

## **KEJURUTERAAN ASASTERA BERHAD (“KAB” OR “THE COMPANY”)**

### **AN AGREEMENT ENTERED INTO BETWEEN KAB TECHNOLOGIES SDN DHD, A WHOLLY OWNED SUBSIDIARY OF THE COMPANY, AND FOREMOST WEALTH MANAGEMENT SDN BHD**

#### **1. INTRODUCTION**

Pursuant to Rule 9.03 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of KAB is pleased to announce that KAB Technologies Sdn Bhd (Company No. 1274868-D) (“KABT”), a wholly-owned subsidiary of the Company, had on 19 September 2019 entered into an Agreement with Foremost Wealth Management Sdn Bhd (Company No.1065970-V) (“FWM”) (hereinafter referred to collectively as “Parties” and individually as “Party”) to perform an energy performance contract via chiller optimisation for Bandar Mahkota Cheras Mall (BMC Mall) located at Cheras, Kuala Lumpur (“Premises”) subject to the terms and conditions as prescribed in the Agreement.

#### **2. INFORMATION ON FWM**

FWM was incorporated on 11th October 2013 as a private limited company incorporated under Companies Act 1965. The share capital of FWM is RM1,000,000 comprising 1,000,000 ordinary shares.

FWM is principally engaged in property development and investment.

The existing directors of FWM are Tan Sri Dato Tee Tiam Lee, Dato Kuan Ah Hock and Tee Xun Hui.

The shareholding structure of FWM is as follows:-

<b>Name of Shareholder</b>	<b>Shareholdings</b>	
	<b>Direct</b>	
	<b>Number of Shares</b>	<b>%</b>
Tan Sri Dato Tee Tiam Lee	550,000	55%
Dato Kuan Ah Hock	450,000	45%

#### **3. Details of the Agreement**

##### **3.1 Duration of the Agreement**

The Agreement shall commence on the date of the Agreement and shall continue in force for a period of six (6) years from the date of first payment.

### 3.2 Works

Installation	Testing and Commissioning	Report	Operation and Maintenance
<p>KABT to install and complete the installation of the goods, materials, apparatus, facilities and equipment ("Equipment") at the Premises within 6 months from the date of the Agreement ("Installation Period").</p>	<p>KABT to carry out the testing and commissioning of the Equipment.</p> <p>FWM may send representative to observe the aforesaid procedure after receipt of a notice sent out by KABT within 2 days prior to any testing and commissioning.</p>	<p>KABT to:</p> <ul style="list-style-type: none"> <li>• carry out the data collection of the energy savings achieved; and</li> <li>• prepare and deliver a benchmarking report according to energy savings and consumption to FWM.</li> </ul>	<p>KABT to operate and maintain the Equipment at its own costs and expenses within a period of 6 years commencing from the date of first payment("Term").</p> <p>FWM may engage KABT to provide maintenance services of the Equipment at the costs and expenses of FWM after the expiry of the Term.</p>

### 3.3 Payment

- a. KABT shall send a report and/or analysis on the measurement of energy savings (i.e. quantum of energy saved with the installation of the Equipment and thereafter the management and maintenance of the Equipment by KABT) ("Energy Savings Report") to FWM on a monthly basis. KABT is entitled to 70% of the savings achieved for the entire Term.
- b. FWM shall acknowledge the Energy Savings Report within seven (7) days from the date of receipt of the said report from KABT. Failing which, FWM shall be deemed to have accepted and approved the Energy Savings Report ("Savings Commencement Date").
- c. With effect from the Savings Commencement Date and throughout the Term, KABT shall be entitled to a payment derived from the energy savings, in accordance with the calculations and formula in the Agreement.
- d. FWM shall pay the sums indicated in the invoice issued by KABT to KABT within thirty (30) days from the date of Invoice, failing which FWM shall be liable to pay to KABT an agreed late payment interest on the unpaid amount at the rate of seven percent (7%) per annum to be calculated on daily basis from the expiry of the said fourteen (14) day period until the date of receipt of full payment by KABT.

### 3.4 Option to Purchase

- a. FWM has the option to purchase the Equipment outright within two (2) years after the Savings Commencement Date at the purchase price calculated as per the Agreement.

In such event, FWM shall give a purchase notice to KABT.

- b. FWM shall pay the purchase price together with all other monies payable under the Agreement to KABT within thirty (30) days from the purchase notice.
- c. Upon the payment of the purchase price above, the energy savings payment referred to in Section 3.3 above shall cease to be payable.

### 3.5 Suspension

The list of events where KABT may, by written notice served on FWM, suspend any works described in Section 3.1 above (“Works”) and failure by FWM to remedy the said event within five (5) days from the date of receipt of the notice:-

<b>Events to suspend works</b>	<b>Suspension shall cease immediately upon :</b>
Unsafe access given by FWM to the Premises or any Equipment as required under the Agreement.	the compliance by FWM of all applicable occupational health and safety legislation together with written confirmation of compliance with the same;
Any toxic or hazardous materials discovered by KABT in the working area which renders such work unsafe.	receipt of a written notification by FWM stating that affected working area is clear of toxic or hazardous materials; or
Failure to pay by FWM when due any monies owing to KABT or is in breach of any other material obligation under the Agreement which materially affects the continued provision of the Works.	the tender of any monies due or rectification of any such breach by FWM.
<b>Remedies shall be paid by FWM on the suspension, if any:-</b>	
(i) any agreed amount of additional payment in respect of addition costs caused by such suspension; or (ii) if no agreement has been reached, any costs, losses and/or damages caused by the suspension; and (iii) any such payment be made in accordance with Section 3.3	

### **3.6 Termination**

KABT shall be entitled to terminate the Agreement at any time thereafter by giving to FWM notice of default on the following events committed by FWM:-

#### Default by FWM under the Agreement

- a) fails or defaults in payment of any sum of money due to KABT on its due date;
- b) any representations or warranties made by FWM under the Agreement is incorrect or misleading;
- c) breaches any covenant, undertaking, term, condition, obligation or provision of the Agreement and/or fails to remedy any breach of any terms of the Agreement after notice served; and/or
- d) FWM becomes insolvent and/or is adjudged a bankrupt and/or any liquidation or winding up proceedings or action is taken by or against FWM

In the event there is no energy savings achieved for a continuous period of twelve (12) months from the Savings Commencement Date, FWM may terminate the Agreement by serving to KABT a notice in writing subject to the Agreement.

### **4. RATIONALE OF THE AGREEMENT**

This is an expansionary strategy for KAB to establish a steady stream of recurring revenue to the group through its subsidiary KABT that specialises in energy efficiency. This allows the group to offer a more diverse range of services.

### **5. EFFECTS OF THE AGREEMENT**

The Agreement will not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

The Agreement is not expected to have any material effect on the earnings per share, net assets per share and gearing of the Company for the financial year ending 31 December 2019.

### **6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

None of the Directors and/or major shareholders of KAB, as well as persons connected to them, have any interest, direct or indirect, in the Agreement.

### **7. DIRECTORS' STATEMENT**

The Board of Directors of KAB, after having considered the Agreement, is of the view that the Agreement is in the best interest of the Company.

This announcement is dated 19.09.2019