

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

NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

SUBJECT:

PROPOSED ACQUISITION BY KAB, OF 24,000 ORDINARY SHARES IN ENERGY OPTIMIZATION (THAILAND) CO. LTD (“EOT”), REPRESENTING 80% OF THE TOTAL PAID UP SHARE CAPITAL IN EOT, FROM MR CHANCHAI KITPROTPISUTH FOR A TOTAL CASH PURCHASE CONSIDERATION OF THB4,640,000.00 (EQUIVALENT TO APPROXIMATELY RM642,176.00*) (“PROPOSED ACQUISITION”)

1. INTRODUCTION

Pursuant to Rule 10.05 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“AMLR”), the Board of Directors of KAB (“Board”) wishes to announce that KAB has on 24 October 2019 entered into Shares Purchase and Sale Agreement (“**SPSA**”) with Mr Chanchai Kitprotpisuth (“Seller”) to acquire 24,000 shares in EOT, representing 80% of the total paid up share capital in EOT, for a total cash purchase consideration of THB4,640,000.00 (equivalent to approximately RM642,176.00*) (“**Purchase Price**”) (“**the Proposed Acquisition**”).

KAB and Seller are collectively referred to as the “Parties” and individually as “Party”.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on EOT

EOT was incorporated on 31 July 2000 as a private limited company under Department of Business Development Ministry of Commerce in Thailand. The share capital of EOT is THB3,000,000 comprising 30,000 ordinary shares.

EOT is an energy service company (ESCO) principally engaged in design and implementing of energy saving solutions.

The existing sole director of EOT is Mr. Chanchai Kitprotpisuth.

The current shareholding structure of EOT is as follows:-

Name of Shareholder	Number of Ordinary Shares	%
Mr Chanchai Kitprotpisuth	30,000	100

Upon completion of the Proposed Acquisition, EOT will become a 80%-owned subsidiary of KAB.

2.2 Salient Terms of the SPSA

The salient terms of the SPSA in relation to the Proposed Acquisition are as follows:-

2.2.1 Payment

Pursuant to the SPSA, KAB has agreed to purchase 24,000 EOT's shares owned by Seller ("Sale Shares") for the Purchase Price payable in the following manner:-

- a) KAB shall pay 10% of the Purchase Price (THB464,000 equivalent to approximately RM64,217.60*) to the Seller and the Seller shall transfer 10% of the Sale Shares to KAB within 7 business days from the date of SPSA.
- b) KAB shall pay the balance 90% of the Purchase Price (THB4,176,000 equivalent to approximately RM577,958.40*) to the Seller and the Seller shall transfer the balance 90% of the Sale Shares to KAB within 30 business days from the date KAB completes the due diligence under the SPSA as described in Section 2.2.4 below ("Due Diligence") and provided that KAB is satisfied with the result of the Due Diligence.

2.2.2 Guarantee by Seller, Seller's Obligations and Purchaser's Obligation

- a) After the completion of the Due Diligence, the Parties shall enter into a shareholders' agreement, the terms and conditions of which shall be negotiated and agreed by the Parties in good faith.
- b) The Seller represents and warrants to KAB that there are no pending claims against EOT and the Seller at all competent courts, authorities (including taxes authorities) and arbitration institutes/panels.
- c) The Seller agrees to pay KAB any claims against EOT that have arisen before or after the date of SPSA within 7 days from the date that the Seller receives a demand notice from KAB.

2.2.3 Purchase of Inventory by the Seller

The Seller agrees to buy back the inventory (as specified in the SPSA) at the price of THB2,430,000 (equivalent to RM336,312.00*) and the payment of the inventory shall be made to KAB, provided that, after the date of the SPSA, EOT has successfully finished the installation of the 40 new energy saving sites and EOT has been declared its dividend to the members of EOT.

The Seller has the rights to sell the inventory to any customer on behalf of EOT and the selling price of the inventory belongs to the Seller.

2.2.4 Due Diligence

Within the period of 3 months from the date of SPSA, KAB shall conduct a due diligence investigation of EOT and the Seller. The Seller shall give access to and supply copies of specific documentation concerning EOT and the Seller, and allow KAB or its advisor to have Question and Answer sessions with the Seller and management of EOT and allow KAB or its representatives to have site visits to EOT's premises upon requests of KAB.

2.2.5 Termination

After the completion of the Due Diligence and the result of the Due Diligence is not satisfied to KAB, KAB is entitled to terminate SPSA, and upon termination, KAB has to return the Sale Shares by signing a share transfer instrument to transfer 10% of the Sale Shares to the Seller, and the Seller has to return the 10% of the Purchase Price to KAB within 7 Business Days from the date of termination.

3. RATIONALE, BENEFIT AND PROSPECTS FOR THE PROPOSED ACQUISITION

The proposed acquisition is part of the group's expansion strategy. This will accelerate market presence in the region and overcome market entry barriers.

4. RISKS FACTORS IN RELATION TO THE PROPOSED ACQUISITION

The Board does not foresee any material risks pursuant to the Proposed Acquisition except for the political and economic risk and inherent business risk factors associated with technology industry.

5. EFFECTS OF THE PROPOSED ACQUISITION

5.1 Share capital and substantial shareholders' shareholding

The Proposed Acquisition will not have any effect on the share capital and substantial shareholders' shareholdings of KAB.

5.2 Earnings per share, net assets per share and gearing

The Proposed Acquisition is not expected to have any material effect on the earnings per share, net assets per share and gearing for the financial year ending 31 December 2020, as the Proposed Acquisition is only expected to be completed by the 1st quarter of 2020.

6. INTEREST 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 Proposed Acquisition.

7. DIRECTORS' STATEMENT

The Board, after having considered the Proposed Acquisition, is of the view that the Proposed Acquisition is in the best interest of the Company.

This announcement is dated 24 October 2019.

** Based on the Exchange Rate of THB100 = RM13.84 on 23 October 2019 as set out in the Bank Negara's website, subject to rounding.*