

**KEJURUTERAAN ASASTERA BERHAD [REGISTRATION NO. 199701005009 (420505-H)] (“KAB” OR “THE COMPANY”)  
NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)**

**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 100% ORDINARY SHARES IN FUTURE BIOMASS GASIFICATION SDN. BHD. (“PROPOSED ACQUISITION”)**

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## 1. INTRODUCTION

The Board of Directors of KAB wishes to announce that KAB Energy Holdings Sdn. Bhd. [Registration No. 202101025059 (1425359-X)] (“**KABEH**”), a wholly-owned subsidiary of the Company had on 9 November 2022, entered into an Agreement dated 9 November 2022 (“**Agreement**”) with Future NRG Sdn. Bhd. [Registration No. 200801012859 (814147-M)] (“**FNSB**”) for the purpose of acquiring the entire ordinary shares held by FNSB in Future Biomass Gasification Sdn. Bhd. [Company No. 200701041827 (799859-H)] (“**FBGSB**”), for a tentative total consideration of RM15,000,000/- (“**Proposed Acquisition**”).

KABEH and FNSB are collectively referred as “the Parties” or each “Party” as the case may be.

## 2. INFORMATION ON KABEH

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 RM1.00 comprising 1 ordinary share. KABEH is principally engaged in investment holding.

The Directors and shareholders of KABEH are as follows:-

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

## 3. INFORMATION ON FNSB

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.

The Directors and shareholders of FNSB are as follows:-

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<b>Directors and shareholders</b>	<b>No. of FNSB shares</b>	<b>Issued and paid-up share capital of FNSB (%)</b>
<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 OF 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. 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 the Distribution Licensee pays FBGSB the power purchase price calculated at the prescribed rate.

KABEH and FNSB agree that, after 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 RM1.00 only (“**Transfer**”) subject to terms and conditions and the Land shall be leased back to the Purchaser at a nominal value of RM1.00 only for Purchaser’s exclusive possession and use throughout the REPPA Effective Period, or for such longer period as is required for the Purchaser to discharge its obligations under the REPPA (“**Lease**”).

The Directors and shareholders of FBGSB are as follows:-

<b>Directors and shareholders</b>	<b>No. of FBGSB shares</b>	<b>Issued and paid-up share capital of FBGSB (%)</b>
<u>Directors</u>		
(i) Beh Sui Wei	-	-
(ii) Ngu Wang Keat	-	-
(iii) Hoo Swee Guan	-	-

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<b>Directors and shareholders</b>	<b>No. of FBGSB shares</b>	<b>Issued and paid-up share capital of FBGSB (%)</b>
<u>Shareholders</u> (i) Future NRG Sdn. Bhd.	380,000	100%

#### **4.2 PURCHASE CONSIDERATION**

FNSB shall sell and KABEH shall purchase the Sale Shares at the Purchase Consideration for the purpose of acquisition of 380,000 Ordinary Shares in FBGSB for a tentative purchase consideration of approximately RM15,000,000 only, provided always that as from the prescribed completion date, FBGSB’s assets are free from any encumbrances, and the total purchase consideration could be varied subject to satisfactory of due diligence findings and the terms and conditions stated therein the SPA.

#### **4.3 CONDITIONS PRECEDENT**

4.3.1 The completion of the Proposed Acquisition by KABEH shall be conditional upon the following:

- (a) KABEH obtaining all necessary approvals or consents of any party, including but not limited to directors and shareholders, public agency or government authority that are necessary for the purchase and acquisition of the Sale Shares to KABEH;
- (b) FNSB obtaining and providing to KABEH all necessary approvals or consents of any party, including but not limited to directors and shareholders, public agency or government authority or waiver of any rights of first refusal or pre-emptive rights of any nature, that are necessary for the sale and disposal of the Sale Shares to KABEH;
- (c) FNSB having procured that the Sale Shares be free of all encumbrances; and
- (d) the fulfilment or incorporation in the Sale and Purchase Agreement (“**SPA**”) of any conditions or matters by FNSB or, as the case may be, KABEH, arising from any findings or advice of KABEH’s consultants or advisors in relation to any matter in respect of this sale and purchase transaction;

4.3.2 The Parties shall complete the Conditions Precedent within thirty (30) days from the date of the SPA (“**CP Period**”).

4.3.3 FNSB shall provide documents and information in its possession upon receiving request from KABEH, or KABEH’s solicitors and consultants.

4.3.4 KABEH shall have the right to waive any of the conditions precedent unless the conditions precedent is/are required as a matter of compliance with the law and/or the relevant regulatory authority.

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- 4.3.5 The date on which KABEH notifies FNSB in writing that all of the Conditions Precedent have been fulfilled or waived, as the case may be, shall be the “**Unconditional Date**”.

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

The Total Purchase Consideration will be mutually arrived at by KABEH and FNSB based on information given by FNSB to date and subject to due diligence findings, upon taking into consideration that the Sale Shares will be sold:-

- (i) free from all liens, charges and Encumbrances and from all other rights exercisable by or claims by third parties including without limitation to the generality of the foregoing any rights of pre-emption or otherwise which may be asserted by any third party and with full legal and beneficial title; and
- (ii) with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of SPA.

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.

**6 FINANCIAL EFFECTS**

**6.1 Share capital and shareholdings of substantial shareholders**

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

**6.2 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 ending 31 December 2022.

**6.3 Earnings and Earnings Per Share**

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

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**7 APPROVAL REQUIRED**

The Agreement is not subject to the approval of shareholders and any other relevant authorities.

**8 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 Agreement.

**9 STATEMENT BY THE BOARD OF DIRECTORS**

The Board of Directors of KAB, having reviewed and considered the terms and conditions of the Agreement, is of the opinion that the Agreement is 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.

**10 ESTIMATED TIMEFRAME FOR COMPLETION**

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

**11 DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement will be made available for inspection at the Company’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 the Company could only be conducted by prior appointment only. For appointment(s) request, please contact +603-2084 9000 or email: [info@sshbsb.com.my](mailto:info@sshbsb.com.my).

This announcement is dated 9 November 2022.