’s receipt of the said payment from the

Ministry of Energy, being the incentives for KABT's performance under the Agreement.

* Based on the exchange rate of THB100: RM13.6089 on 10 September 2019 as set out in the Bank Negara Malaysia website, subject to rounding.

3.3 Ownership of Title

The full legal and equitable title right and interest of the chiller optimization system shall at all times remain with KABT including during the entire term of the Agreement and shall only pass to the clients after the terms of the Agreement.

3.4 Covenants by EOT

a) EOT hereby covenants and undertakes:-

- i. to throughout the entire term of the Agreement provide KABT with all information and/ or documents and/or assistance required by KABT to discharge its obligations under the Agreement;
- ii. to secure punctual payment of Revenue and/or any monies due from and payable by its clients to EOT;
- iii. to commence lawsuit, actions and proceedings to recover all payment and monies (including but not limited to the Revenue) due and payable by its clients to EOT in the event the client defaults any payment due to EOT for a period of two(2) months.
- iv. to promptly make payment and cause to be paid all monies due and payable to KABT under and pursuant to the Agreement to KABT on a monthly basis within stipulated timeframe throughout the term of the Agreement.

b) EOT shall indemnify KABT against all costs, expenses, damages, demand, penalties, fines, taxes, liabilities, actions, proceedings, or suits resulting from the breach of the covenants stipulated in Section 3.4(i) to 3.4(iv) hereof.

3.5 Covenants by KABT

KABT undertakes and covenants that savings achievable from the installation of chiller optimization system shall not be less than ten percent (10%), failing which, KABT shall indemnify EOT against all costs, expenses, damages, demand, penalties, fines, taxes, liabilities, actions, proceedings, or suits.

If KABT does not complete installation within one hundred twenty (120) days from the date of the Agreement, EOT needs to notify KABT in writing thirty (30) days prior to any change in technology.

3.6 Breach of Covenants

In the event of any breach of covenants by any Party hereto, the defaulting Party shall expediently do all acts as may be required to remedy such breach within 14 days, failing which the affected Party shall give notice to the defaulting Party to terminate the Agreement without prejudice to the other remedy that the affected Party might have.

3.7 Intellectual Property

The Parties acknowledge that KABT owns or is licensed to use all intellectual property provided or granted under the Agreement and that such intellectual property rights do not infringe, contravene or violate the intellectual property rights of any third party.

Neither EOT nor its clients shall acquire any interest in the intellectual property rights by virtue of the Agreement.

3.8 Governing Law and Jurisdiction

The Agreement shall be governed by and interpreted in accordance with the laws of Thailand and the Parties hereto agree to submit to the exclusive jurisdiction of the courts in Thailand.

3.9 Force Majeure

- a) If either Party is prevented or delayed in the performance of any of its obligations under the Agreement by a force majeure events, then:
 - i. the affected Party's obligations under the Agreement shall be suspended for so long as the force majeure event continues and to the extent that the affected Party is so prevented, hindered or delayed;
 - ii. within seven (7) days after commencement of the force majeure event, the affected Party shall notify the other party in writing of the occurrence of the force majeure event, the date of commencement of the force majeure event and the effect of the force majeure event on its ability to perform its obligations under the Agreement;
- b) If either Party is prevented from the performance of all or substantially all of its obligations for a period exceeding sixty (60) consecutive days, the other Party may terminate the Agreement by giving not less than thirty (30) days' notice in writing to the other Party, in which case neither Party shall have any liability to the other except that rights and liabilities which accrued prior to such termination shall continue to subsist.

4. RATIONALE OF THE AGREEMENT

This is an expansionary strategy for KAB to establish a steady stream of recurring revenue to the group through its subsidiary KABT that specializes in energy efficiency. This will also allow the group to establish a new customer base and a foreign presence.

5. EFFECTS OF THE AGREEMENT

The Agreement will not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

The Agreement 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. INTERESTS 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 Agreement.

7. DIRECTORS' STATEMENT

The Board of Directors of KAB, after having considered the Agreement, is of the opinion that the Agreement is in the best interest of the Company.

This announcement is dated 10 September 2019.