

KINERGY ADVANCEMENT BERHAD (“KAB” OR THE “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF UP TO 198,634,288 NEW ORDINARY SHARES IN KAB (“KAB SHARES” OR “SHARES”), REPRESENTING 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (“PROPOSED PRIVATE PLACEMENT”)

This announcement is dated 12 July 2024.

Reference is made to the Company’s earlier announcement dated 20 June 2024 in relation to the Proposed Private Placement (“**Earlier Announcement**”). Unless stated otherwise, abbreviations and definitions used throughout this announcement shall bear the same meaning as those defined in the Earlier Announcement.

On behalf of the Board, Malacca Securities wishes to provide further details on the proceeds earmarked for the funding of RE projects.

As disclosed in the Earlier Announcement, assuming the issuance of all the Placement Shares at an illustrative issue price of RM0.3334 per Placement Share, the Company is expected to raise gross proceeds of up to RM66.23 million. The Company intends to utilise RM35.93 million from the proceeds to be raised from the Proposed Private Placement to fund the RE projects as follows:

	<u>RM'000</u>	<u>%</u>
Project development, feasibility and environmental study costs, due diligence fees for potential projects, office equipment and software maintenance, as well as monthly operational and upkeep cost for RE projects	16,166	45.00
Installation of RE assets	14,369	40.00
Staff costs which include staff salaries, Directors’ remuneration and contribution to the Employees Provident Fund Board and the Social Security Organisation, and deductions to be paid to the Inland Revenue Board	5,390	15.00
	<u>35,925</u>	<u>100.00</u>

The proceeds are envisaged to be utilised for the following RE projects:

	<u>Notes</u>	<u>RM'000</u>	<u>%</u>
Mini hydropower plant	i	20,624	57.41
Biogas plant	ii	15,301	42.59
		<u>35,925</u>	<u>100.00</u>

(i) Mini hydropower plant

On 28 February 2024, the Board had announced that KAB Energy Holdings Sdn Bhd, a wholly-owned subsidiary of KAB (“**KABEH**”) had entered into a share purchase agreement to acquire 100.00% equity interest (comprising 200,100 ordinary shares and 425,000 preference shares) in Tunjang Tenaga Sdn Bhd (“**TTSB**”) for a total consideration of RM200.

TTSB legally and beneficially owns 80.00% equity interest in SDF Hydro Sdn Bhd, a company incorporated as a joint venture between TTSB and Menteri Besar Kedah Incorporated, to develop, operate and maintain a mini hydropower plant located in Kedah (“**Hydropower Project**”).

The hydropower plant has a total approved installed capacity of 9.6 megawatts (“**MW**”), with a net export capacity of 8.0 MW approved by the Tenaga Nasional Berhad substation. This project has a 21-year concession period starting from the feed-in tariff commencement date scheduled on 30 April 2027.

The above said acquisition had been completed on 19 June 2024 and TTSB is now a wholly-owned subsidiary of KAB.

In view of this, KAB Group intends to utilise RM20.62 million from the proceeds of the Proposed Private Placement to fund the early phases of construction, development and operation of the hydropower plant as below:

	<u>RM'000</u>
Preliminary works (i.e. site inspection, feasibility studies, due diligence, consultations, design and drawings)	2,855
Operation expenses (i.e. upkeep and maintenance, royalty and utilities etc.)	5,516
Infrastructure works (i.e. road access, access to power house, water drainage, earthworks, river channel)	2,975
Building works (i.e. structural works, electrical and mechanical works)	6,162
Staff cost	3,116
	<u>20,624</u>

(ii) Biogas plant

On 6 June 2024, the Board had announced that KABEH had entered into a term sheet with Green Energy Specialist Pte Ltd to acquire 100.00% equity interest in PT Green Energy Specialist One (“**PT Geso**”) for approximately RM8.89 million. The said proposed acquisition will allow KABEH to have the ownership over 6.5 hectares land where a biogas plant will be constructed.

PT Geso had secured a power purchase agreement which has a duration of 25 years from the commercial operation date (“**PPA**”) with PT Perusahaan Listrik Negara, Indonesia’s state electricity company.

The biogas plant is expected to have an installed capacity of 4.26 MW.

The said acquisition is expected to be completed by 1st quarter of year 2025.

In view of this, KAB Group intends to utilise RM15.30 million from the proceeds of the Proposed Private Placement to fund the early phases of construction, development and operation of the biogas plant as below:

	<u>RM'000</u>
Preliminary works (i.e. site inspection, feasibility studies, due diligence, consultations, design and drawings)	820
Operation expenses (i.e. fuel cost, storage/logistics for palm oil mill effluent and upkeep and maintenance etc.)	6,975
Construction works (i.e. power generation, biogas production and treatment plant, civil, structural works and engineering works)	5,232
Staff cost	2,274
	<u>15,301</u>

As disclosed in the Earlier Announcement, the aforementioned RE projects are still at the preliminary stages. As such, the Group will from time-to-time, evaluate the status of its RE projects on hand and the urgency of the fund required for each RE project and if required reallocate the aforementioned fund to facilitate the progress of such projects.