

KEJURUTERAAN ASASTERA BERHAD
[REGISTRATION NO. 199701005009 (420505-H)] (“KAB” OR “THE COMPANY”)

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

1. INTRODUCTION

Reference is made to FBGSB’s announcements dated 9 November 2022, 10 November 2022 and 11 November 2022. Unless otherwise stated, defined terms used in this announcement shall have the same meanings as defined in the announcements dated 9 November 2022, 10 November 2022 and 11 November 2022.

Pursuant to Paragraph 10.05(2) of the Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of KAB wishes to announce that KABEH had on even date entered into a Sale and Purchase of shares Agreement (“**SPA** or “**the Agreement**”) with Future NRG Sdn. Bhd. (“**FNSB**”) for the purpose of acquisition of 380,000 ordinary shares in Future Biomass Gasification Sdn. Bhd. (“**FBGSB**”) for a total consideration of RM15,000,000/- (*Ringgit Malaysia: Fifteen Million*) only subject to the terms and conditions of the SPA.

2. INFORMATION ON KABEH

KAB Energy Holdings Sdn. Bhd. [Company No. 202101013322 (1413621-K)] (“**KABEH**”) was incorporated in Malaysia on 9 April 2021 and having its registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Height, 50490 Kuala Lumpur, Wilayah Persekutuan.

The issued share capital of KABEH is RM1,500,000/- comprising 1,500,000 ordinary shares. KABEH is principally engaged in investment holding.

The Directors and shareholders of KABEH are as follows:-

Directors and shareholders	No. of KABEH shares	Issued and paid-up share capital of KABEH (%)
<u>Directors</u>		
(i) Dato’ Lai Keng Onn	-	-
(ii) Jonathan Wu Jo-Han	-	-
<u>Shareholders</u>		
(i) Kejuruteraan Asastera Berhad	1,500,000	100%

3. INFORMATION ON FNSB

Future NRG Sdn. Bhd. [Registration No. 200801012859 (814147-M)] (“**FNSB**”) was incorporated in Malaysia on 17 April 2008 and having its registered office at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The issued share capital of FNSB is RM28,000,000/- comprising 28,000,000 ordinary shares. FNSB is principally engaged in renewable energy development.

KEJURUTERAAN ASASTERA BERHAD
[REGISTRATION NO. 199701005009 (420505-H)] (“KAB” OR “THE COMPANY”)

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

The Directors and shareholders of FNSB are as follows:-

Directors and shareholders	No. of FNSB shares	Issued and paid-up share capital of FNSB (%)
<u>Directors</u>		
(i) Sit Kin Yik	-	-
(ii) Hoo Swee Guan	-	-
<u>Shareholders</u>		
(i) Fitters Diversified Bhd	28,000,000	100%

4. SALIENT TERMS ON THE AGREEMENT

4.1 Information on FBGSB

FBGSB was incorporated in Malaysia on 17 December 2007 and having its registered office at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The issued share capital of FBGSB is RM380,000/- comprising 380,000 ordinary shares. FBGSB is principally engaged in power generation from renewable energy.

FBGSB owns a Biogas Power Plant with an installed capacity of 2.4MW (“**Power Plant**”) located on a piece of land on which the Power Plant is situated, which is held under Hakmilik Sementara H.S.(D) 7411, No. PT 8909, Mukim Tawar, Daerah Baling, Negeri Kedah (“**Land**”). FBGSB has entered into a Renewable Energy Power Purchase Agreement with TNB (“**REPPA**”) to supply power generated from the Power Plant to the grid for a concession/ billable period of up to year 2034, and in return TNB shall pay FBGSB the power purchase price calculated at the prescribed rate.

KABEH and FNSB agree that, prior to the completion of this Proposed Acquisition, the Land shall be transferred from FBGSB to FNSB or a party nominated by FNSB at a nominal value of RM1/- only (“**Transfer**”) subject to terms and conditions and the Land shall be leased back to KABEH at a nominal value of RM1/- only for KABEH’s exclusive possession and use throughout the REPPA Effective Period, or for such longer period as is required for KABEH to discharge its obligations under the REPPA (“**Lease**”).

The Directors and shareholders of FBGSB are as follows:-

Directors and shareholders	No. of FBGSB shares	Issued and paid-up share capital of FBGSB (%)
<u>Directors</u>		
(i) Beh Sui Wei	-	-

KEJURUTERAAN ASASTERA BERHAD
[REGISTRATION NO. 199701005009 (420505-H)] (“KAB” OR “THE COMPANY”)

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

Directors and shareholders	No. of FBGSB shares	Issued and paid-up share capital of FBGSB (%)
(ii) Ngu Wang Keat (iii) Hoo Swee Guan	- -	- -
<u>Shareholders</u>		
(i) Future NRG Sdn. Bhd.	380,000	100%

4.2 Sale of Sale Shares

FNSB agrees to sell and transfer 380,000 ordinary shares legally and beneficially owned by FNSB, comprising the whole of the issued and paid-up share capital of FBGSB as at the date of Completion subject to the terms and conditions of the SPA. These Sale Shares are free from all encumbrances and together with all rights and advantages attaching to them.

4.3 Conditions Precedent

KABEH’s obligation to purchase the Sale Shares contained is conditional upon the satisfaction of the following conditions by FNSB (except as expressly provided to be satisfied by KABEH):-

- (a) FNSB having procured the passing by way of shareholders’ circular resolution and directors’ circular resolution FNSB of a resolution to approve the sale of the Sale Shares in the agreed terms;
- (b) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed acquisition of FBGSB by KABEH having been obtained by FNSB from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to KABEH and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;
- (c) FNSB having obtained the written approvals from each of SEDA, the Energy Commission and the Minister of Natural Resources, Environment and Climate Change (who is in charge of energy related matters) for the change in shareholding of FBGSB as contemplated by the Agreement;
- (d) FNSB having procured that FBGSB resolves its non-compliance with Regulations 6(3), (3A) and (3B) of the Factories and Machinery (Persons In-Charge) Regulations 2014, Section 15(1) of the Occupational Safety and Health Act 1994 (“**OSHA**”) and the improvement notice issued to FBGSB pursuant to Section 48 of the OSHA pursuant to an inspection carried out by a factory and machinery inspector from the Department of Occupational Safety and Health at FBGSB’s Biogas Power Plant on 8 August 2022 (collectively being referred to as the “**OSHA**”

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

- Non-Compliance**”) and obtains written confirmation from such inspector that the danger at the workplace has been removed to the satisfaction of the inspector and the improvement notice has been fully complied by FBGSB;
- (e) FNSB having procured that a new feedstock supply agreement has been entered into between FBGSB and Solid Orient Holdings Sdn. Bhd. (“SOH”) for the supply of Palm Oil Mill Effluent (“POME”) by SOH to FBGSB, in form and substance satisfactory to KABEH, to replace the Original Feedstock Agreement and FNSB or FBGSB has submitted such new feedstock supply agreement to the Energy Commission for compliance with Condition 15 of the Generation Licence;
 - (f) FNSB having procured that a lease agreement has been entered into between FBGSB and the SOH for the lease of a part of a piece of land owned by SOH and held under land title HSD 5519, PT7213 located at Lot 3998, Daerah Baling, Mukim Tawar, Kedah with an area of 125,130 square meters (“SOH Land”) to FBGSB (“Lease”) where the lease area shall cover the existing area under the Tenancy Agreement, the cooling ponds which are currently being used for the delivery of POME to FBGSB and other areas necessary for FBGSB to perform its obligations under the REPPA and related agreements or contracts (“Project Area”), in form and substance (including but not limited to the duration of the Lease) satisfactory to KABEH, to replace the Tenancy Agreement. Such lease agreement shall include the rights of FBGSB to continue to use the power supply from and electric pole situated on SOH Land and to have right of way to SOH Land for access to the Project Area;
 - (g) FNSB having procured or caused the Lease to be duly registered with the relevant Kedah land office and duly endorsed in the land title of the SOH Land where all necessary third party consents (including consent from the existing chargee of the SOH Land) have been obtained prior to the registration of the Lease;
 - (h) FNSB having procured the completion of the transfer of the Land to FNSB or its nominee with all costs and expenses incurred relating to such transfer being borne by FNSB;
 - (i) FNSB having procured the completion of transfer of all assets owned by FBGSB relating to the dried long fibre plant (together with all liabilities and obligations arising whether prior to or after the date of the Agreement) to FNSB or its nominee;
 - (j) FNSB having delivered to KABEH the duly executed written resignations of each of the Excluded Employees of FBGSB as an employee to take effect no later than the date of Completion, with acknowledgements signed by each of them in a form and substance satisfactory to KABEH to the effect that they have no claim against FBGSB;
 - (k) FNSB having procured the consolidation and assignment of debts owing by FBGSB to FNSB and FNSB’s associated companies (forming the Related Companies’ Advances) to FNSB and capitalisation of part of the Related Companies’ Advances that is equivalent to such amount or value that is necessary to ensure that the Remaining Related Companies’ Advances after such capitalisation shall be RM11,300,000/- (Ringgit Malaysia Eleven Million Three Hundred Thousand) only (“Capitalisation Value”) into Ordinary Shares, and

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

provided an updated Register of Member of FBGSB and a copy of the share certificate to KABEH, evidencing that such Ordinary Shares have duly registered in FNSB's name. For the avoidance of doubt, such Ordinary Shares shall upon capitalisation, form part of the Sale Shares at no additional cost or consideration to KABEH;

- (l) FNSB having procured FBGSB to complete the following rectification works to the Biogas Power Plant:
 - (i) repair faulty biogas flowmeters and POME flowmeters;
 - (ii) replace faulty pressure gauge (PG-502);
 - (iii) replace faulty control valve (CV-204);
 - (iv) remove rust and repaint outdoor electrical box;
 - (v) replace broken component of faulty handle valve; and
 - (vi) remove rust and repaint piping support platform; and

- (m) a redemption statement issued by OCBC stating the total amount due and owing to OCBC as at Completion (“**Redemption Statement**”) where the Redemption Statement shall have a validity period ending no earlier than ten (10) Business Days after the Completion.

4.4 Simultaneous completion

KABEH is not obliged to complete the purchase of any of the Sale Shares unless the purchase of the entire Sale Shares is completed simultaneously.

4.5 Rights to Sale Shares after Completion

FNSB undertakes to KABEH that, if and for so long as it remains the registered holder of any of the Sale Shares after Completion pending the stamping of the share transfer form, it shall:-

- (a) hold such Sale Shares together with all dividends and any other distributions of profits, surplus or other assets in respect of such Sale Shares and all rights arising out of or in connection with them, in trust for KABEH;
- (b) at all times after Completion, deal with and dispose of such Sale Shares, dividends, distributions, assets and rights as KABEH shall direct;
- (c) exercise all voting rights attached to such Sale Shares in such manner as KABEH shall direct; and
- (d) if required by KABEH, execute all instruments of proxy or other documents as may be necessary to enable KABEH to attend and vote at any meeting of FBGSB.

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

4.6 Consideration

The aggregate consideration for the purchase of the Sale Shares shall be RM15,000,000/- (Ringgit Malaysia Fifteen Million) only (“**Purchase Consideration**”) subject to the terms and conditions of the SPA.

4.7 Completion Date and Place

Subject to Paragraph 4.3 (Conditions Precedent) and Clause 4 (Condition) of the SPA, the completion of the sale and purchase of the Sale Shares pursuant to this Paragraph (“**Completion**”) shall take place at the office of KABEH on the Completion Date or at such other place as may be agreed between the Parties.

4.8 Source of Funding and Breakdown

The Purchase Consideration intended to be funded via bank borrowings and internally generated funds, the proportions of which will be determined later.

5. BASIS AND JUSTIFICATION FOR THE PURCHASE PRICE AND ACQUISITION OF SALES SHARES

The Total Purchase Consideration is mutually arrived at by KABEH and FNSB based on information given by FNSB to date, upon taking into consideration that the purchase of the Sale Shares free from all encumbrances and together with all rights and advantages attaching to them.

6. RATIONALE AND BENEFITS OF THE TRANSACTION

The acquisition of Sales Shares is part of the Group’s expansion strategy. This will help KAB establish a steady stream of recurring revenue, which complements the existing core earnings. The acquisition will establish a comparatively strong foothold for KAB as its biogas project initiation, as well as to support in particular the areas of interest in which KABEH is desirous of exploring, based on the principles of the technical know-how and value-added services which KABEH can complement for renewable energy generation projects. This further establishes KAB’s Sustainable Energy Solutions (SES) portfolio, and it also aligns with the group’s strategy on expanding the Group’s recurrent income in other ways.

7. FINANCIAL EFFECTS

7.1 Share capital and shareholdings of substantial shareholders

The Proposed Acquisition will not have any effect on the issued share capital of KAB nor on KAB’s substantial shareholders’ shareholdings as it does not involve the issuance of KAB shares.

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

7.2 Net Assets, Net Assets per share and gearing

The Agreement is not expected to have any material effect on the net assets, net assets per share and gearing of the Group for the financial year ended 31 December 2022.

7.3 Earnings and Earnings Per Share (“EPS”)

The Agreement is not expected to have any material effect on the Group’s earnings and earnings per share for the financial year ended 31 December 2022 but is expected to contribute positively to the Group’s future earnings and the Company’s earnings per share.

8. APPROVAL REQUIRED

The Proposed Acquisition is not subject to the approval of shareholders of KAB but could be subject to the approval of relevant authority(ies), if required.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main LR of the Bursa Securities is 16.67% which based on the latest audited financial statements of KAB for the financial year ended 31 December 2021.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of KAB and/or persons connected to them has any interest, direct or indirect, in the Proposed Acquisition.

11. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of KAB, having reviewed and considered the terms and conditions of the Agreement, are of the opinion that the Agreement are in the best interest of KAB and the terms and conditions of the Agreement are fair, reasonable and on terms that are not detrimental to the minority shareholders of KAB.

12. ESTIMATED TIMEFRAME FOR COMPLETION

The acquisition of the entire equity of FBGSB from FNSB is expected to be completed in the second quarter of 2023.

**KEJURUTERAAN ASASTERA BERHAD
[REGISTRATION NO. 199701005009 (420505-H)] (“KAB” OR “THE COMPANY”)**

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SALE AND PURCHASE OF SHARES AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY AND FUTURE NRG SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 380,000 ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)

13. DOCUMENTS AVAILABLE FOR INSPECTION

The copies of the SPA will be made available for inspection at KAB’s registered office Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

In adherence to the standard operating procedures imposed by the regulatory authority(ies), all inspection of documents at registered office of KAB could only be conducted by prior appointment only. For appointment(s) request, please contact +603-2084 9000 or email: info@sshshb.com.my.

This announcement is dated 16 January 2023.