

KEJURUTERAAN ASASTERA BERHAD KICKSTARTS COGENERATION DIVISION

Kuala Lumpur, Tuesday, 5 February 2020 – Kejuruteraan Asastera Berhad (“KAB” or “the Group”) is pleased to announce the inaugural investment into its cogeneration division, through its 90%-owned subsidiary - KAB Energy Power Sdn Bhd. This landmark acquisition is for 70% ownership of Kiev Crg Sdn Bhd, which has a contract to build, own and operate a captive cogeneration plant for Careglove Global Sdn Bhd.

Cogeneration (also known as combined heat and power) is the sequential production of power and the recovery of heat from a single primary fuel source. These plants have applications in many industries, and are widely used in developed countries due to their energy efficient nature.

The aforementioned cogeneration plant, located in Seremban, has an installed capacity of 1.5 MW and is expected to generate 12,480 MWh of electricity annually. It is scheduled to commence operations within 10 months, after which the generated electricity and heat will be sold to Careglove Global Sdn Bhd for a period of 8 years under an energy purchase agreement, generating an expected RM47.8 million in revenues over the term of the contract. Other than growing the top-line, the steady income stream is expected to contribute positively to the Group’s overall profitability and improve earnings visibility as the gross margins of these assets are higher than the core business.

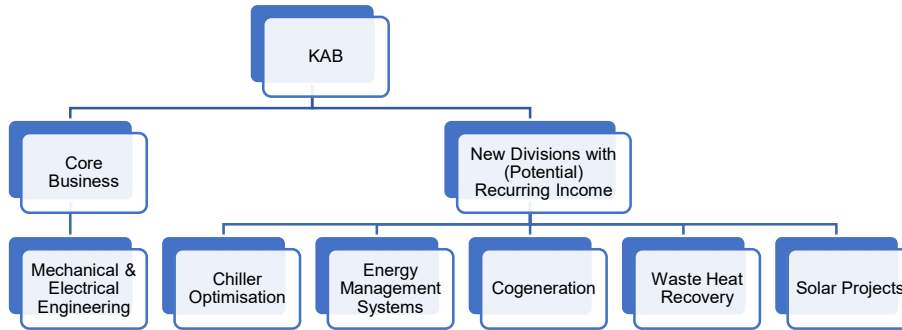
This investment is an expansion of the Group’s portfolio of energy assets and forms an integral part of the wider strategy to grow sustainable and recurrent income streams. Despite being the first cogeneration investment, it comes after the agreement to acquire a 30% stake in LeveragEdge Sdn Bhd – a service provider for solar photovoltaic and renewable energy solutions in Southeast Asia. The management believes that KAB can leverage on its proven capabilities as a mechanical and electrical engineering contractor, to move into these lateral segments and produce synergistic benefits.

Expounding on his future plans for the business, Dato’ Lai Keng Onn, Group Managing Director, added that, “We are in midst of evaluating other similar assets, and intend, also, to venture into waste heat recovery plants. With this milestone, we are one step closer to our goal of making KAB a one-stop provider of energy efficiency solutions, building management systems, and sustainable power generation solutions. This is in line with the government’s goals of achieving 20% renewable energy sources in the national energy mix, and achieving energy saves by implementing energy efficiency solutions.”

The management is confident that the national shift into environmentally sustainable solutions will be the fuel that drives the Group’s growth engine in the coming years.

ABOUT KEJURUTERAAN ASASTERA BERHAD

KEJURUTERAAN ASASTERA BERHAD (“KAB”) is a mechanical and electrical (“M&E”) engineering company established in 1997 that has competencies in all aspects of electrical, mechanical and associated engineering services for both commercial and residential buildings. KAB is registered under the Construction Industry Development Board (“CIDB”) with a Grade 7 and the Energy Commission with a Class A. KAB has been accredited with the BS EN ISO 9001:2015 certificate by NQA Certification Services (M) Sdn Bhd for the scope of M&E engineering installation and maintenance services.



Issued by: Vision Engage on behalf of **Kejuruteraan Asastera Berhad**

Date: 5 February 2020

Kejuruteraan Asastera Berhad

18, Jalan Radin Bagus 9
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Malaysia

Nicole Lee

T: +603-9055 3812

E: kabinvestor@asastera.com

W: www.asastera.com

Twitter: @kabinvestor

Vision Engage

Investor Relations Adviser



Allen Yeong

T: +6016 205 4693

E: allen@visionengage.com

W: www.visionengage.com

Twitter: @VisionEngage

Facebook: www.facebook.com/VisionEngage