

KEJURUTERAAN ASASTERA BERHAD
[REGISTRATION NO. 199701005009 (120505-H)] (“KAB” OR THE “COMPANY”)

SUBJECT: OTHERS

TERM SHEET FOR A JOINT VENTURE BETWEEN KAB TELCO SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND MRH EMPRIE SDN. BHD.

1. INTRODUCTION

The Board of Directors of KAB wishes to announce that KAB Telco Sdn. Bhd. [Registration No. 202101025059 (1425359-X)] (“**KABTEL**”), a wholly-owned subsidiary of the Company had on 20 April 2022, entered into A Term Sheet dated 20 April 2022 (“**Term Sheet**”) with MRH Empire Sdn. Bhd. [Registration No. 201901042400 (1351730-M)] (“**MRH**”) to form a joint venture in respect of the identified projects and prospective projects.

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

2. INFORMATION ON KABTEL

KAB Telco Sdn. Bhd. [Registration No. 202101025059 (1425359-X)] was incorporated in Malaysia on 27 July 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 KABTEL is RM100.00 comprising 100 ordinary shares. KABTEL is principally engaged in telecommunication.

The Director of KABTEL is Dato’ Lai Keng Onn. KABTEL is a wholly-owned subsidiary of KAB.

3. INFORMATION ON MRH

MRH Empire Sdn. Bhd. [Registration No. 201901042400 (1351730-M)] was incorporated in Malaysia on 22 November 2019 and having its registered office at No. 63-2, Tingkat 2, Jalan Melati Utama 4, Taman Melati Utama Setapak, 53100 Setapak, Wilayah Persekutuan.

The issued share capital of MRH is RM501,000.00 comprising 501,000 ordinary shares. MRH is principally engaged in operating a network of multi-operator telecommunications towers at strategic locations and providing facilities and services relating to maintenance of telecommunication towers, own the telecommunication structure and fibre for in building coverage.

The Director of MRH is as follows:

- (a) Mohamad Ezzul Na’im Bin Mohd Roahizee.

The shareholders of MRH are as follows:-

Shareholders	No. of MRH shares	Issued and paid-up share capital of MRH (%)
<u>Shareholders</u>		
(i) Mohamad Ezzul Na’im Bin Mohd Roahizee	500,500.00	99.9%
(ii) Mohd Rohaizee Bin Hashim	500.00	0.10%

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4. SALIENT TERMS OF THE TERM SHEET

4.1 Special Warranty and Undertaking

MRH undertakes and warrants KABTEL that:

- (a) MRH will always remain, a Network Facilities Provider Class Licensee or a Network Facilities Provider Individual Licensee under the Communications and Multimedia Act 1998 (“**MCMC Act**”) and the Communications and Multimedia (Licensing) Regulations 2000 (“**MCMC (Licensing) Regulations**”) (“**NFP Licence**”);
- (b) MRH has been awarded the contracts to build, own and operate the telecommunication facilities as more specifically described, and upon terms as set out, in the contracts/ letters of award (“**Identified Projects**”); and
- (c) MRH has obtained an approval from one of the government ministries to survey 1,342 sites throughout the East and West Malaysia for the purposes of development of telecommunication towers by MRH; and entered into a Memorandum of Understanding with a telecommunication operator for a joint business participation and cooperation over digital connectivity and infrastructure development for the 1,342 sites

4.2 Shareholding Structure

Upon incorporation of the joint venture company (“**JV Company**”), the Parties shall respectively subscribe for ordinary shares in the Company, so that the shareholding structure in the JV Company shall be as follows (“**Shareholding Structure**”):

No.	Parties	Shareholding Percentage
1	KABTEL	60.00%
2	MRH	40.00%
	Total	100.00%

The Shareholding Structure shall not be varied or diluted in any manner whatsoever, unless the Parties otherwise agree in writing or in the manner provided in the Constitution of the JV Company.

4.3 Subscription Price and Payment Conditions

The Subscription Prices will be paid in the following manner and order:

- (a) The KABTEL Subscription Price will be paid in cash by KABTEL within 30 days from the creation and registration of the Securities;
- (b) The MRH Subscription Price will be paid in cash by MRH within 30 days from the creation and registration of the Securities.

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In the event that the creation and registration of the Securities are not completed, KABTEL shall not be required to pay the KABTEL Subscription Price or proceed with the subscription of shares, and all monies paid or released to the JV Company or the JV Company’s nominees, trustees or stakeholders shall be repaid in full to KABTEL within fourteen (14) days upon the receipt of the notice from KABTEL.

4.4 Project Funding

The Parties acknowledge that project funding for the Identified Projects and any Prospective Project(s) acquired by the JV Company or MRH upon the Company’s Board of Directors’ approval or ratification (“**Further Acquired Projects**”) shall be procured by the JV Company through shareholders’ funding or third-party financing. Thus, the JV Company shall have and retain full beneficial interest and ownership in the Identified Projects and the Further Acquire Projects.

4.5 Roles of the Parties

Subject to the powers of the Board of Directors, each Party shall allocate personnel on managerial level or above to manage and oversee the following matters of the JV Company respectively:

- (a) KABTEL shall have such personnel responsible for managing and monitoring all marketing exercises, administration matters, financial and accounting transactions, human resources matters and other day to day affairs of the JV Company (“**KABTEL’s Role**”);
- (b) MRH shall have such personnel responsible for managing and ensuring the good execution and operation of the Identified Projects and Further Acquired Projects; sourcing of skilled manpower; procurement of materials, the attendances to technical issues of Projects, satisfactory, customer service; attendance to complaints by customers, provision of maintenance services; and liaising with the relevant authorities or public agencies and assisting the JV Company in acquiring all licenses, approvals, consents and/or orders necessary for the project implementation and operation (“**MRH’s Role**”).

In the event of any conflict or overlap between the KABTEL’s Role and MRH’s Role vis-à-vis the JV Company, KABTEL shall have the right to final decision.

5. RATIONALE AND BENEFITS OF THE TERM SHEET

The JV marks a significant milestone in the development of telecommunication infrastructure and telco services business for 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

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The Term Sheet 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 Term Sheet 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 Term Sheet 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.

7. APPROVAL REQUIRED

The Term Sheet 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 the Company and/or persons connected to them has any interest, direct or indirect, in the Term Sheet.

9. STATEMENT BY THE BOARD OF DIRECTORS

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

This announcement is dated 20 April 2022.