

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

ACCEPTANCE OF ALL THAT PIECE OF LEASEHOLD LAND OF NINETY NINE (99) YEARS EXPIRING ON 3 DECEMBER 2105 HELD UNDER PAJAKAN NEGERI 62395 LOT 57417, IN THE MUKIM OF BUKIT RAJA, DISTRICT OF PETALING AND STATE OF SELANGOR MEASURING APPROXIMATELY 6,015 SQUARE METRES IN AREA (“LAND”) AS A PARTIAL DEBT SETTLEMENT OF AN AMOUNT OWING BY HARI LUMAYAN SDN BHD TO KEJURUTERAAN ASASTERA BERHAD

1. INTRODUCTION

Pursuant to Rule 10.06 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of KAB (“**Board**”) wishes to announce that KAB had on 11 July 2019 entered into the following agreements with the parties named below for the following purposes:

No.	Agreement	Parties	Purposes
i.	Tripartite Agreement	a. Hari Lumayan Sdn Bhd (“Developer” or “Hari Lumayan”); b. Eng Han Engineering Sdn Bhd (“Main Contractor” or “Eng Han”); and c. KAB (“Sub-Contractor” or “KAB” or “Company”), (“Parties for Debts Assignment”).	To facilitate payment to KAB for settlement of the Debts (as defined in Section 2.1.3 below) owing by Eng Han, whereby Hari Lumayan assumes and KAB accepts the taking up by Hari Lumayan of the entire responsibilities, duties, obligations, undertakings and covenants on the part of Eng Han to pay the Debts directly to KAB (“ Debts Assignment ”) (as described in Section 2.1 below).
ii.	Settlement Agreement	Hari Lumayan, Tan Hong Lai and KAB (“ Parties ”)	To facilitate payment to KAB for settlement of the Debts in the manner described in Section 2.2 below (“ Debts Settlement ”).
iii.	Sale and Purchase Agreement (“ SPA ”)	a. Green Hill Development Sdn Bhd (“ Vendor ” or “ Green Hill ”); and b. KAB.	Agreement to accept the Land (as described in Section 2.3 below) as settlement of part of the Debts owed by Hari Lumayan to KAB (“ Proposed Acquisition ”).

(Collectively referred to as “**Agreements**”).

2. DETAILS OF THE AGREEMENTS

2.1 Debts Assignment

2.1.1 Hari Lumayan is the developer for Phase Three (3) of a proposed mixed development on part of the land held under Lot 13865, Mukim Bandar Nilai Utama, Daerah Seremban, Negeri Sembilan Darul Khusus (hereinafter referred to as the "**Project**").

2.1.2 Eng Han is a company engaged in construction related activities by contracting and sub-contracting civil engineering works. Eng Han was appointed by Hari Lumayan as the main contractor to undertake main building and infrastructure works for the Project ("hereinafter referred to as the "**Main Contract Works**"). Hari Lumayan is indebted to Eng Han for payment of the Main Contract Works.

2.1.3 KAB was appointed by Eng Han as the nominated sub-contractor for supply, installation, testing and commissioning of electrical services for the Project, (hereinafter referred to as the "**Sub-Contract Works**") via the Letter of Award dated 6 May 2016. Eng Han is indebted to KAB for an estimated balance of contract sum of Ringgit Malaysia Five Million Fourteen Thousand Seven Hundred Fifty Three and Sen Fifty One (RM5,014,753.51) (hereinafter referred to as the "**Estimated Balance of Contract Sum**") for the Sub-Contract Works executed and completed by KAB for the Project. The final account reflecting the exact sum owing to KAB shall be issued and certified by JPK Associates Sdn. Bhd. (Company No. 1187016-U) ("the Consultant") as mutually agreed by the Parties, which amount shall be taken as total and final sum ("**Debts**") owing by Eng Han to KAB.

2.1.4 By a Tripartite Agreement entered into by the Parties for Debts Assignment, Hari Lumayan has assumed and KAB has accepted the taking up by Hari Lumayan of the entire responsibilities, duties, obligations, undertakings and covenants on the part of Eng Han to pay the Debts directly to KAB.

2.2 Debts Settlement

2.2.1 Pursuant to Section 2.1 above, the Parties have entered into a Settlement Agreement for the settlement of the Debts owing by Hari Lumayan to KAB.

2.2.2 The Parties agree that the Debts shall be settled and re-paid to KAB as follows:-

- (a) via contra arrangement of the Land for the contra payment of the Debts, effected by the execution of a SPA (including all relevant documents as may be necessary to effect the transfer of the Land in favour of KAB) ("**SPA**") for the Land between Green Hill and KAB at the purchase price of **Ringgit Malaysia Three Million Four Hundred Seventy Three Thousand Nine Hundred Ten (RM3,473,910.00) only** (hereinafter referred to as the "**Purchase Price**"); and

(b) via cash payments in twelve (12) installments in the following manner, by Hari Lumayan to KAB for the total sum of **Ringgit Malaysia One Million Five Hundred Forty Thousand Eight Hundred Forty Three and Sen Fifty One (RM1,540,843.51) only** (hereinafter referred to as the “**Cash Settlement Sum**”), being the balance of the Debts after deducting from the Purchase Price.

2.2.3 For avoidance of doubt, upon execution of the Settlement Agreement, Hari Lumayan shall deposit with KAB post-dated cheques for payment of the above Cash Settlement Sum which cheques shall be cashed by KAB on the payment due date as prescribed in the Settlement Agreement.

2.2.4 In the event of any late payment of Cash Settlement Sum pursuant to the schedule of repayments under the Settlement Agreement, Hari Lumayan shall be liable to pay to KAB an agreed late payment interest on the outstanding amount at the rate of five percent (5%) per annum to be calculated on daily basis from the expiry of the payment due date until the date of receipt of full payment by KAB.

2.2.5 In the event the Cash Settlement Sum (and the late payment interest incurred, if any) is not paid to KAB for any reasons whatsoever, the Cash Settlement Sum (and the late payment interest incurred, if any) shall be paid by Tan Hong Lai, the guarantor for the Debts (“**Guarantor**”), in accordance with Section 4.2 hereof. Tan Hong Lai is a director of and holding majority of the shares in Hari Lumayan and Green Hill.

2.2.6 In the event the amount of the Debts is not equivalent to the Estimated Balance of Contract Sum, the Parties agree that the difference in amount whether negative or positive shall be divided into three equal portions and adjusted upward or downward, as the case may be, to the Tenth Instalment, Eleventh Instalment and Twelfth Instalment respectively.

2.3 Proposed Acquisition

2.3.1 Pursuant to Sections 2.1 and 2.2 above, Green Hill, the registered and beneficial owner of the Land, has agreed to sell and/or transfer and KAB has agreed to purchase and/ or accept the transfer of the Land on an “as is where is” basis free from all encumbrances, trusts, charges, caveats, liens, restraints, prohibitory orders, squatters, other unauthorised occupants, illegal structures, altars, statutes or artefacts of any kind (hereinafter collectively referred to as “**Encumbrances**”) with vacant possession but subject to the conditions, express or implied, attached to the Land at the Purchase Price and upon the terms and conditions hereinafter appearing.

2.3.2 The Land is presently charged to **Pac Lease Berhad (Company No. 386653-K)** with its registered address at 19th Floor, Menara OCBC, No. 18, Jalan Tun Perak, 50050 Kuala Lumpur and business address at Level 12 & 13, Menara Haw Par, Jalan Sultan Ismail, 50250 Kuala Lumpur (hereinafter referred to as

“the Chargee”), vide **Presentation Number 63706/2017** and **54485/2019** registered on **3 August 2017** and **19 June 2019** (hereinafter collectively referred to as “the Charge”).

2.3.3 Information in relation to the Land is as follows:

Identification of the Land	All that piece of leasehold land held under issue document of title Pajakan Negeri 62395, Lot 57417, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor
Land Area	approximately 6,015 square metres
Terms of Tenure	99 years expiring on the 3rd day of December, 2105
Existing use of the Land	Vacant land for residential development
Proposed use of the Land	Residential development
Encumbrances	A legal charge registered in favour of Pac Lease Berhad
Restriction	There is a restriction-in-interest endorsed on the Individual Title, which reads as follows: <i>“Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri”.</i>

2.3.4 Hari Lumayan covenants and undertakes to procure Green Hill to:-

- (a) execute a SPA and all relevant documents to effect the transfer of the Land in favour of KAB;
- (b) redeem the Land from the Chargee and deliver the proof of full payment/settlement of the sums required by the Chargee for redemption and full discharge of the Land together with the Chargee’s acknowledgement on receipt of such payment from the Vendor, and all other relevant documents to the solicitors appointed by KAB within forty five (45) days from the date of the SPA.

3. INFORMATION ON VENDOR AND OTHERS

3.1 Information on Hari Lumayan

Hari Lumayan was incorporated on 24th October 2011 as a private limited company under the Companies Act, 1965.

The present issued share capital of Hari Lumayan is RM2,000,000.00 comprising 2,000,000 ordinary shares.

Hari Lumayan is principally engaged in property development.

The existing directors of Hari Lumayan are Tan Hong Lai, Amir Arif Bin Kamarudin and Chai Lai Yin.

The current shareholding structure of Hari Lumayan is as follows:-

Name of Shareholders	Number of Ordinary Shares	%
Tan Hong Lai	1,400,000	70%
Amir Arif Bin Kamarudin	500,000	25%
Chai Lai Yin	100,000	5%
Total	2,000,000	100%

3.2 Information on Green Hill

Green Hill was incorporated on 13th July 2006 as a private limited company under the Companies Act, 1965.

The present issued share capital of Green Hill is RM4,150,000.00 comprising 4,150,000 ordinary shares.

Green Hill is principally engaged in property development and building contractor.

The existing directors of Green Hill are Tan Hong Lai and Amir Arif Bin Kamarudin.

The current shareholding structure of Green Hill is as follows:-

Name of Shareholders	Number of Ordinary Shares	%
Tan Hong Lai	3,112,500	75%
Amir Arif Bin Kamarudin	1,037,500	25%
Total	4,150,000	100%

4. SALIENT TERMS OF THE AGREEMENTS

Save for the salient terms of the Agreements as disclosed in Section 2 above, the Parties also agree as follows:

4.1 Discharge of Debt

Notwithstanding to the other provisions of the Settlement Agreement, the Debts shall not be deemed as fully settled unless and until all of the followings are obtained and/ or fulfilled:-

- (a) full payment of the Cash Settlement Sum (including all late payment interest incurred pursuant to Section 2.2.4 above, if any) to KAB;

- (b) delivery of vacant possession of the Land to KAB; and
- (c) successful registration of the transfer of the Land (free from encumbrances) in favour of KAB.

The Parties confirm that fulfilment of Section 4.1 serves as a complete discharge of the Debts owing to KAB by Hari Lumayan.

4.2 Guarantee

The Guarantor hereby undertake with KAB that in the event:

- (a) Hari Lumayan fails to procure Green Hill to comply with Section 2.3.4 hereof; and/or
- (b) the Land cannot be registered in favour of KAB free from encumbrances for any reasons whatsoever and the Green Hill fails to refund or cause to be refunded the Purchase Price to KAB; and/or
- (c) Hari Lumayan fails to make payment of the Cash Settlement Sum to KAB;

the Guarantor shall within fourteen (14) working days from the date of receipt of the written demand from KAB pay the Redemption Sum to the Chargee and/or pay the Debts (or any parts thereof remaining outstanding) to KAB, as if he was the principal obligor (hereinafter referred to as the “**Guaranteed Obligation**”).

5. BASIS OF ARRIVING AT AND JUSTIFICATION FOR THE PURCHASE PRICE

The consideration was arrived at based on negotiations between the parties on a willing buyer willing seller basis (approximately RM55/square feet) after taking into consideration the estimated market value of the surrounding land.

6. ASSUMPTION OF LIABILITIES

There is no liability, including contingent liability and guarantee to be assumed by KAB with regards to the Proposed Acquisition.

7. RATIONALE, BENEFIT AND PROSPECT FOR THE PROPOSED ACQUISITION

The Proposed Debt Settlement and Proposed Acquisition are the best possible arrange for the Company to recover part of the outstanding amount owing to KAB.

8. 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 property development industry.

9. EFFECTS OF THE PROPOSED ACQUISITION

9.1 Share capital and substantial shareholders' shareholding

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

9.2 Earnings per share, net assets per share and gearing

The Proposed Acquisition is not expected to result in any material gain or loss on the Company's earning for the financial year ending 31 December 2019.

The Proposed Acquisition will not have material effect on the net assets per share and gearing of the Company for the financial year ending 31 December 2019.

10. APPROVALS REQUIRED

The Proposed Acquisition is subject to the approval from the land office, Pentadbir Tanah Daerah Petaling, for the transfer of the issue document of titles of the Land ("Authority"). Save for the above, the Proposed Acquisition is not subject to the approval of the shareholders of KAB and any other relevant regulatory authorities.

The estimated time frame for submission of the application to the Authority is three (3) months from the execution of SPA.

11. 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.

12. DIRECTORS' STATEMENT

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

13. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED ACQUISITION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by first quarter of 2020.

14. HIGHEST PERCENTAGE RATIO APPLICABLE

Based on KAB's audited consolidated financial statements for the financial year ended 31 December 2018, the highest percentage ratios pursuant to paragraph 10.02(g) of the AMLR applicable to the Proposed Acquisition is 7.20%.

15. DOCUMENT FOR INSPECTION

The Settlement Agreement, Tripartite Agreement and SPA are available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 11 July 2019.