

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

**NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)**

**SHARE SALE AGREEMENT ENTERED BETWEEN KAB ENERGY HOLDINGS SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND UNIQUE FORGING & COMPONENTS SDN. BHD. IN RELATION TO THE PROPOSED ACQUISITION OF 100% ORDINARY SHARES IN MATAHARI SURIA SDN. BHD. (“PROPOSED ACQUISITION”)**

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**1. INTRODUCTION**

Pursuant to Paragraph 10.05(2) of the Main Market Listing Requirement (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of KAB wishes to announce that KAB Energy Holdings Sdn. Bhd. [Registration No. 202101013322 (1413621-K)], a wholly-owned subsidiary of KAB (“**KABEH**” or “**the Purchaser**”) had on 18 August 2022 entered into a Share Sale Agreement (“**SSA**” or “**the Agreement**”) with Unique Forging & Components Sdn. Bhd. [Registration No. 198901006118 (183423-W)] (“**UFC**” or “**the Vendor**”) for the purpose of acquisition of 1,000,000 Ordinary Shares in the Matahari Suria Sdn. Bhd. (“**MSSB**”) [Registration No. 201401048077 (1124266X)], a wholly-owned subsidiary of the Vendor for a total purchase consideration of approximately RM5,300,000/- (Ringgit Malaysia: Five Million Three Hundred Thousand) only (“**Proposed Acquisition**”), provided always that as from the prescribed completion date, MSSB’s assets are free from any encumbrances, and the total purchase consideration shall be varied subject to satisfactory of due diligence findings and the terms and conditions stated therein the SSA.

*(The Purchaser and the Vendor shall hereinafter be collectively referred to as “Parties”)*

Upon completion of the Proposed Acquisition, MSSB will become a wholly-owned subsidiary of KABEH.

**2. INFORMATION ON THE PURCHASER**

KAB Energy Holdings Sdn. Bhd. (“**KABEH**” or the “**Purchaser**”) [Registration No. 202101013322 (1413621-K)], 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 RM1.00 comprising 1 ordinary share. KABEH is an investment holding company.

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%

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**3. INFORMATION ON THE VENDOR**

Unique Forging & Components Sdn. Bhd. (“**UFC**” or the “**Vendor**”) [Registration No. 198901006118 (183423-W)] was incorporated in Malaysia on 22 June 1989 and having its registered office at Lot 4220, Persimpangan Jalan Batu Arang, Lebuhraya Plus, 48000 Rawang, Selangor Darul Ehsan.

The issued share capital of UFC is RM400,000.00 comprising 400,000 ordinary shares. UFC is principally engaged in forging, pressing, stamping, roll-forming of metal and powder metallurgy.

The Directors and shareholders of UFC are as follows:-

<b>Directors and shareholders</b>	<b>No. of UFC shares</b>	<b>Issued and paid-up share capital of UFC (%)</b>
<u>Directors</u>		
(i) Chay Jiun Yee	-	-
(ii) Hoo Wai Keong	-	-
(iii) Ngiam Tee Wee	-	-
<u>Shareholders</u>		
(i) BSL Corporation Bhd	400,000	100%

**4. SALIENT TERMS ON THE SSA**

The salient terms of the SSA in relation to the Sales Shares are as follows:-

**4.1 Information on MSSB**

MSSB was incorporated in Malaysia on 24 December 2014 and having its registered office at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan.

MSSB is principally engaged in the operation of generation facilities that produce electric energy. MSSB has entered into a power purchase contract with Tenaga Nasional Berhad, whereby MSSB owns the Solar Photovoltaic System (rooftop) located on the premises of Universiti Teknologi Malaysia (with which the Vendor warrants that it has a lease of which the tenure is sufficient to cover the term of the Contract), which generates energy for Tenaga Nasional Berhad (“**Distribution Licensee**”) by way of export to the grid for a concession/ billable period of up to year 2037 (“**Contract**”), and in return the Distribution Licensee pays MSSB the power purchase price calculated at the prescribed rate subject to the terms and conditions in the Contract.

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The Directors and shareholders of MSSB are as follows:

<b>Directors and shareholders</b>	<b>No. of MSSB shares</b>	<b>Issued and paid-up share capital of MSSB (%)</b>
<u>Directors</u>		
(i) Hoo Wai Keong	-	-
(ii) Chen Huei Ping	-	-
<u>Shareholders</u>		
(i) Unique Forging & Components Sdn. Bhd.	1,000,000	100%

**4.2 Purchase Consideration**

The Vendor shall sell and the Purchaser shall purchase the Sale Shares at the Purchase Consideration for the purpose of acquisition of 1,000,000 Ordinary Shares in MSSB for a total purchase consideration of approximately RM5,300,000/- (Ringgit Malaysia: Five Million Three Hundred Thousand) only, provided always that as from the prescribed completion date, MSSB’s assets are free from any encumbrances, and the total purchase consideration shall be varied subject to satisfactory of due diligence findings and the terms and conditions stated therein the SSA.

**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 UFC based on information given by the Vendor to date and subject to due diligence findings and the terms and conditions stated therein the SSA, 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 SSA.

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 based core earnings.

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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**

For illustrative purposes, assuming the Proposed Acquisition had been effected at the end of 31 December 2021, the pro forma effects of the Proposed Acquisition on the NA, NA per share and gearing of the Group are as follows:-

	<b>Audited as at 31 December 2021 (RM'000)</b>	<b>After the Proposed Acquisition (RM'000)</b>
Share capital	93,809	93,809
Foreign currency translation reserves	33	33
Treasury shares	(4)	(4)
Retained profits	30,853	(1)33,804
<b>Shareholders’ equity / NA</b>	<b>124,691</b>	<b>127,642</b>
Non-controlling interest	242	242
<b>Total equity</b>	<b>124,933</b>	<b>127,884</b>
No. of shares in issue ('000)	1,775,227	1,775,227
NA per share (RM)	0.07	0.07
Total borrowings (RM'000)	68,119	72,759
Gearing (times)	0.55	0.57

Note:-

- (1) Including one-off pro forma gain on negative goodwill arising from the Proposed Acquisition. The negative goodwill is provisional and will be determined upon purchase price allocation exercise.

**6.3 Earnings and Earnings Per Share (“EPS”)**

Nevertheless, barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Group via the earnings contribution to be derived from MSSB.

For illustrative purposes, assuming the Proposed Acquisition had been effected at the beginning of the latest audited financial year ended 31 December 2021, the pro forma effects of the Proposed Acquisition on the consolidated earnings and EPS of KAB are as follows:-

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	<b>Audited as at 31 December 2021 (RM'000)</b>	<b>EPS<sup>(1)</sup> (sen)</b>
Profit after taxation attributable to owners of the Company	4,072	0.27
Less : Loss after tax attributable to owners of MSSB	(140)	(0.01)
Add : One-off pro forma gain on negative goodwill arising from the Proposed Acquisition	2,951	0.20
<b>Pro forma profit after taxation attributable to owners of the Company for the financial year ended 31 December 2021</b>	<b>6,883</b>	<b>0.46</b>

Note:-

- (1) Computed based on the weighted average number of 1,505,990,736 shares in KAB for the financial year ended 31 December 2021.

**7. 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.

**8. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the MMLR of the Bursa Securities is 4.24% which based on the latest audited financial statements of KAB for the financial year ended 31 December 2021.

**9. 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 Proposed Acquisition.

**10. STATEMENT BY THE BOARD OF DIRECTORS**

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

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**11. ESTIMATED TIMEFRAME FOR COMPLETION**

Completion of the sale and purchase of the Sale Shares is provided to take place on the day falling within 30 days (or such longer period of time as the Parties may agree upon) from the date by which all conditions precedent must be fulfilled or waived (I.e. Cut-off Date), where Cut-Off Date is defined as 1 month from the Latching Period. “Latching Period” is defined as a 2-month time frame (or such longer time frame as may be agreed between the Parties) commencing from the date of the SSA during which the Purchaser shall complete the due diligence exercises and the Parties may renegotiate and agree upon any terms to be incorporated into the SSA based on the findings during the due diligence or upon the advice of the Purchaser’s consultants. Therefore, in brief, if the Parties reaffirm the Proposed Acquisition on the same or varied terms of the SSA during the Latching Period, the estimated time frame for completion is 4 months from the date of the SSA.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

The copies of the SSA 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@sshshb.com.my](mailto:info@sshshb.com.my).

This announcement is dated 18 August 2022.