

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

MEMORANDUM OF UNDERSTANDING BETWEEN PERMODALAN KEDAH BERHAD AND KAB ENERGY HOLDINGS SDN. BHD.

1. INTRODUCTION

The Board of Directors of KAB wishes to announce that KAB Energy Holdings Sdn. Bhd. [Registration No. 202101013322 (1413621-K)] (“**KABEH**”), a wholly-owned subsidiary of KAB, had on 19 June 2024 entered into Memorandum of Understanding (“MoU”) with Permodalan Kedah Berhad [Registration No. 199401001883 (0287561-V)] (“**PKB**”) to declare the intentions and to establish a basis of co-operation and collaboration between KABEH and PKB (“**the Parties**”) upon the terms as contained herein.

2. INFORMATION ON 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 ordinary shares. KABEH is principally engaged in Investment Holding; and 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	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

2.2 PKB

PKB was incorporated in Malaysia on 20 January 1994 and having its registered office at Lot 25, Tingkat 1, Wisma PKNK, Jalan Sultan Badlishah, 05000 Alor Setar, Kedah.

The issued share capital of PKB is RM6,500,000.00 comprising 6,500,000 ordinary shares. PKB is principally engaged in Investment Holding.

The Directors and shareholder of PKB are as follows:-

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Directors and shareholders	No. of PKB shares	Issued and paid-up share capital of PKB (%)
<u>Directors</u>		
(i) Muhammad Sanusi Bin Md Nor	-	-
(ii) Azhar Bin Ibrahim	-	-
(iii) Norizan Bin Khazali	-	-
(iv) Zafir Annuar Bin Ghazali	-	-
(v) Mohd Azad B Jasmi	-	-
(vi) Syed Khairol Anuar Bin Syed Abidin	-	-
<u>Shareholders</u>		
(ii) Perbadanan Menteri Besar Kedah	6,500,000	100

3. SALIENT TERMS

- (a) To effectively develop and pursue the opportunities identified through this cooperation, the Parties will establish a Special Purpose Vehicle (“**SPV**”) for the purposes of the implementation, management, and execution of projects and initiatives that arise from the identified opportunities.
- (b) Under this MOU, the Parties shall endeavor to jointly facilitate the collaboration by providing the necessary expertise, manpower, information and support to each other.
- (c) Each Party and/or its related companies will, subject to laws, rules, regulations and national policies from time to time in force governing the subject matter in their respective countries, endeavour to take necessary steps to encourage and promote co-operation in the deployment of Clean Energy, Renewable Energy, Energy Efficient Solutions projects, Engineering works and others:

i.	Hydroelectric on land including but not limited to Ahning Dam, Pedu Dam, Muda Dam, Beris Dam, Bukit Malut Dam and Padang Saga Dam;
ii.	Solar Plant/Farm and Floating Solar on land including but not limited to Ahning Dam, Pedu Dam, Muda Dam, Beris Dam, Bukit Malut Dam and Padang Saga Dam
iii.	Rooftop Solar PV at proposed assets by PKB, including but not limited to PKB's assets/buildings/hotel;
iv.	Implementation of Battery Storage Systems/Solutions for both existing and new buildings/assets/townships involving or proposed by PKB;
v.	Generation of Renewable Energy (Waste to Energy), including Hydrogen Energy, Biogas and Biomass power plants at land/mill proposed by PKB;

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vi.	Implementation of Clean Energy Generation (Waste Heat Recovery, Cogeneration) for both existing and new buildings/assets/townships involving or proposed by PKB;
vii.	Promotion of Renewable Energy Export through Third-Party Access (TPA) Programs or other renewable energy schemes as announced by the Energy Commission of Malaysia on behalf of the Malaysian Government;
viii.	Mechanical and electrical engineering works (infrastructure and internal building work) for both existing and new buildings/assets/townships involving or proposed by PKB;
ix.	Development of Renewable and Clean Energy Generation and Cooling Solutions (District Cooling System) for both existing and new buildings/assets/townships involving or proposed by PKB;
x.	Implementation of Extra Low Voltage systems for both existing and new buildings/assets/townships involving or proposed by PKB;
xi.	Deployment of Building Automation & Management Systems for both existing and new buildings/assets/townships involving or proposed by PKB; and
xii.	Any other areas of cooperation to be mutually agreed upon by the Parties

- (d) The Parties mutually acknowledge that this MoU does not constitute legally binding and enforceable obligations, both express and implied.
- (e) This MoU is valid and shall remain in effect for a period of twenty-four (24) months from the date of this MoU and may be extended subject to review, consultation, discussion, and mutual agreement by both Parties in Writing.
- (f) This MoU will be superseded upon the signing of the definitive agreement (if relevant) or it may be terminated by one (1) Party providing at least one (1) month's written notice to the other Party for any reason whatsoever.

4. RATIONALE AND BENEFITS FOR ENTERING INTO MOU

KAB enters this collaboration to leverage the synergy and strengths of KABEH and PKB in advancing Sustainable Energy Solutions (SES) projects. This includes initiatives in Clean Energy, Renewable Energy, and Energy Efficient solutions, with a focus on exploring new opportunities to promote sustainable progress across Malaysia, particularly in Kedah. The partnership is grounded in shared objectives to develop sustainable energy projects by integrating technical expertise, business acumen, and resources.

This MOU strengthens the Group's strategy to expand its portfolio of sustainable energy projects, reinforcing KAB's Sustainable Energy Solutions (SES) initiatives. The success of this endeavour is expected to significantly boost the Group's core earnings and expand its influence in the sector.

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5. RISK FACTORS OF THE MOU

KAB does not foresee any exceptional risks other than pandemic risks, execution risks, political risks and country risks associated with the MOU.

6. FINANCIAL EFFECTS

6.1 Share capital and shareholdings of substantial shareholders

The MOU 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 MOU 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 2024.

6.3 Earnings and Earnings Per Share

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

7. APPROVAL REQUIRED

The acceptance of the MoU is not subject to the approval of shareholders of KAB and/or any relevant regulatory 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 MoU.

9. STATEMENT BY THE BOARD OF DIRECTORS

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

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10. DOCUMENT AVAILABLE FOR INSPECTION

The MoU 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.

This announcement is dated 24 June 2024.