

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

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

TERM SHEET ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY WITH GREEN ENERGY SPECIALIST PTE. LTD IN RELATION TO THE PROPOSED ACQUISITION OF COMMON SHARES IN PT GREEN ENERGY SPECIALIST ONE (“PROPOSED ACQUISITION”)

1. INTRODUCTION

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 6 June 2024 entered into a Term Sheet with Green Energy Specialist Pte. Ltd (“**GES**”), for the purpose of acquisition of 43,000 ordinary shares representing 100% of the issued and paid-up capital in PT Green Energy Specialist One (“**PT GESO**”), for a total consideration of RM8.89 million (*Ringgit Malaysia: Eight Million Eight Hundred and Ninety Thousand*).

2. INFORMATION OF THE PARTIES

2.1 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 Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

The issued share capital of KABEH is RM1,500,000.00 comprising 1,500,000 units of ordinary shares. KABEH is an investment holding company and principally engaged in construction, operation and maintenance of generation facilities that produce electric energy.

The Directors and shareholders of KABEH are as follows:-

Directors and shareholders	No. of KABEH shares (units)	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) Kinergy Advancement Berhad	1,500,000	100.00

2.2 GES

GES was incorporated in Singapore and having its registered office at 10 Ubi Crescent, #04-64, Ubi Techpark, Singapore (408564).

GES is principally engaged in Wholesale Trade of a Variety of Goods without a Dominant Product.

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GES shall represent and execute this Term Sheet on behalf of the following parties:-

- i. Bion Ventures Sdn. Bhd., a company incorporated in Malaysia
 - ii. PT Geo Energi Selaras, a company incorporated in Indonesia
 - iii. Boy Hermansyah
 - iv. Jow Henza
 - v. Nurtang, ST., MM
- (collectively referred to as “**the Vendors**”)

The Directors and shareholders of GES are as follows:-

Directors and shareholders	No. of GES shares (units)	Issued and paid-up share capital of GES (%)
<u>Directors</u>		
(i) Syed Nazim Bin Syed Faisal	-	-
(ii) Syed Mahder Bin Hussain Almagbouly	2,794,002	57.75%
<u>Shareholder</u>		
(i) Daniel Yap Yu Teng	80,000	1.65%
(ii) Jensen Hiu Yuan Xiong	160,000	3.31%
(iii) Kwek Ghin Siang Vanessa Amanda	170,000	3.51%
(iv) Bion Plc	1,634,041	33.77%

3. SALIENT TERMS ON THE AGREEMENT

3.1 PT GESO

PT GESO was incorporated in Indonesia and having its business address at Kebun Rantau.

The issued share capital of PT GESO is Rp. 59,146,500.00 comprising 43,000 units of ordinary shares.

The Directors and shareholders of PT GESO are as follows:-

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Directors and shareholders	No. of PT GESO shares (units)	Issued and paid-up share capital of PT GESO (%)
<u>Directors</u>		
(i) Tuan Syed Mahder Bin Hussain Almagbouly	-	-
(ii) Darmawansyah	-	-
(iii) Wan Azmi Bin Wan Ahmad	-	-
<u>Shareholder</u>		
(i) Bion Ventures Sdn Bhd	10,750	25%
(ii) Green Energy Specialist Pte. Ltd.	10,320	24%
(iii) PT. Geo Energi Selaras	900	2.09%
(iv) Boy Hermansyah	6,544	15.22%
(v) Jowi Henza	3,306	7.69%
(vi) Nurtang, ST., MM	11,180	26%

3.2 Salient Terms

- i. The purpose of the Term Sheet is to record the salient understanding and terms between the Parties for KABEH and/or its nominated party to acquire all ordinary shares representing 100% of the issued and paid-up capital; and if applicable, all ordinary shares issued pursuant to the capitalisation of shareholders’ advances or loans pursuant to Condition Precedent as prescribed under the Term Sheet.
- ii. The Parties shall complete the Condition Precedent within thirty (30) days from the date of Shares Sale and Purchase Agreement (“SPA”), unless where, due to unforeseeable events which are beyond the reasonable control of the Parties, either Party is unable to complete the Condition(s) Precedent within the stipulated time frame, the Parties mutually agree in writing to extend the said time frame by thirty (30) days.
- iii. The Vendor shall not enter into any discussion with any other party with the intention of sale or disposal of the Sale Shares three (3) months from the date of execution of the Term Sheet.
- iv. Subject to fulfilment of the Conditions Precedent and in consideration of the Vendor divesting of their full legal and beneficial ownership to the Purchaser(s) free of encumbrances and free of debts and liabilities (other than those identified in Term Sheet), of the Sale Shares, the Purchaser(s) shall pay to the Vendor the sum of RM8.89 million (*Ringgit Malaysia: Eight Million Eight Hundred and Ninety Thousand*) only.

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- v. The Vendors represents and warrants that PT GESO legally and beneficially owns pieces of land on which a biogas power plant will be situated, which is held under Hak Nombor, 0.15.08.11.3.00003, 01.15.08.11.3.00004 and 01.15.08.11.00005.
- vi. The Vendors represents and warrants that the Company has entered into a Power Purchase Agreement with PT Perusahaan Listrik Negara for, amongst others, the following salient terms:-
 - a. That the Company shall supply power generated from the biogas power plant to the grid, and that PT PLN shall purchase and pay for the power supplied, for a period of 25 years form the Commercial Operation Date.
- vii. The Vendor represents and warrants that the Company has entered into a Collaboration Agreement with four (4) palm oil millers for the sale and purchase of palm oil mill effluent for the biogas power plant (“**Supply Agreement**”).
- viii. The Vendor represents and warrants that the Company has been issued Electricity Supply Business License, location permit and environmental permit by the Government of Republic of Indonesia.

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

The Total Purchase Consideration mutually arrived by KABEH and GES based on information given by GES to date and subject to fulfilment of the Condition Precedents and due diligence findings, upon taking into consideration that the Sale Shares will be sold.

5. RATIONALE AND BENEFITS OF THE TRANSACTION

The proposed acquisition represents another stride in the KAB’s expansion strategy. As KAB endeavours to cultivate a more diversified energy portfolio alongside a reliable stream of recurring revenue, this acquisition will not only augment KAB's track record with an additional biogas project, but also mark the commencement of a flagship greenfield biogas plant in Indonesia. This initiative follows KAB's initial venture into Indonesia with a mini-hydroplant in North Sumatra.

Consistently demonstrating principles of technical expertise and value-added services that KABEH can provide for renewable energy generation projects, this will strengthen KAB's Sustainable Energy Solutions (SES) portfolio. It will complement the existing core earnings upon the plant's completion and expand the KAB's recurring income.

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6. FINANCIAL EFFECTS

6.1 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.

6.2 Net Assets, Net Assets per share and gearing

The Proposed Acquisition is not expected to have any material effect on the net assets, net assets per share and gearing of KAB for the financial year ending 31 December 2024.

6.3 Earnings and Earnings Per Share (“EPS”)

The Proposed Acquisition is not expected to have any material effect on the KAB's earnings and earnings per share for the financial year ending 31 December 2024 but is expected to contribute positively to the KAB's future earnings and the Company's earnings per share.

7. APPROVAL REQUIRED

The signing of the Term Sheet is not subject to the approval of shareholders of KAB and/or an relevant regulatory authorities.

8. RISK FACTORS OF THE PROPOSED ACQUISITION

The risk factors involved in the Proposed Acquisition at this juncture are minimal. The Board of Directors and the management of the Company will exercise due care in considering the risks and benefits.

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 4.30% which based on the latest audited financial statements of KAB for the financial year ended 31 December 2023.

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.

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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

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Acquisition is expected to be completed by first quarter of year 2025.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The copies of the Term Sheet 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 6 June 2024.