

**THIS CIRCULAR TO SHAREHOLDERS OF KEJURUTERAAN ASASTERA BERHAD (“KAB” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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**KEJURUTERAAN ASASTERA BERHAD**

Registration No. 199701005009 (420505-H)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

- (I) PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF KAB AND ITS SUBSIDIARIES TO INCLUDE THE SES BUSINESS (AS DEFINED HEREIN); AND**
- (II) PROPOSED PRIVATE PLACEMENT OF UP TO 361,581,000 NEW ORDINARY SHARES IN KAB, REPRESENTING APPROXIMATELY 20% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF KAB (EXCLUDING TREASURY SHARES), TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AND AT AN ISSUE PRICE TO BE DETERMINED LATER**

**(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser and Placement Agent*

**Kenanga**

**Kenanga Investment Bank Berhad**

Registration No.: 197301002193 (15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions in respect of the Proposals will be tabled at the Extraordinary General Meeting of our Company (“EGM”) to be held on a fully virtual basis vide the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Thursday, 17 November 2022 at 9:30 a.m. The Notice of EGM together with the Form of Proxy, Administrative Notes and this Circular can be downloaded from our Company’s website at [https://asastera.com/general\\_meeting.html](https://asastera.com/general_meeting.html).

You are entitled to attend and vote at the EGM or appoint a proxy or proxies where applicable) to attend and vote on your behalf by completing, signing and returning the Form of Proxy and deposit it at the office of our Company’s Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, or you may submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/> not later than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating and voting at the virtual EGM should you subsequently decide to do so, provided a notice of termination of proxy authority in writing is given to the Share Registrar before the commencement of the meeting and you register for the EGM via Securities Services e-Portal at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Notes for the EGM in order to register, participate and vote remotely.

Last day, date and time for lodging the Proxy Form for the EGM	:	Tuesday, 15 November 2022 at 9:30 a.m.
Day, date and time of the EGM	:	Thursday, 17 November 2022 at 9:30 a.m.
Online meeting platform of the EGM	:	Securities Services e-Portal at <a href="https://sshsb.net.my/">https://sshsb.net.my/</a>

This Circular is dated 1 November 2022

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

<b>Act</b>	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
<b>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- Board of Directors of our Company
<b>BOOT</b>	- Build-own-operate-transfer
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad
<b>By-Laws</b>	- By-laws governing the ESOS
<b>CAGR</b>	- Compound annual growth rate
<b>Circular</b>	- This circular to Shareholders in relation to the Proposals
<b>Convertible Securities</b>	- Collectively, the Warrants and ESOS Options
<b>Deed Poll</b>	- Deed poll dated 14 April 2021 constituting the Warrants
<b>Directors</b>	- Directors of our Company
<b>EGM</b>	- Extraordinary general meeting of our Company
<b>EPS</b>	- Earnings per Share
<b>ESOS</b>	- Employees' share option scheme of our Company which took effect on 1 June 2018 for a period of 5 years
<b>ESOS Options</b>	- Options granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
<b>FPE</b>	- Financial period ended
<b>FYE</b>	- Financial year ended
<b>IMR Report</b>	- The Independent Market Research report dated 31 October 2022 prepared by SMITH ZANDER
<b>Interested Person</b>	- A director, major shareholder or chief executive of our Company or a holding company of our Company
<b>KAB or Company</b>	- Kejuruteraan Asastera Berhad
<b>KAB Group or Group</b>	- Collectively, KAB and its subsidiaries
<b>KAB Shares or the Shares</b>	- Ordinary shares in KAB
<b>KABEH</b>	- KAB Energy Holdings Sdn Bhd, a wholly-owned subsidiary of KAB
<b>KABEP</b>	- KAB Energy Power Sdn Bhd, a wholly-owned subsidiary of KAB
<b>KABT</b>	- KAB Technologies Sdn Bhd, an indirect wholly-owned subsidiary of KAB

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**DEFINITIONS (CONT'D)**

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<b>Kenanga IB or Principal Adviser or Placement Agent</b>	- Kenanga Investment Bank Berhad
<b>kWp</b>	- Kilowatt peak, an energy measurement for the peak power of an energy generating system
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities, as amended from time to time
<b>LPD</b>	- 7 October 2022, being the latest practicable date prior to the printing of this Circular
<b>M&amp;E</b>	- Mechanical and electrical
<b>Market Day</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Multi-Currency Sukuk Programme</b>	- Multi-Currency Islamic Medium Term Notes Programme of up to RM500.0 million in nominal value based on the Shariah Principle of Murabahah (via Tawarruq Arrangement)
<b>MW</b>	- Megawatt
<b>NA</b>	- Net assets
<b>Placement Shares</b>	- Up to 361,581,000 new Shares to be issued pursuant to the Proposed Private Placement
<b>Previous Private Placement – 2020</b>	- Private placement exercise previously undertaken by KAB which involved the issuance of 30,596,700 new Shares (representing 9% of the then existing total number of issued Shares before the private placement) and was completed on 16 April 2021, raising a total of RM22.00 million
<b>Previous Private Placement – 2021</b>	- Private placement exercise previously undertaken by KAB which involved the issuance of 116,100,000 new Shares (representing 10% of the then existing total number of issued Shares before the private placement) and was completed on 20 July 2022, raising a total of RM42.80 million
<b>Proposals</b>	- Collectively, the Proposed Diversification and Proposed Private Placement
<b>Proposed Acquisition</b>	- Proposed acquisition by KABEH of 300,000 ordinary shares in PT IME, representing 100% of the total number of issued shares in PT IME, from the Vendors for the purchase consideration of RM10,000
<b>Proposed Diversification</b>	- Proposed diversification of the existing business of the KAB Group to include the SES Business
<b>Proposed Private Placement</b>	- Proposed private placement of up to 361,581,000 new Shares, representing approximately 20% of the existing total number of issued Shares (excluding treasury shares), to independent third party investor(s) to be identified later and at an issue price to be determined later
<b>PT IME</b>	- PT Inpola Mitra Elektrindo
<b>PV</b>	- Photovoltaic

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**DEFINITIONS (CONT'D)**

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<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>SC</b>	- Securities Commission Malaysia
<b>SCB</b>	- Sarawak Cable Berhad
<b>SES</b>	- Sustainable energy solutions
<b>SES Business</b>	- Business involving the provision of sustainable energy solutions
<b>Shareholders</b>	- Registered holders of the Shares
<b>SMITH ZANDER</b>	- Smith Zander International Sdn Bhd, an independent market researcher
<b>SPA</b>	- Conditional share purchase agreement dated 29 July 2022 between KABEH and the Vendors in relation to the Proposed Acquisition
<b>Special Issue 2019</b>	- Special issue of 34,000,000 new Shares to Bumiputera investors approved by the Ministry of International Trade and Industry which was completed on 17 June 2019, raising a total of RM6.80 million
<b>Sukuk Murabahah</b>	- Issuance of Sukuk Murabahah of RM19.95 million in nominal value on 31 January 2022 pursuant to the Multi-Currency Sukuk Programme
<b>Vendors</b>	- Collectively, SCB, Tiopan Hasudungan Marpaung, Parulian Marpaung and Subari Rudi
<b>VWAP</b>	- Volume-weighted average market price
<b>Warrants</b>	- Outstanding KAB warrants 2021/2024 issued by KAB pursuant to the Deed Poll and expiring on 29 April 2024. Each Warrant holder is entitled to subscribe for 1 new Share at the exercise price of RM1.20 each, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company’s plans and objectives will be achieved.

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## EXECUTIVE SUMMARY

*This Executive Summary highlights only the salient information of the Proposals. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.*

Key information	Description	Reference to Circular																		
<b>Summary of the Proposals</b>	<p><b>Proposed Diversification</b> The Proposed Diversification involves the diversification of the business of our Group to include the SES Business.</p> <p><b>Proposed Private Placement</b> The Proposed Private Placement involves the issuance of up to 361,581,000 new Shares, representing approximately 20% of the existing total number of issued Shares (excluding treasury shares), at an issue price to be determined later.</p>	Sections 2 and 3																		
<b>Utilisation of proceeds from the Proposed Private Placement</b>	<p>Based on the illustrative issue price of RM0.3705 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-</p> <table border="1" data-bbox="432 813 1209 1317"> <thead> <tr> <th data-bbox="432 813 810 954">Proposed utilisation of proceeds</th> <th data-bbox="810 813 1070 954">Intended timeframe for utilisation from completion of the Proposed Private Placement</th> <th data-bbox="1070 813 1209 954">RM'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 954 810 1025">(i) Working capital</td> <td data-bbox="810 954 1070 1025">Within 24 months</td> <td data-bbox="1070 954 1209 1025">36,000</td> </tr> <tr> <td data-bbox="432 1025 810 1097">(ii) Repayment of bank borrowings</td> <td data-bbox="810 1025 1070 1097">Within 6 months</td> <td data-bbox="1070 1025 1209 1097">31,000</td> </tr> <tr> <td data-bbox="432 1097 810 1169">(iii) Funding for existing and future SES projects</td> <td data-bbox="810 1097 1070 1169">Within 36 months</td> <td data-bbox="1070 1097 1209 1169">66,196</td> </tr> <tr> <td data-bbox="432 1169 810 1240">(iv) Estimated expenses for the Proposals</td> <td data-bbox="810 1169 1070 1240">Immediate</td> <td data-bbox="1070 1169 1209 1240">770</td> </tr> <tr> <td data-bbox="432 1240 810 1317"><b>Total</b></td> <td data-bbox="810 1240 1070 1317"></td> <td data-bbox="1070 1240 1209 1317"><b>133,966</b></td> </tr> </tbody> </table>	Proposed utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Private Placement	RM'000	(i) Working capital	Within 24 months	36,000	(ii) Repayment of bank borrowings	Within 6 months	31,000	(iii) Funding for existing and future SES projects	Within 36 months	66,196	(iv) Estimated expenses for the Proposals	Immediate	770	<b>Total</b>		<b>133,966</b>	Section 3.6
Proposed utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Private Placement	RM'000																		
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(iv) Estimated expenses for the Proposals	Immediate	770																		
<b>Total</b>		<b>133,966</b>																		
<b>Rationale and benefits of the Proposals</b>	<p><b>Proposed Diversification</b> The Proposed Diversification will allow our Group to diversify its business and create an additional source of income on top of the existing contribution from its core M&amp;E engineering business. The Proposed Diversification will also provide our Group with an opportunity to expand its participation in the fast-growing renewable energy, clean energy and energy efficiency industries.</p> <p><b>Proposed Private Placement</b> The Proposed Private Placement will enable our Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p>	Section 4																		
<b>Risk factors in relation to the Proposed Diversification</b>	<p>The Proposed Diversification is subject to business diversification risks, technology risk, risk of changes in government policies, incentives and regulatory framework, dependency on key senior management and qualified personnel as well as competition risk.</p>	Section 5																		

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Approvals required</b>	<p>The Proposed Diversification is subject to approval being obtained from the shareholders of KAB at the forthcoming EGM.</p> <p>The Proposed Private Placement is subject to approvals being obtained from the following:-</p> <ul style="list-style-type: none"><li>(i) Bursa Securities for the listing and quotation of the Placement Shares, which has been obtained on 11 October 2022;</li><li>(ii) the Shareholders at the forthcoming EGM; and</li><li>(iii) the approvals / consents of any other relevant authorities and/or parties, if required.</li></ul>	Section 9
<b>Conditionality</b>	<p>The Proposals are not conditional upon each other and upon any other corporate exercise / scheme being or proposed to be undertaken by our Company.</p>	Section 9
<b>Interests of Directors, major Shareholders, chief executive and/or persons connected to them</b>	<p>None of our Directors and/or major Shareholders, chief executive and/or persons connected with them have any interest, direct or indirect, in the Proposals.</p>	Section 11
<b>Board's recommendation</b>	<p>The Board recommends that you vote in favour of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 12



# KEJURUTERAAN ASASTERA BERHAD

[Company No. 199701005009 (420505-H)]  
(Incorporated in Malaysia)

## Registered Office

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia.

1 November 2022

## Board of Directors

Datuk Dr. Ong Peng Su (Independent Non-Executive Chairman)  
Dato' Lai Keng Onn (Managing Director)  
Choong Gaik Seng (Executive Director)  
Datin Chan Pey Kheng (Executive Director)  
Goh Kok Boon (Executive Director)  
Lu Chee Leong (Independent Non-Executive Director)  
Tong Siut Moi (Independent Non-Executive Director)

## To: The Shareholders

Dear Sir / Madam,

- (I) PROPOSED DIVERSIFICATION; AND
- (II) PROPOSED PRIVATE PLACEMENT

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## 1. INTRODUCTION

On 7 September 2022, Kenanga IB had, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

On 11 October 2022, Kenanga IB had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 11 October 2022, granted its approval for the listing and quotation of the Placement Shares. The approval of Bursa Securities is subject to the conditions as set out in Section 9 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**



## 2. DETAILS OF THE PROPOSED DIVERSIFICATION

### 2.1 Information on the Proposed Diversification

Our Group is principally involved in the provision of M&E engineering services. Electrical engineering services is our Group's core business activity and involves the installation, testing and commissioning of electrical systems. Our Group also provides mechanical engineering services including installation, testing and commissioning of air-conditioning and mechanical ventilation systems.

As part of our Group's strategy to diversify its business and create an additional source of income on top of the existing contribution from its core M&E engineering business, our Group has been steadily venturing into the SES Business since 2019. As at the LPD, our Group is involved in the SES Business through the following subsidiaries, associated companies and joint venture companies:-

Name	Commencement date of business	Country of incorporation	Effective equity interest (%)	Principal activities
KABEH	5 May 2021	Malaysia	100	Investment holding.
KABEP	23 July 2020	Malaysia	100	Investment holding.
KAB Bintai Energy Sdn Bhd	-	Malaysia	60	Dormant since incorporation. Intended principal activity is provision of renewable energy.
<b><u>Held by KABEH</u></b>				
KABT	1 November 2018	Malaysia	100	Design, installation and commissioning of energy monitoring and saving software.
KAB Core Connect O&M Services Sdn Bhd	-	Malaysia	100	Dormant. Intended principal activity include provision of Operation and maintenance services.
KAB Smart Solar Energy Sdn Bhd)	1 January 2021	Malaysia	100	General construction and property development.
Genplan Advisory & Management Sdn Bhd	-	Malaysia	100	Dormant since incorporation.
Z Energy Power Sdn Bhd	-	Malaysia	100	Dormant since incorporation.
<b><u>Held by KABEP</u></b>				
KAB Carewell O&M Services Sdn Bhd	25 March 2021	Malaysia	100	Provision of operation and maintenance services for any kind of equipment and facilities.

<b>Name</b>	<b>Commencement date of business</b>	<b>Country of incorporation</b>	<b>Effective equity interest (%)</b>	<b>Principal activities</b>
Kiev CRG Sdn Bhd	1 August 2020	Malaysia	100	Operation of generation facilities that produce electric energy and operation of transmission, distribution and sales of electricity.
Dynagen Power (M) Sdn Bhd	27 October 2021	Malaysia	100	Provision of waste heat energy facilities.
<b><u>Held by KABT</u></b>				
KAB Technologies (Thai) Co. Ltd.	11 February 2020	Thailand	89	Investment holding of shares.
Econergy Plus Sdn Bhd	-	Malaysia	80	Dormant since incorporation. Intended principal activity is provision of energy solution and service using own proprietary internet of things-based hardware and software.
KABT Unified Engineering Solutions Sdn Bhd	01 August 2021	Malaysia	80	Provision of energy control service and solution using proprietary building management automation system.
TVT Link Tech Solutions Sdn Bhd	1 October 2021	Malaysia	60	Provision of maintenance services to electrical equipment and facilities.
<b><u>Held by KAB Smart Solar Energy Sdn Bhd</u></b>				
Mayang Hijau Sdn Bhd	2 June 2021	Malaysia	80	Operating and maintaining solar PV systems.
KAB Gree Solar Sdn Bhd	-	Malaysia	100	Dormant, Intended principal activities include developing, financing, constructing, operating and maintaining solar PV systems and green technology engineering services.

Name	Commencement date of business	Country of incorporation	Effective equity interest (%)	Principal activities
<p><b><u>Held by KAB Technologies Thai Co. Ltd</u></b></p> <p>Energy Optimisation (Thai) Co. Ltd.</p>	26 February 2020	Thailand	49.99	Design and implementation of energy saving equipment.
<p><b><u>Held by Energy Optimisation Technologies Co. Ltd.</u></b></p> <p>KAB Gree Solar Thai Co.</p>	-	Thailand	98	Dormant, Intended principal activities include provision of solar PV projects and green technology.

Generally, the respective principal locations of KAB's M&E engineering business and SES Business are set out below:-

Business segment	Principal locations
M&E engineering business	<p>Mainly operated from our Group's headquarters in Sri Petaling, Kuala Lumpur.</p> <p>Customers are predominantly based in Klang Valley and Johor.</p>
SES Business	<p>Mainly operated from our Group's headquarters in Sri Petaling, Kuala Lumpur and a branch office in Bangkok, Thailand.</p> <p>Customers are predominantly based in Malaysia and Thailand.</p>

Under the SES Business, our Group has been involved in the provision of energy efficient solutions, clean energy generation and renewable energy generation as detailed below:-

**(i) Energy efficient solutions**

In energy efficient solutions, our Group is involved in the provision of customised energy efficient solutions to promote more efficient and effective use of energy in residential, commercial and industrial buildings. These solutions are premised on data collection and analysis using the relevant software and hardware to enable the optimisation of energy consumption of an electrical system by monitoring and controlling various M&E equipment within the customers' site to ensure the intended functions are met with the least energy possible. These equipment may include, amongst others, heating, ventilation and air-conditioning equipment as well as lighting.

One of the energy efficient solutions that our Group provides is chiller optimisation. Chillers are used to regulate temperature in certain areas within a building to achieve the desired temperature. Chillers control the temperature of water using a cooling source such as a compressor. The chilled water is then piped throughout a building for air-conditioning purposes. Various sensors are used to measure temperature and humidity readings for chillers and the data are analysed using a software. The software also automates the control of chiller operations, resulting in less electrical energy consumption.

Chiller optimisation is a process that optimises chiller plants and heating, ventilation and air conditioning systems through a data driven approach. Under this process, existing mechanical equipment such as chiller plants, ventilators, air handling unit, fan coil unit and light control are connected to a system which collects data from a network of on-site sensors and external data points such as the weather. Data collected by the sensors will be utilised by the system to perform calculations to derive the heat / cooling load, which in turn would be used to determine the optimum settings for the said mechanical equipment.

As at the LPD, our Group has the following 15 chiller optimisation projects under its energy efficiency solutions business:-

No.	Description	Location
1.	Commercial building	Saraburi, Thailand
2.	Commercial building	Surin, Thailand
3.	Commercial building	Kanchanaburi, Thailand
4.	Commercial building	Chachoensao, Thailand
5.	Commercial building	Suphanburi, Thailand
6.	Commercial building	Sriracha, Thailand
7.	Commercial building	Ratchaburi, Thailand
8.	Commercial building	Chantaburi, Thailand
9.	Commercial building	Sakhunnakorn, Thailand
10.	Commercial building	Bangkok, Thailand
11.	Commercial building	Prachinburi, Thailand
12.	Commercial building	Selangor, Malaysia
13.	Commercial building	Kuala Lumpur, Malaysia
14.	Commercial building	Kuala Lumpur, Malaysia
15.	Commercial building	Kuala Lumpur, Malaysia

There is no contract value for the above projects as our Group charges its customers based on agreed rates and the energy savings that could be achieved, which in turn is subject to, amongst others, the customers' actual energy consumption over a period of time.

**(ii) Clean energy generation**

In clean energy generation, our Group is involved in the following:-

- (a) Cogeneration - generation of electricity and thermal energy (i.e. heat and steam) within the same system from a single fuel source, whereby the thermal energy recovered in cogeneration can be used for heating or cooling in industrial facilities or buildings; and
- (b) Waste heat recovery - waste heat from hot combustion gases released into the atmosphere and heat produced from industrial processes are captured and reused for generating mechanical or electrical energy.

Currently, our Group via KIEV CRG Sdn Bhd, an indirect wholly-owned subsidiary of our Company, has a contract to build, own, operate and transfer a captive combined heat and power (also known as cogeneration) plant with a capacity of 1.5 MW in Seremban, Negeri Sembilan. The generated electricity and heat will be sold to a third party for a period of 8 years under an energy purchase agreement for an estimated concession value of RM47.8 million. The construction of the cogeneration plant has since been completed and the plant has been operational since 1 January 2022, thus providing an additional stream of income to our Group.

In addition to the above, our Group via KABEP's wholly-owned subsidiary, Dynagen Power (M) Sdn Bhd (formerly known as Konpro Industries Sdn Bhd) owns and operates a 2.2 MW waste heat recovery facility located in Negeri Sembilan. The energy generated therefrom is being sold to a third party via an energy purchase agreement executed in April 2017 for a concession period of 10 years for an estimated concession value of RM57.3 million. The waste heat recovery facility has been operational since July 2020, thus providing an additional stream of income to our Group.

**(iii) Renewable energy generation**

In renewable energy generation, our Group is involved in solar energy generation via installation of solar PV panels for its clients through either of the following arrangements:-

- (a) direct installation and sale of solar PV panels for clients as per the agreed design; and
- (b) BOOT model, whereby our Group will install solar PV panels at its clients' premises and will enter into a power purchase agreement with the client for the sale and purchase of the electricity generated by the solar system at an agreed rate throughout the concession period.

As at the LPD, our Group has 11 contracts (3 in Malaysia, 8 in Thailand) with a combined capacity of 12,931 kWp and a total estimated concession value of RM128.4 million.

Our Group's M&E engineering business provides customers with various services involving the installation, testing and commissioning of electrical systems, air-conditioning and mechanical ventilation systems for residential, commercial and industrial buildings. Under this business, our customers are primarily main contractors, project owners and property developers in Malaysia's construction industry.

In this regard, there may be cross-selling opportunities whereby our Group's SES Business may be able to offer energy efficient solutions such as chiller optimisation or renewable energy generation services such as installation of solar PV panels on top of electrical systems, air-conditioning and mechanical ventilation systems provided by our M&E engineering business for its existing customers.

Thus, in view that both businesses are complementary with each other and may share similar target customer segments, this initiative is in line with our Group's aim of becoming a one-stop engineering and energy solutions provider in the market.

For information, the contribution by our Group's M&E engineering business and SES Business to our Group's revenue and net profits, as well as the NA of the respective business segments are illustrated below:-

	Audited FYE 31 December 2021		Unaudited 6-month FPE 30 June 2022	
	RM'000	%	RM'000	%
<b>Revenue by business segment</b>				
M&E engineering services	167,827	96.1	87,397	91.4
SES Business	6,786	2.2	8,169	8.5
Non-reportable segments	110	1.7	60	0.1
<b>Total</b>	<b>174,723</b>	<b>100.0</b>	<b>95,626</b>	<b>100.0</b>
<b>Net profits by business segment</b>				
M&E engineering services	5,573	134.6	1,553	126.2
SES Business	(922)	(22.3)	601	48.8
Non-reportable segments	(511)	(12.3)	(923)	(75.0)
<b>Total</b>	<b>4,140</b>	<b>100.0</b>	<b>1,231</b>	<b>100.0</b>
<b>NA by business segment</b>				
M&E engineering services	93,115	74.5	98,897	75.1
SES Business	(22,250)	(17.8)	20,030	15.2
Non-reportable segments	54,068	43.3	12,846	9.7
<b>Total</b>	<b>124,933</b>	<b>100.0</b>	<b>131,773</b>	<b>100.0</b>

Note:-

- (1) Segmental figures for the SES Business in the FYE 31 December 2019 and FYE 31 December 2020 are not available as the financial contribution from the SES Business during these financial years were not material for disclosure as a separate reporting segment of our Group.

Based on the unaudited financial results for the latest 6-month FPE 30 June 2022, the SES Business has contributed 48.8% of our Group's net profits.

Pursuant to Paragraph 10.13(1) of the Listing Requirements, our Company is required to obtain approval from the Shareholders in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- (a) the diversion of 25% or more of the NA of the listed issuer to an operation which differs widely from those operations previously carried on by the listed issuer; or
- (b) the contribution from such an operation of 25% or more of the net profits of the listed issuer.

Taking into consideration the historical financial performance of the SES Business, the existing projects and contracts of the SES Business as set out in Section 2.1 of this Circular as well as other potential contracts in the pipeline as set out in Section 3.6(iii) of this Circular, and barring any unforeseen circumstances, the SES Business is anticipated to contribute 25% or more of the net profits and/or diversion of 25% or more of the NA of our Group for the current FYE 31 December 2022.

In view thereof, our Board will be seeking the approval from its Shareholders for the Proposed Diversification at the forthcoming EGM.

Notwithstanding the Proposed Diversification, our Board intends to continue with our Group's existing M&E engineering business as its core business. Further details on our Group's future plans for its existing M&E engineering business are set out in Section 6.8 of this Circular.

## **2.2 Key senior management personnel**

As at the LPD, our Group already has an established operating segment for the SES Business comprising 43 employees. Apart from certain shared administrative functions, the SES Business segment operates primarily independently from our Group's existing M&E engineering segment.

Our Group's SES Business is currently spearheaded by the following key senior management personnel:-

### **2.2.1 Mr. Jonathan Wu Jo-Han**

Mr. Jonathan Wu Jo-Han ("**Mr. Jonathan Wu**"), a Malaysian aged 29, has been a director of several subsidiaries of our Group since 2019 such as KABEH, KABT and KABEP, all of which are wholly-owned subsidiaries of KAB.

Mr. Jonathan Wu was appointed by our Group to provide hands-on operational guidance to our Group's management pursuant to its venture into the SES Business. At this juncture, he acts as a strategic advisor to the Managing Director by offering expert advice on contract negotiations with potential and existing clients pursuant to the SES Business.

Since he joined KAB in 2019, he has been instrumental in the setting up of our Group's SES Business via the establishment of KABEP and KABT which are now key profit-generating subsidiaries of our Group. Over the years, he has been responsible for managing the overall operations of the SES Business which includes business strategy and development, project execution, operation of assets, feasibility assessment of projects, negotiation and execution of key contracts, financial planning and financial projections.

Amongst others, he was instrumental in negotiations with customers for chiller optimisation projects under the SES Business. He also played a key role in monitoring the construction of a 1.5 MW cogeneration plant in Seremban, Negeri Sembilan under Kiev CRG Sdn Bhd, a key subsidiary under the SES Business. He was also actively involved in the acquisition of Dynagen Power (M) Sdn Bhd, a key subsidiary under the SES Business, which was completed in October 2021.

Mr. Jonathan Wu also plays a key role in our Group's finance and business development activities. Amongst others, he participated in the process to establish the Multi-Currency Sukuk Programme which has since raised gross proceeds of RM19.95 million following the first issuance of Sukuk Murabahah of equivalent nominal value on 31 January 2022. Such proceeds shall be utilised mainly to redeem an existing conventional financing facility obtained under Dynagen Power (M) Sdn Bhd. Further details on this Multi-Currency Sukuk Programme are set out in Section 10 of this Circular.

He obtained a Bachelor of Mechanical Engineering with First-Class Honours from University of Portsmouth, United Kingdom in 2016 and is also a Certified Energy Manager under ASEAN Energy Management Scheme (AEMAS) since 2019.

Prior to his role in KAB, he has held the following roles:

<b>Year</b>	<b>Designation and companies</b>	<b>Roles and responsibilities</b>
2017 – 2018	Data Analyst Lead – TecAlliance Sdn Bhd	Implemented data improvements on the company's data mart for the Asia Pacific market. Identified and rectified process gaps in data management.
2016 – 2017	Graduate Project Engineer – Mitraland Group Holdings Sdn Bhd	Performed business and engineering analysis to identify cost savings in projects and was responsible in the execution and reporting of site inspections.

From these roles, he has garnered experience in data management and analysis as well as project delivery and execution. As such, Mr. Jonathan Wu is expected to provide practical insights and the ability to analyse consumer trends within the sustainable energy industry to optimise our Group's profits in the SES Business. His experience in project execution would also be beneficial in the execution of our Group's awarded contracts as set out in Section 3.6 of this Circular.

Collectively, Mr. Jonathan Wu has garnered over 4 years of experience in the SES Business as summarised above as well as over 4 years of experience in the M&E engineering industry.

Based on Mr. Jonathan Wu's academic background coupled with his experience in the SES Business and technical knowledge in the engineering industry as set out above, Mr. Jonathan Wu's contribution is expected to be beneficial to our Group's ongoing SES Business.



## 2.2.2 Mr. Lai Chuan Sheng

Our Group had on 1 January 2020 recruited Mr. Lai Chuan Sheng (“**Mr. Lai**”) to spearhead our Group’s expansion into the SES Business.

Mr. Lai, a Malaysian aged 45, is a director in several subsidiaries of our Group such as KAB Smart Solar Energy Sdn Bhd and KAB Technologies (Thailand) Co. Ltd.. He graduated with a Bachelor of Science in Building Construction Management from the University of Newcastle, Australia in 2004 along with a Higher National Diploma (HND) in Quantity Surveying from Nottingham Trent University, United Kingdom in 1999.

Prior to his role in KAB, he has held the following roles:

Year	Designation and companies	Roles and responsibilities
2011 – 2019	Director – Prinsiptek International Limited	Managed the implementation and execution of high value projects.
2006 – 2011	Manager (Regional) – Prinsiptek Thai Limited	In-charge of setting up a new regional company and performed general risk assessments, feasibility studies and cash flow planning for construction projects to be undertaken.
2000 – 2006	Assistant Manager – Prinsiptek Corporation Berhad	Prepared marketing strategies for property development projects by liaising with marketing agents for sales and liaised with project consultants for initial project planning as well as sales projection.

From these roles, he has garnered over 19 years of experience in property development projects through various roles including project planning and execution, preparing risk assessments and feasibility studies as well as sales and marketing.

In particular, his prior role with Prinsiptek Thai Limited (a company based in Thailand) has provided him with a sizeable clientele which include property developers and property owners, who may well be prospective clients for solar projects given that the majority of our Group’s secured solar projects are in Thailand. He was also involved in, amongst others, performing risk assessments and feasibility studies as well as liaising with the local authorities in Thailand for property development projects. In turn, such experience has been beneficial to our Group’s SES Business in the execution of existing solar power contracts in Thailand.

Since he joined KAB in 2020, Mr. Lai has been managing the execution of solar projects and performing relevant marketing assessments when pursuing solar contracts under our Group’s SES Business. Although Mr. Lai’s past experiences were in property development projects before he joined KAB in 2020, Mr. Lai is expected to contribute positively to our Group’s venture into the SES Business with his ability to converse fluently in Thai coupled with his familiarity with the business culture and regulatory environment in Thailand. In turn, this allows him to communicate more effectively with customers and local authorities in Thailand as compared to KAB’s existing staff. This would be helpful in networking and engaging with prospective customers as well as monitoring the procurement, installation and commissioning of solar PV facilities in Thailand.

Thus, with his knowledge and experience in property development projects coupled with his contacts of clients and vendors in Thailand, Mr. Lai's contribution is expected to be beneficial to our Group's ongoing SES Business.

Although our Group does not have any prior track record in the SES Business and has only identified 2 key senior management personnel to spearhead the SES Business, our Group has been actively recruiting and will continue to recruit other personnel with the necessary technical expertise and experience to fill various roles within the SES Business.

As at the LPD, our SES Business is run by 43 employees and this headcount is set to increase further moving forward in tandem with the growth of the SES Business. Moving forward, our Group intends to continue recruiting more staff with the necessary technical expertise as and when required in tandem with the growth of the SES Business. As the SES Business is currently experiencing rapid growth, the exact number of technical staff that KAB intends to have at this juncture cannot be determined as our Group's needs towards such staff are rapidly evolving.

To attract suitable qualified personnel to ensure the long term sustainability of the SES Business, our Group will strive to offer attractive incentives and remuneration packages, to retain their continued employment with our Group.

The steps taken above demonstrates our Group's commitment to establish a competent team with sufficient manpower and hence, its readiness to diversify into the SES Business.

As at the LPD, there is no existing agreement to secure the long-term employment of the 2 key senior management personnel set out above. In the event of their departure from our Company in the future, we will seek to leverage on the network of contacts of our Board and senior management staff to identify and recruit new key senior management personnel with the necessary experience and expertise to spearhead the SES Business.

### **3. DETAILS OF THE PROPOSED PRIVATE PLACEMENT**

#### **3.1 Size of placement**

The Proposed Private Placement involves the issuance of up to 361,581,000 new Shares, representing approximately 20% of the existing total number of issued Shares (excluding treasury shares), at an issue price to be determined later.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued Shares on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement.

As at the LPD, our Company has an issued share capital comprising 1,807,905,771 Shares (excluding 88,898 treasury shares) as well as the following Convertible Securities:-

- (i) 845,902,607 Warrants, which have an exercise price of RM1.20 each and are expiring on 29 April 2024 (for information, the Warrants are currently out-of-money based on the 5-day VWAP of the Shares and the Warrants up to and including the LPD of RM0.4631 and RM0.0303 respectively); and
- (iii) up to 271,185,865 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

Based on the total number of 1,807,905,771 Shares (excluding 88,898 treasury shares) as at the LPD and assuming none of the outstanding Convertible Securities as at the LPD are granted and/or exercised into new Shares prior to the implementation of the Proposed Private Placement, the issuance of up to 361,581,000 Placement Shares under the Proposed Private Placement would represent approximately 20% of such total number of issued Shares (after rounding down to the nearest 1,000 Shares).

For the avoidance of doubt, any increase in the number of issued Shares arising from the granting and/or exercise of the Convertible Securities or any resale of the treasury shares will not affect the maximum number of Placement Shares to be issued under the Proposed Private Placement.

### **3.2 Placement arrangement**

The Placement Shares are intended to be placed to independent third party investor(s) to be identified later. Such investor(s) shall qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007. The Placement Shares are not intended to be placed to the following persons:-

- (i) an Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the places may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

### **3.3 Ranking of the Placement Shares**

The Placement Shares shall, upon issuance, allotment and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares.

### **3.4 Listing of the Placement Shares**

The Placement Shares to be issued will be listed on the Main Market of Bursa Securities.

### **3.5 Basis of determining and justification for the issue price of the Placement Shares**

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined by our Board after taking into consideration prevailing market conditions.

As the Proposed Private Placement may be implemented in several tranches, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.3705 per Placement Share, the issue price of the Placement Shares would represent a discount of 20.00% to the 5-day VWAP of the Shares up to and including the LPD of RM0.4631 (*Source: Bloomberg*).

### 3.6 Utilisation of proceeds

Based on the illustrative issue price of RM0.3705 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-

Proposed utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Private Placement	( <sup>1</sup> )RM'000
(i) Working capital	Within 24 months	36,000
(ii) Repayment of bank borrowings	Within 6 months	31,000
(iii) Funding for existing and future SES projects	Within 36 months	66,196
(iv) Estimated expenses for the Proposals	Immediate	( <sup>2</sup> )770
<b>Total</b>		<b>(<sup>3</sup>)133,966</b>

Notes:-

- (1) Any proceeds raised will be allocated up to its respective maximum allocation in the following order:-
- (i) estimated expenses for the Proposals;
  - (ii) working capital;
  - (iii) repayment of bank borrowings; and
  - (iv) funding for existing and future SES projects.
- (2) If the actual expenses incurred are higher than this amount, the deficit will be funded via the amount earmarked for funding for existing and future SES projects. Conversely, any surplus of funds following payment of expenses will be utilised for funding for existing and future SES projects.
- (3) Any additional proceeds raised in excess of this amount will be allocated for funding for existing and future SES projects, repayment of bank borrowings and/or working capital. Conversely, if the proceeds raised are less than this amount, the amount earmarked for funding for existing and future SES projects will be reduced accordingly.

Pending the utilisation of proceeds as and when they may be utilised, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instrument.

#### (i) Working capital

Our Group intends to utilise part of the proceeds from the Proposed Private Placement for working capital purposes in the following manner:-

Working capital	RM'000
Staff costs <sup>(1)</sup>	19,000
Other operating and administrative expenses <sup>(2)</sup>	17,000
<b>Total</b>	<b>36,000</b>

Notes:-

- (1) As at the LPD, our Group has a total of 203 employees. In tandem with the growth of our Group's business moving forward via the securing of new contracts, our Group plans to expand its headcount to cater for such growth.

The exact number of new employees to be hired cannot be determined at this juncture as it will depend on the contracts to be secured by our Group moving forward as well as our Group's operational requirements at the relevant time.

- (2) This includes, amongst others, due diligence fees for potential projects, travelling cost to sites, upgrade of office equipment and software as well as monthly operational and upkeep cost for energy projects. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of our Group at the relevant time.

**(ii) Repayment of bank borrowings**

As at the LPD, the total outstanding amount of our Group's bank borrowings stood at RM71.13 million which include trade financing, revolving credits, overdraft facilities and long-term loans. These facilities were drawn down to finance our Group's working capital.

Our Group intends to utilise part of the proceeds from the Proposed Private Placement towards the part-repayment of short-term bank borrowings, to be allocated in the following order:-

Type of borrowings	Outstanding amount as at the LPD RM'000	<sup>(1)</sup> Repayment amount RM'000	Estimated interest savings per annum RM'000
Trade financing	22,676	22,400	<sup>(2)</sup> 973
Overdrafts	8,663	8,600	<sup>(3)</sup> 552
<b>Total</b>	<b>31,339</b>	<b>31,000</b>	<b>1,525</b>

Notes:-

- (1) While our Group intends to allocate proceeds of up to RM31.00 million from the Proposed Private Placement to repay these borrowings, these borrowings are subject to prevailing interest rates, drawdown and repayment from time to time. As such, the outstanding principal amount of these borrowings at the point of repayment may differ from the current amount as at the LPD.

In this event, any surplus shall be reallocated for the repayment of other bank borrowings of our Group such as existing long-term loans. Conversely, any shortfall shall be funded via internally generated funds and/or future fund-raising exercises to be undertaken (if required).

- (2) Based on an effective interest rate of 2.34% - 6.57% per annum.  
(3) Based on an effective interest rate of 4.93% - 7.45% per annum.

**(iii) Funding for existing and future SES projects**

Our Group intends to utilise the balance proceeds from the Proposed Private Placement as funding for its ongoing projects as well as future projects to be secured from our Group's SES Business.

Our Group's SES Business is involved in the installation of solar PV panels for its clients through either of the following arrangements:-

- (a) direct installation and sale of solar PV panels for clients as per the agreed design; and

- (b) BOOT model, whereby our Group will install solar PV panels at its clients' premises and will enter into a power purchase agreement with the client for the sale and purchase of the electricity generated by the solar system at an agreed rate throughout the concession period.

Our Group intends to fund the following solar power contracts in hand:-

Model	Estimated sale / concession value (RM'million)	Size (kWp)	Contract award date	Concession period (years)
<b>Malaysia</b>				
Direct sale	1.3	551	25 March 2021	-
BOOT	13.4	1,000	18 August 2022	15
BOOT	14.6	2,042	21 July 2021	21
<b>Thailand</b>				
BOOT	10.8	966	1 April 2021	10
BOOT	30.9	3,376	21 March 2021	15
BOOT	5.8	666	9 December 2021	20
BOOT	10.2	908	22 February 2022	20
<b>Total</b>	<b>87.0</b>	<b>9,509</b>		

The total capital expenditure requirement for the above contracts is estimated to be RM29.78 million.

In addition to the above, our Group is currently in talks for a potential contract in Malaysia for solar PV projects under the BOOT model with total capacity of 4,000 kWp for an estimated total capital expenditure requirement of RM10.00 million.

In Thailand, our Group is in talks for 2 potential contracts for the solar PV projects with an estimated total capital expenditure requirement of RM14.26 million with total capacity of 4,927 kWp.

Apart from the above, our Group's SES Business is also involved in clean energy generation which offers customised energy generators through the following:-

- (a) Cogeneration - generation of electricity and thermal energy (i.e. heat and steam) within the same system from a single fuel source, whereby the thermal energy recovered in cogeneration can be used for heating or cooling in industrial facilities or buildings; and
- (b) Waste heat recovery - waste heat from hot combustion gases released into the atmosphere and heat produced from industrial processes are captured and reused for generating mechanical or electrical energy.

As such, our Group is currently in talks for some potential contracts for clean energy generation with an estimated total capital expenditure requirement of approximately RM220.00 million with an approximate capacity of 65 MW.

It is envisaged that the proceeds will be used to support our Group's cash flow as it undertakes these projects by covering expenses such as the following:-

- (a) Solar power - project development and feasibility study costs, purchase of materials and components for the installation of solar PV systems (e.g. panels, mounting racks, inverters and installation cost); and
- (b) Clean energy generation – project development and feasibility study costs, construction of cogeneration or waste heat recovery plants, procurement of engine / system and related parts, M&E engineering works, civil and structural works, land costs as well as authority and licensing cost.

The exact amount of proceeds to be allocated between these projects cannot be determined at this juncture as it will depend on the ongoing progress and development of each project, the actual proceeds raised from the Proposed Private Placement as well as the suitability and availability of other funding options at the relevant time.

Any shortfall in our Group's funding requirements for its projects is intended to be met via internally generated funds (including those to be generated from the projects), bank borrowings and/or any future fund-raising exercises to be undertaken, if required. However, the actual funding breakdown for the shortfall cannot be determined at this juncture as it will depend on the actual shortfall amount as well as the availability and suitability of other funding options at the relevant time.

Conversely, any surplus shall be allocated as funding for any future SES projects to be secured by our Group, repayment of bank borrowings and/or working capital. The actual funding allocation cannot be determined at this juncture as it will depend on the actual surplus amount as well as the funding requirements for the future projects to be secured by our Group.

**(iv) Estimated expenses for the Proposals**

The breakdown of the estimated expenses for the Proposals is illustrated below:-

<b>Estimated expenses</b>	<b>Amount RM'000</b>
Professional fees <sup>(1)</sup>	670
Fees to relevant authorities	40
Printing, despatch and advertising expenses	30
Miscellaneous expenses and contingencies	30
<b>Total</b>	<b>770</b>

Note:-

- (1) These include advisory fees payable to the Principal Adviser, placement and administrative fees, commission payable to the Placement Agent for the management of the placement process and identification of the placeses respectively as well as other professional fees payable to company secretary, share registrar, solicitors and independent market researcher in relation to the Proposals.

## 4. RATIONALE AND BENEFITS OF THE PROPOSALS

### 4.1 Proposed Diversification

As set out in Section 2 of this Circular, the Proposed Diversification will allow our Group to diversify its business and create an additional source of income on top of the existing contribution from its core M&E engineering business. The Proposed Diversification will also provide our Group with an opportunity to expand its participation in the fast-growing renewable energy, clean energy and energy efficiency industries. Further details on the industry overview and future prospects of these industries are set out in Section 6 of this Circular.

Further to the above, due to certain similarities in the nature of the solutions provided to customers under our Group's SES Business and M&E engineering business, both businesses share similar target customer segments. In addition, although our Group's SES Business and M&E engineering business are operating independently from one another, they can still share certain technical know-how and knowledge that may be of benefit to each other. This initiative is in line with our Group's aim of becoming a one-stop engineering and energy solutions provider in the market.

### 4.2 Proposed Private Placement

As detailed in Section 3.6 of this Circular, the proceeds to be raised from the Proposed Private Placement are intended to be utilised mainly for working capital, repayment of bank borrowings and funding for existing and future SES projects. The additional working capital funds will help to facilitate our Group's existing day-to-day operations while the repayment of bank borrowings is expected to result in interest savings and lower gearing. The SES projects undertaken by our Group are expected to contribute positively to the earnings of our Group.

For information, our Group's cash and bank balances as well as short term deposits as at 31 December 2021 (audited) and 30 June 2022 (unaudited) are as follows:

	<b>Audited as at 31 December 2021 RM'000</b>	<b>Unaudited as at 30 June 2022 RM'000</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	8,782	6,518
Deposits with licensed banks	35,578	37,647
<i>Less :</i>		
Pledged deposits	(29,350)	(36,647)
Bank overdraft	(10,286)	(13,357)
<b>Total</b>	<b>4,723</b>	<b>(5,839)</b>

From the above, our Group's existing cash reserves are currently insufficient to meet our funding requirements as detailed in Section 3.6 of this Circular. As such, undertaking the Proposed Private Placement would be essential towards meeting our funding requirements.

After due consideration of the various methods of fund raising, our Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as it would enable our Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments for bank borrowings, thereby allowing our Company to preserve its cash flow.

On the other hand, other fund-raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require our Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), in order to achieve



a minimum subscription level. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

The issuance of Placement Shares pursuant to the Proposed Private Placement will result in a dilution in the shareholdings of the existing Shareholders. Notwithstanding this, the proposed use of proceeds to be raised from the Proposed Private Placement is expected to contribute positively to the future earnings of our Group and the enlarged capital base upon completion of the Proposed Private Placement is also expected to strengthen the financial position of our Group.

For illustration, the dilution impact arising from the Proposed Private Placement to our existing Shareholders (assuming a direct shareholding of 10% as at the LPD i.e. 180,790,577 Shares) is as follows:-

Shareholding of an existing Shareholder	A No. of Shares held	B No. of issued Shares (excluding treasury shares)	C = A / B Direct interest (%)
Shareholding prior to the Proposed Private Placement	180,790,577	1,807,905,771 <sup>(1)</sup>	10.00
Shares issued pursuant to the Proposed Private Placement	-	361,581,000	-
<b>After the Proposed Private Placement</b>	<b>180,790,577</b>	<b>2,169,486,771</b>	<b>8.33</b>

Note:-

(1) Based on the total number of 1,807,905,771 issued Shares (excluding 88,898 treasury shares) as at the LPD.

Although the Proposed Private Placement is expected to lead to a significant dilution in shareholdings of our existing Shareholders, the Proposed Private Placement is still the most appropriate avenue of fund raising at this juncture as compared to pro-rata issuance of securities such as a rights issue.

This is due to the following additional justifications:-

**(i) Private placements are more cost-effective**

A rights issue is a more elaborate fund-raising exercise and takes a longer time to complete. Moreover, the fees, costs and expenses to be incurred by our Company for a rights issue are also higher as compared to a private placement.

In addition, our Company would be required to procure underwriting arrangements and incur underwriting fees and commission unless it is able to identify specific Shareholders to provide irrevocable undertakings to achieve a minimum subscription level to raise the requisite funds.

**(ii) Private placements provide more certainty in raising the requisite funds**

Our Company may not be able to achieve the desired subscription level if it chooses to undertake a rights issue. If our Company wishes to ensure certainty, it would then have to incur additional costs to procure underwriting arrangements.

On the other hand, under a private placement, our Company would only need to identify a few private investors as places for the private placement in order to raise the requisite funds.

For information, save for the following, our Company has not undertaken any other equity fund-raising exercises in the past 5 years before the first announcement of the Proposed Private Placement:-

**(i) Previous Private Placement – 2021**

On 20 July 2022, our Company completed the Previous Private Placement - 2021 which involved the issuance of 116,100,000 new Shares (representing 10% of the then existing total number of issued Shares before the Previous Private Placement – 2021) and raised a total of RM42.80 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 20 July 2022	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(a) Repayment of borrowings	Within 3 months	25,000	25,000	-
(b) Working capital	Within 24 months	15,000	15,000	-
(c) Funding for energy projects	Within 36 months	2,397	2,397	-
(d) Tender deposits, tender bonds and/or performance bonds	Within 12 months	-	-	-
(e) Expenses for the Previous Private Placement - 2021	Immediate	401	401	-
<b>Total</b>		<b>42,798</b>	<b>42,798</b>	<b>-</b>

**(ii) Previous Private Placement – 2020**

On 16 April 2021, our Company completed the Previous Private Placement - 2020 which involved the issuance of 30,596,700 new Shares (representing 9% of the then existing total number of issued Shares before the private placement) and raised a total of RM22.00 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 16 April 2021	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(a) Expansion of customised energy efficiency solutions business	Within 24 months	17,000	17,000	-

Utilisation of proceeds	Intended timeframe for utilisation from 16 April 2021	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(b) Project costs and expenses	Within 24 months	4,500	4,500	-
(c) Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	143	143	-
(d) Expenses for the Previous Private Placement - 2020	Immediate	356	356	-
<b>Total</b>		<b>21,999</b>	<b>21,999</b>	<b>-</b>

**(iii) Special Issue 2019**

On 17 June 2019, our Company completed the Special Issue 2019 which involved the issuance of 34,000,000 new Shares and raised a total of RM6.80 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 17 June 2019	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(a) Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	6,630	6,630	-
(b) Expenses for the Special Issue 2019	Immediate	170	170	-
<b>Total</b>		<b>6,800</b>	<b>6,800</b>	<b>-</b>

**5. RISK FACTORS IN RELATION TO THE PROPOSED DIVERSIFICATION**

**5.1 Business diversification risks**

Our Group is principally involved in the provision of M&E engineering services. Following the Proposed Diversification, our Group's existing SES Business is expected to expand further. As such, our Group will be increasingly exposed to the risks inherent in the SES Business including, amongst others, adverse changes in supply and demand conditions, outbreaks of diseases, fire or other natural disasters, adverse climate conditions, downturns in the global, regional and/or national economies, changes in law and tax regulations, cost of equipment, availability of technical expertise, availability of financing and the existence of other alternatives in the energy industry.

There can be no assurance that any changes in these factors will not have any material adverse effect on the business and financial performance of the SES Business in the future.

Nevertheless, our Group will seek to limit or mitigate these risks through, inter-alia, leveraging on the expertise of the existing key senior management of our Group as set out in Section 2.2 of this Circular.

## **5.2 Technology risk**

The SES Business is technology driven and is subject to evolving technology standards that require improved features, such as more efficient power generation and improved aesthetics. Our Group will be required to remain cognisant of the latest trends and technological advancements for its SES Business to maintain its most cost effective and efficient solutions to its clients.

In the event our Group is unable to remain competitive in terms of technology, it may adversely affect our Group's SES Business. Notwithstanding that, our Group intends to constantly keep abreast with the latest technologies available.

## **5.3 Risk of changes in government policies, incentives and regulatory framework**

Our Group's venture into the SES Business is subject to various laws, regulations and policies set by the government authorities relating to the energy industry. While the Government of Malaysia has set policies and support mechanisms for the renewable energy industry, such policies and support may be modified or changed in the future. Our Group may be affected by any adverse changes in the government policies and support mechanisms relating to the SES Business. Introduction of new policies and/or reduction / elimination of support mechanisms may adversely affect the prospects of the SES Business.

Nevertheless, our Group seeks to limit or mitigate the impact of such risk by continuously monitoring the changing regulatory frameworks and adopting business strategies in response to major developments in the regulatory frameworks, as and when they arise in the future.

## **5.4 Dependency on key senior management and qualified personnel**

The continued success of the SES Business would be dependent on, amongst others, the experience, commitment and efforts of the key senior management personnel as set out in Section 2.2 of this Circular. As at the LPD, there is no existing agreement to secure the long-term employment of the 2 key senior management personnel set out therein. On top of that, the SES Business is also dependent on the continuous hiring and retention of a team of qualified personnel with technical expertise and/or experience in the energy industries.

The loss of services of any such personnel without any suitable and timely replacement may adversely affect the continued ability of the SES Business to operate and compete successfully.

Nevertheless, our Group will adopt appropriate approaches, including offering attractive incentives and remuneration packages, to retain their continued employment with our Group.

## **5.5 Competition risk**

The sustainability of our Group's SES Business is dependent on its ability to continuously replenish its order book of SES projects from time to time. In turn, this is dependent on our Group's ability to successfully tender for SES projects by competing against other companies in terms of pricing, timely delivery and performance. Some of these competitors may have strategic advantages in terms of having larger financial resources, more established track record and/or better expertise and technologies.

Nevertheless, our Group intends to mitigate this risk by proactively trying to be more cost efficient and through effective project management and cost control policies, improving service quality and continuously keeping abreast with the latest technologies. To this end, our Group expects to leverage on the experience, expertise and leadership of our Group's key senior management personnel as set out in Section 2.2 of this Circular to ensure that our Group's SES Business remains competitive in the market.

## 6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

### 6.1 Malaysian economy

The Malaysian economy registered a positive growth of 5.0% in the first quarter (“1Q”) of 2022 (fourth quarter of (“4Q”) 2021: 3.6%). This was mainly supported by improving domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the job market, with the unemployment rate declining further to 4.1% (4Q 2021: 4.3%), as well as continued policy support. Strong external demand amid the continued upcycle in global technology provided further lift to growth. On the supply side, services and manufacturing sectors continued to drive economic growth, expanding by 6.5% and 6.6% respectively. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 3.9% (4Q 2021: 4.6%).

(Source: BNM Quarterly Bulletin - 1Q 2022, Vol. 37 No. 1)

The Malaysian economy registered a strong growth of 8.9% in the second quarter (“2Q”) of 2022 (1Q 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical and electronics products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

During the quarter, headline and core inflation increased to 2.8% and 2.5% respectively (1Q 2022: 2.2% and 1.7% respectively). The higher core inflation reflected an improvement in demand conditions amid the high-cost environment, with price increases mainly driven by food away from home and other food items.

The Malaysian economy is projected to expand further for the remainder of the year.

Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth. Going forward, growth would continue to benefit from improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects.

However, the balance of risks to Malaysia's growth remains tilted to the downside. This stems mainly from weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Headline inflation is expected to trend higher in some months during the remainder of the year, due in part to the base effect from the discount on electricity tariffs implemented in third quarter 2021. As projected earlier, underlying inflation, as measured by core inflation, is expected to average higher in 2022, as demand continues to improve amid the high-cost environment.

Overall, the outlook remains subject to upside risks, contingent on the strength of domestic demand which could contribute to further broad-based price pressures, as well as global commodity price developments and domestic policy measures. Nevertheless, the extent of upside pressure on inflation is expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy.

(Source: BNM Quarterly Bulletin - 2Q 2022, Vol. 37 No. 2)

## **6.2 Renewable energy industry in Malaysia and Thailand**

Renewable energy is generated from natural sources such as sunlight, wind, rain, tides and geothermal heat which are naturally replenished. Technologies for renewable energy include solar power, wind power, hydropower, biomass and biofuels. The rapid depletion of fossil fuels and its impact on the environment has driven nations to take up initiatives to further develop renewable energy sources which are widely available, untapped and have zero to minimal amounts of carbon dioxide emissions.

The various forms of renewable energy include, but are not limited to, the following:-

- **Solar energy**

Solar energy is harnessed from the sun's radiant light and heat through technologies such as solar heating, solar PV, solar thermal energy, solar architecture, and artificial photosynthesis. These technologies can be either active or passive depending on how they capture and distribute solar energy to convert this energy into solar power. Active solar technologies include the use of PV systems, concentrated solar power and solar water heating to harness this energy. Passive solar technologies include orienting buildings in the direction of the sun and selecting materials with favourable thermal mass or light dispersing properties.

- **Hydropower**

Hydropower is generated by using the kinetic energy of flowing water as it moves downstream from dams or diversion structures built within rivers and streams. It utilises turbines and generators to convert the kinetic energy into electricity, which is then fed into the electrical grid. There are generally 3 types of hydropower plants, namely, large hydropower plant, small hydropower plant and micro hydropower plant.

- **Biogas**

Biogas is primarily made up of methane, carbon dioxide and may contain nitrogen and trace elements of hydrogen sulphide and water vapour that is produced by the decomposition of agricultural waste, plant material, manure, sewage sludge, municipal solid waste, food waste, and other biodegradable waste under specific conditions. The gas is then funnelled into a gas engine where it is combusted to produce heat and mechanical motion that is turned into electricity by a generator.

- **Biomass**

Biological matter derived from living, or recently living organisms is known as biomass, and typically refers to plants or plant-derived materials. Biomass can be used directly via combustion to produce heat, or indirectly after converting it to various forms of biofuels. The conversion of biomass to biofuels is possible through thermal, chemical, and biochemical methods. The largest source of biomass energy today is wood.

- **Others**

Other forms of energy that can be used to generate electricity include flowing wind, tides, oceans, geothermal and hot hydrogen fusion whereby flowing water is generally used for power generation.

(Source: IMR Report)

### **6.3 Solar industry in Malaysia**

The performance of solar industry in Malaysia is illustrated through the cumulative installed capacity for solar PV installations and annual power generation for commissioned solar PV installations in Malaysia, under Feed-in-Tariff (“FiT”) mechanism.

Based on latest available information, the cumulative installed capacity for solar PV installations in Malaysia grew from 377.91 MW in 2017 to 383.34 MW in 2021 at a CAGR of 0.36%.

There are no solar PV plants that are under progress under FiT mechanism, hence the cumulative installed capacity for commissioned solar PV installations is expected to remain at 383.34 MW beyond 2021.

From 2017 to 2021, the annual power generation for commissioned solar PV installations under the FiT mechanism in Malaysia increased from 429.27 gigawatt hours (“GWh”) to 457.28 GWh at a CAGR of 1.59%.

In 2021, the share of power generated by commissioned solar PV installations under the FiT mechanism in Malaysia was 33.57% while the remaining 66.43% of power was generated by other renewable energy under the FiT mechanism.

SMITH ZANDER estimates the annual power generation for commissioned solar PV installations in Malaysia to remain around 457 GWh in 2022. The growth of the renewable energy industry in Malaysia will continue to be driven by future growth in the economy as electricity is an integral infrastructural element for economic growth and a main input for commercial and production activities, as well as government initiatives to encourage investment in renewable energy such as launching of several programmes (i.e. FiT mechanism, New Enhanced Dispatch Arrangement (NEDA), Net Energy Metering (NEM) programme, Large Scale Solar (LSS) programme), extending the Investment Tax Allowance and Income Tax Exemption incentives, enhancing the Green Technology Financing Scheme, installation of solar panels at Government and commercial facilities by 2024 as well as installation of solar rooftops and electric vehicle charging stations.

(Source: IMR Report)

### **6.4 Solar industry in Thailand**

The solar industry in Thailand is represented by the cumulative installed capacity for solar PV installations in Thailand. Based on the latest available information, the cumulative installed capacity for commissioned solar PV installations in Thailand grew from 3.03 gigawatts (“GW”) in 2016 to 3.61 GW in 2020 at a CAGR of 4.48%. The cumulative installed capacity for commissioned solar PV installations in Thailand in 2021 and beyond are not publicly available.

The annual power generation solely by solar PV installations in Thailand is not publicly available. As such, the annual power generation for renewable energy in Thailand is presented as the next closest alternative information whereby the annual power generation for renewable energy in Thailand grew from 14.94 terawatt-hour (“TWh”) in 2017 to 21.89 TWh in 2021 at a CAGR of 10.02%.

SMITH ZANDER estimates the annual power generation for renewable energy in Thailand to increase by 12.01% from 21.89 TWh in 2021 to 24.52 TWh in 2022. The growth of the renewable energy industry in Thailand will similarly be driven by future growth in the economy, as well as government initiatives to encourage investment in renewable energy such as launching of the Alternative Energy Development Plan (AEDP) 2018 and the Power Development Plan (PDP) 2018, offering tax and non-tax incentives for renewable energy projects that meet the national development, adoption of a new FiT mechanism, and introduction of regulations governing the “Purchase of Power from Solar Rooftop Power Generation for Public Sector”, “Purchase of Power from Solar Rooftop Power Generation for Public Sector Household User Type” and “Purchase of Power from Very Small Power Producers with respect to Community-Based Power Projects”.

(Source: IMR Report)

## **6.5 Energy efficiency industry in Malaysia**

Energy management comprises the tracking, monitoring and planning of energy usage to control and optimise energy consumption in a building, to achieve energy efficiency. Energy conservation involves the behaviour or act of conserving energy usage that can produce a positive outcome in reducing energy consumption.

The growth of the energy efficiency industry is built on the growth of electricity consumption. Energy efficiency solutions function to reduce energy consumption. As such, when the consumption of electricity increases, it will create a larger potential market for the energy efficiency industry.

The total volume of electricity consumption per capita in Malaysia increased from 14.93 megawatt-hour (“MWh”) in 2017 to an estimated 15.52 MWh in 2021 at a CAGR of 0.97%.

SMITH ZANDER estimates the total volume of electricity consumption per capita in Malaysia to grow by 1.74% from an estimated 15.52 MWh in 2021 to 15.79 MWh in 2022.

The potential size of the energy efficiency industry is estimated by measuring the potential cost savings that can be achieved from the estimated electricity consumption in value terms in 2022. The cost savings that can be achieved from the implementation of energy efficiency solutions is estimated to be at 5.00% in 2022, which translates to an estimated potential electricity cost savings of RM2.66 billion.

The demand for energy efficiency solutions is largely driven by the commercial and industrial sectors as these sectors comprise revenue generating businesses in which cost is an important factor in determining a business’s profit. For the commercial sector, a large share of electricity is used in buildings for cooling, ventilation, lighting and appliances, amongst others; while for the industrial sector, electricity is often used for machine operations as well as for cooling, ventilation and lighting.

As part of energy management measures in the commercial and industrial sectors, combined heat and power, also known as cogeneration, and waste heat recovery are adopted with the aim to carry out daily operations with less electrical energy consumption. Cogeneration is the generation of electricity and thermal energy (i.e. heat and steam) within the same system, whereby the thermal energy recovered in cogeneration can be used for heating or cooling in industrial environments or buildings. Based on the latest available information, the cumulative installed capacity for cogeneration in Malaysia grew from 117.70 MW in 2015 to 128.61 MW in 2019 at a CAGR of 2.24%. The installed capacity for cogeneration in Malaysia in 2019 and beyond is not publicly available.



The growth of the energy efficiency industry will also be driven by government initiatives such as the implementation of the National Energy Efficiency Action Plan (NEEAP) with a 10-year implementation period from 2016 to 2025, formulation of a comprehensive national energy policy to streamline all energy-related policies and address issues across energy-consuming sectors, as well as increasing the installed capacity of renewable energy to meet the target of having 31% of Malaysia's total installed capacity to comprise renewable energy by 2025.

Under the National Energy Policy 2022-2040 which was launched in September 2022, it details the Government of Malaysia's aim to achieve the country's "Low Carbon Aspiration 2040" goal which include, amongst others, a higher level of renewable energy penetration in the installed capacity and total primary energy supply, with no new coal power plant. The Low Carbon Aspiration 2040 emphasis on low carbon policies and investments to increase adoption and pursue selective leadership in low carbon sectors such as endeavour to no new coal power plant amid increasing renewable share, and provide financing and incentives to drive energy efficiency practices.

(Source: IMR Report)

## **6.6 M&E engineering services industry in Malaysia**

Engineering is the field or discipline, practice, profession and art that relates to the development, acquisition and application of technical, scientific and mathematical knowledge about the understanding, design, development, invention, innovation and use of materials, machines, structures, systems and processes for specific purposes.

In the construction sector, electrical engineering services involve electrical wiring and fitting for electricity transmission and distribution, communication and information technology networks and extra low voltage systems. Electrical engineering services may be employed in the installation of new electrical components and systems, or the maintenance and repair of existing electrical systems. Meanwhile, mechanical engineering services involve the deployment of heating, ventilation and air conditioning systems, water supply and sanitation systems, fire protection systems as well as escalators and lifts. Mechanical engineering services may be employed in the installation of new mechanical components and systems or the maintenance and repair of existing mechanical systems.

M&E engineering services providers are responsible for the implementation of systems that make properties function. This includes the implementation of mechanical systems such as heating, ventilation and air conditioning systems; water supply and sanitation; fire protection systems; escalators and lifts, as well as electrical systems such as electricity transmission and distribution systems; communications and information technology networks; lighting systems; and security and alarm systems.

M&E engineering services in Malaysia, measured in terms of total value of construction work done for M&E engineering services, increased from RM3.07 billion in 2017 to RM5.83 billion in 2021 at a CAGR of 17.39%. Based on the latest available information, the total value of construction work done for the first half of 2022 was RM2.92 billion. The total value of construction work done comprises the installation value of electrical, plumbing, heat and air-conditioning and other construction work done related to M&E engineering services.

SMITH ZANDER estimates the M&E engineering services industry to grow from RM5.83 billion in 2021 to RM6.23 billion in 2022 at 6.86%, driven by demand for properties refurbishment and maintenance works as well as the demand for residential, commercial and industrial properties.

(Source: IMR Report)

## **6.7 Prospects and future plans for our Group**

Our Group is principally involved in the provision of M&E engineering services in Malaysia. Our Group provides electrical engineering services including the installation, testing and commissioning of electrical systems as well as mechanical engineering services including the installation, testing and commissioning of air-conditioning and mechanical ventilation systems. The nature of our Group's core business is project-based and its customers are primarily main contractors, project owners and property developers in Malaysia's construction industry.

As at the LPD, our Group's M&E engineering segment has an outstanding order book balance of RM238.0 million, while there are RM269.4 million worth of tenders that are still pending. Some of our Group's notable projects include the installation, testing and commissioning of electrical systems for commercial properties like KL Metropolis, Pavilion Bukit Jalil in Kuala Lumpur as well as mixed developments like M-Centura and Gravit8 Phase 2, Sofiya Desa Park City and Southlink Bangsar in Kuala Lumpur.

Since 2019, our Group has begun to expand its business to include the SES Business. This forms part of our Group's long-term plan and vision to be a one-stop engineering and energy solutions provider in the industry. Under the SES Business, our Group is involved in the provision of energy efficient solutions, clean energy generation and renewable energy generation. Further details on these are set out in Section 2.1 of this Circular.

Moving forward, our Group will continue to explore opportunities to expand its SES Business in light of the rising demand for energy efficiency solutions and renewable energy due to increasing consumption of electricity as well as various government initiatives to drive these industries. Amongst others, there have been several tax incentives introduced by the Malaysian Investment Development Authority (MIDA) to spur investment into green technology, including the Green Investment Tax Allowance, Green Income Tax Exemption for qualified green services and Green Income Tax Exemption for qualified green services for solar leasing activity. In addition, many corporates are now looking to comply with environmental, social and governance ("ESG") policies, which in turn may motivate these companies to seek out greener energy sources. For information, KAB is recognised on the Financial Times Stock Exchange ("FTSE") Bursa Malaysia EMAS Index and additionally, was accessed and recognised by FTSE Russell with an ESG rating of 3 stars out of 4 stars. For information, only companies listed on the FTSE Bursa Malaysia EMAS Index are eligible to be assessed by FTSE Russell. The ESG ratings comprises an overall rating that breaks down into underlying pillar and theme exposures and scores which are built on over 300 individual indicator assessments that are applied to each company's unique circumstances.

Premised on the above, the rationale and benefits of the Proposals as set out in Section 4 of this Circular as well as the future prospects of the various segments as set out in Sections 6.2 to 6.7 of this Circular, the prospects of our Group appear favourable moving forward.

## **6.8 Future plans for our Group's M&E engineering business after the Proposed Diversification**

Notwithstanding the Proposed Diversification, our Board intends to continue with our Group's existing M&E engineering business as its core business.

Moving forward, our Group plans to continue strengthening its market position in Malaysia's M&E services industry by tendering for more projects. In addition, our Group also intends to expand its business coverage to include other regions of Malaysia. Currently, our Group has been focusing mainly on securing projects in the central region of Malaysia such as Kuala Lumpur and Selangor as well the southern region of Malaysia such as Johor.

As set out in Section 3.6 of this Circular, part of the proceeds from the Proposed Private Placement has been earmarked towards our Group's working capital. In turn, this is expected to help facilitate the organic growth of our Group's M&E engineering business as the funds could be used for, amongst others, hiring more employees and funding tender related costs.

## 7. EFFECTS OF THE PROPOSALS

### 7.1 Share capital

#### 7.1.1 Proposed Diversification

The Proposed Diversification are not expected to have any effect on the share capital of our Company.

#### 7.1.2 Proposed Private Placement

The pro forma effects of the Proposed Private Placement on the share capital of our Company are as follows:-

	No. of Shares (excluding treasury shares)	No. of treasury shares	No. of Shares (including treasury shares)	Share capital RM
Issued ordinary share capital as at the LPD	1,807,905,771	88,898	1,807,994,669	103,597,253
New Shares to be issued pursuant to the Proposed Private Placement	361,581,000	-	361,581,000	133,965,761
<b>Enlarged issued share capital after the Proposed Private Placement</b>	<b>2,169,486,771</b>	<b>88,898</b>	<b>2,169,575,669</b>	<b>237,563,014</b>

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## 7.2 NA and gearing

### 7.2.1 Proposed Diversification

The Proposed Diversification is not expected to have any immediate effect on the NA and gearing of our Group.

### 7.2.2 Proposed Private Placement

The pro forma effects of the Proposed Private Placement on the NA and gearing of our Group are as follows:-

Group level	Audited as at 31 December 2021 RM'000	(I) After subsequent events <sup>(1)</sup> RM'000	(II) After (I) and the Proposed Private Placement <sup>(2)</sup> RM'000
Share capital	93,809	103,597	237,563
Foreign currency translation reserve	33	33	33
Warrant reserve	(4)	(4)	(4)
Retained profits / (accumulated losses)	30,853	30,452	<sup>(3)</sup> 29,682
<b>Shareholders' equity / NA</b>	<b>124,691</b>	<b>134,078</b>	<b>267,274</b>
Non-controlling interest	242	242	242
<b>Total equity</b>	<b>124,933</b>	<b>134,320</b>	<b>267,516</b>
No. of Shares in issue ('000) <sup>(4)</sup>	1,777,906	1,807,906	2,169,487
NA per Share (RM)	0.07	0.07	0.12
Total borrowings (RM'000)	68,119	<sup>(5)</sup> 43,119	<sup>(6)</sup> 12,119
Gearing ratio (times)	0.55	0.32	0.05

#### Notes:-

- (1) After accounting for the following:-
  - (i) issuance of 20,000,000 and 10,000,000 new Shares at the issue price of RM0.3019 and RM0.3750 each respectively pursuant to the Previous Private Placement – 2021 (I) which was completed on 20 July 2022; and
  - (ii) expenses arising from the Previous Private Placement – 2021 of RM0.40 million.
- (2) Based on the issuance of up to 361,581,000 Placement Shares at the illustrative issue price of RM0.3705 per Placement Share.
- (3) After deducting estimated expenses incidental to the Proposals of RM0.77 million.
- (4) Excludes 88,898 treasury shares.
- (5) After accounting for the repayment of borrowings pursuant to the utilisation of proceeds from the Previous Private Placement - 2021 as set out in Section 4.3 of this Circular.
- (6) As set out in Section 3.6(i) of this Circular, proceeds of up to RM31.00 million from the Proposed Private Placement are intended to be utilised for the repayment of bank borrowings.

### 7.3 Substantial Shareholders' shareholdings

#### 7.3.1 Proposed Diversification

The Proposed Diversification is not expected to have any effect on the substantial Shareholders' shareholdings in our Company.

#### 7.3.2 Proposed Private Placement

The pro forma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings as at the LPD are as follows:-

Substantial Shareholders	As at the LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Lai Keng Onn	412,429,600	22.81	<sup>(3)</sup> 186,300,000	10.30	412,429,600	19.01	<sup>(3)</sup> 186,300,000	8.59
Stocqtech Sdn Bhd	162,900,000	9.01	-	-	162,900,000	7.51	-	-
GAT Success (M) Sdn Bhd	96,540,000	6.17	-	-	96,540,000	4.45	-	-
Everest Pavilion Sdn Bhd	-	-	<sup>(4)</sup> 96,540,000	5.34	-	-	<sup>(4)</sup> 96,540,000	4.45
Cherry Anne Tong Chun Ling	-	-	<sup>(5)</sup> 96,540,000	5.34	-	-	<sup>(5)</sup> 96,540,000	4.45
Kington Tong Kum Loong	227,363,766	12.58	<sup>(6)</sup> 6,485,003	0.36	227,363,766	10.48	<sup>(6)</sup> 6,485,003	0.30

Notes:-

- (1) Based on 1,807,905,771 Shares (excluding 88,898 treasury shares) as at the LPD.
- (2) Based on 2,169,486,771 Shares (excluding 88,898 treasury shares) following the completion of the Proposed Private Placement.
- (3) Deemed interest by virtue of his interest in Fastrans Ventures Sdn Bhd, Stocqtech Sdn Bhd and his spouse's shareholdings in our Company pursuant to the Act.
- (4) Deemed interest by virtue of its interest in GAT Success (M) Sdn Bhd.
- (5) Deemed interest by virtue of her interest in Everest Pavilion Sdn Bhd.
- (6) Deemed interest by virtue of his interest in Regalis Investment Ltd.

## 7.4 Earnings and EPS

### 7.4.1 Proposed Diversification

The Proposed Diversification is expected to contribute positively to the future earnings of our Group.

### 7.4.2 Proposed Private Placement

While the Proposed Private Placement is not expected to have any immediate effect on the earnings of our Group, the Proposed Private Placement is expected to contribute positively to the future earnings of our Group via the benefits to be derived from the utilisation of proceeds as set out in Section 3.6 of this Circular.

Subsequent to the completion of the Proposed Private Placement, the EPS shall be correspondingly diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement.

The potential effects of the Proposed Private Placement on the consolidated earnings of our Company moving forward will depend on, amongst others, the actual number of the Placement Shares to be issued as well as the level of returns and/or benefits to be derived from the utilisation of the proceeds to be raised from the Proposed Private Placement.

For illustration, assuming that the Proposed Private Placement had been completed at the beginning of the FYE 31 December 2021, the pro forma effects of the Proposed Private Placement on the consolidated earnings and EPS are as follows:-

	<b>Audited FYE 31 December 2021</b>	<b>(I) After subsequent events<sup>(1)</sup></b>	<b>(II) After (I) and the Proposed Private Placement<sup>(2)</sup></b>
Profit after taxation attributable to owners of our Company (RM'000)	4,072	4,072	3,302
Weighted average no. of Shares ('000)	1,505,991	1,535,991	1,897,572
EPS (sen)	0.27	0.27	0.17

Notes:-

- (1) After accounting for the issuance of 20,000,000 and 10,000,000 new Shares pursuant to the Previous Private Placement – 2021 which was completed on 20 July 2022.
- (2) Based on the issuance of 361,581,000 Placement Shares and after deducting estimated expenses to be incurred in relation to the Proposals of approximately RM0.77 million.

## **7.5 Convertible securities**

### **7.5.1 Warrants**

As at the LPD, there are 845,902,607 outstanding Warrants which have an exercise price of RM1.20 each and are expiring on 29 April 2024.

In accordance with the provisions of the Deed Poll, the Proposals are not expected to result in any adjustment to the exercise price and number of outstanding Warrants.

### **7.5.2 ESOS Options**

As at the LPD, our Company does not have any outstanding ESOS Options which have been granted but unexercised. Our Company has up to 271,185,865 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

In accordance with the provisions of the By-Laws, the Proposals are not expected to result in any adjustment to the exercise price and number of granted ESOS Options (if any).

## **8. TENTATIVE TIMELINE**

The tentative timeline of events leading to the completion of the Proposals is as follows:-

<b>Date</b>	<b>Events</b>
17 November 2022	EGM for the Proposals
1 <sup>st</sup> quarter of 2023	Listing and quotation of the Placement Shares and completion of the Proposed Private Placement

Barring any unforeseen circumstances, the Proposed Diversification will take immediate effect upon approval being obtained from the Shareholders at the forthcoming EGM.

## **9. APPROVALS REQUIRED AND CONDITIONALITY**

### **9.1 Proposed Diversification**

The Proposed Diversification is subject to the approval of the shareholders of KAB at the forthcoming EGM.

### **9.2 Proposed Private Placement**

The Proposed Private Placement is subject to the following approvals being obtained:-

- (i) the approval of Bursa Securities for the listing and quotation of the Placement Shares.

The approval by Bursa Securities for the above was obtained via its letter dated 11 October 2022, subject to the following conditions:-

<b>Conditions</b>		<b>Status of compliance</b>
(a)	KAB and Kenanga IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
(b)	KAB and Kenanga IB are required to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(c)	KAB / Kenanga IB is required to furnish Bursa Securities with a certified true copy of the resolution passed by the Shareholders approving the Proposed Private Placement, prior to the listing of the new shares to be issued pursuant to the Proposed Private Placement;	To be complied
(d)	KAB and Kenanga IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;	To be complied
(e)	KAB is required to make quarterly updates via Bursa LINK (simultaneous with the submission of Quarterly Report) on the following: <ul style="list-style-type: none"> <li>(i) The status on each of the event, project or purpose for which the total proceeds raised from the Proposed Private Placement are utilised for, including but not limited to, the percentages of completion of projects / initiatives;</li> <li>(ii) Where relevant, details on where the balance of proceeds raised is being placed (pending utilisation). If it is parked with asset management company / fund manager, to disclose the name of the asset management company / fund manager;</li> <li>(iii) The summary of placement shares issued and allotted as follows: <ul style="list-style-type: none"> <li>(a) The status on each of the event, project or purpose for which the total proceeds raised from the Proposed Private Placement are utilised for, including but not limited to, the percentages of completion of projects / initiatives;</li> <li>(b) Where relevant, details on where the balance of proceeds raised is being placed (pending utilisation). If it is parked with asset management company / fund manager, to disclose the name of the asset management company / fund manager;</li> </ul> </li> </ul>	To be complied



Conditions		Status of compliance
	<p>(c) The summary of placement shares issued and allotted as follows:-</p> <p>(1) date of price fixing and issuance date of Placement Shares (each tranche);</p> <p>(2) quantity of Placement Shares issued and allotted;</p> <p>(3) issue price and basis in arriving at (each tranche); and</p> <p>(4) aggregate number of Placement Shares issued and allotted as at the end of each quarter.</p>	

- (ii) the Shareholders at the forthcoming EGM; and
- (iii) the approvals / consents of any other relevant authorities and/or parties, if required.

### 9.3 Conditionality

The Proposals are not conditional upon each other and upon any other corporate exercise / scheme being or proposed to be undertaken by our Company.

On 29 July 2022, Mercury Securities Sdn Bhd had, on behalf of our Board, announced that KABEH had on even date entered into the SPA with the Vendors for the Proposed Acquisition.

On 17 October 2022, Kenanga IB had, on behalf of our Company, announced that KABEH had received a letter dated 13 October 2022 from SCB, who is one of the Vendors in relation to the Proposed Acquisition, notifying KABEH that SCB had obtained a restraining order in the High Court of Kuching ("**Court**") pursuant to Section 368 of the Act ("**Restraining Order**") and that it would be unable to proceed with the fulfilment of conditions precedent and pre-handover issues of the SPA during the period of the Restraining Order. SCB would notify KABEH when the Restraining Order is lifted by the Court.

On 21 October 2022, Kenanga IB had, on behalf of our Company, announced that our Company is in the midst of seeking clarification from SCB on their letter. In view that there might be a delay in the Proposed Acquisition at this juncture, our Company intends to defer the tabling of the Proposed Acquisition for Shareholders' approval in the EGM ("**Deferment**").

Notwithstanding the Deferment, our Company intends to proceed with the tabling of the Proposed Diversification and Proposed Private Placement for Shareholders' approval at the forthcoming EGM.

This is premised on the following:-

- (i) although the Proposed Acquisition is conditional upon the Proposed Diversification, the Proposed Diversification is not conditional upon the Proposed Acquisition. In the event the Proposed Acquisition cannot be completed, our Company is still of the view that its existing SES Business will contribute 25% or more of the net profits and/or result in a diversion of 25% or more of the NA of our Group moving forward.

In view thereof, our Company wishes to proceed with the Proposed Diversification as soon as possible to cater for the continuing growth of its existing SES Business; and

- (ii) the Proposed Private Placement is not conditional upon the Proposed Acquisition. As set out in Section 3.6 of this Circular, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised mainly for working capital, repayment of bank borrowings as well as funding for existing and future SES projects. In view thereof, our Company wishes to proceed with the Proposed Private Placement to raise the requisite funds to meet its funding requirements as soon as possible. For the avoidance of doubt, none of the proceeds to be raised from the Proposed Private Placement are earmarked to fund the Proposed Acquisition or the target asset i.e. PT IME.

## 10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below, there are no other corporate exercises which have been announced by our Company but are pending completion as at the LPD:-

### Multi-Currency Sukuk Programme

On 29 September 2021, KABEP has lodged with SC the required information and relevant documents pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in relation to the issuance of the Sukuk Murabahah.

The establishment of the Multi-Currency Sukuk Programme has a tenure of 30 years from the date of the first issuance of the Sukuk Murabahah and will provide KAB Group with the flexibility in its fund raising exercise with varying amount and tenures for optimal asset-liability match through the capital markets.

As at the LPD, KABEP has made the first issuance of Sukuk Murabahah of RM19.95 million in nominal value on 31 January 2022 ("**Tranche 1 Sukuk Murabahah**").

The series 1 of Tranche 1 Sukuk Murabahah is secured against various assets of KAB, KABEP and its identified subsidiaries whereas the series 2 of Tranche 1 Sukuk Murabahah is guaranteed by Danajamin Nasional Berhad. The proceeds from the Tranche 1 Sukuk Murabahah shall be utilised to advance to KABEP's wholly-owned subsidiary, Dynagen Power (M) Sdn Bhd to redeem its existing conventional financing facility and the balance thereafter to fund the minimum balance and build-up requirement in the Tranche 1 Designated Accounts.

## 11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of our Directors, major Shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposals.

## 12. BOARD'S RECOMMENDATION

Our Board, having considered the current and prospective financial position, needs and capacity of our Group, and after careful deliberation as well as taking into consideration the rationale and benefits of the Proposals, utilisation of proceeds from the Proposed Private Placement, risk factors and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of our Company.

Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

### 13. IMPLICATIONS FOR VOTING IN FAVOUR OF THE PROPOSED PRIVATE PLACEMENT

Section 85(1) of the Act provides that:-

“Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders”.

Clause 12 of the Constitution of our Company states that:-

“Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”

Based on Section 85(1) of the Act and Clause 12 of the Constitution of our Company as set out above, it may be construed to mean that all new shares or other convertible securities in our Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from our Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**Pre-emptive Rights**").

Accordingly, in conjunction with the Proposed Private Placement, we wish to seek the Shareholders' approval for a waiver of their Pre-emptive Rights. Such waiver has been incorporated in the ordinary resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM and set out in the Notice of EGM which is enclosed in this Circular. Essentially, this means that if the ordinary resolution pertaining to the Proposed Private Placement is approved by the Shareholders at the forthcoming EGM, such approval is also tantamount to the Shareholders agreeing to waive their Pre-emptive Rights in respect of the new Placement Shares to be allotted and issued by our Company pursuant to the Proposed Private Placement.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

#### 14. EGM

The Notice of EGM which is enclosed in this Circular can be downloaded from our Company's website at <https://www.asastera.com>. The EGM will be held on a fully virtual basis vide Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without modifications, to give effect to the Proposals.

Day, date and time of the EGM : Thursday, 17 November 2022 at 9:30 a.m.
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If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the share registrar of our Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than 48 hours before the date and time for the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the virtual EGM should you subsequently decide to do so, provided a notice of termination of proxy authority in writing is given to the Share Registrar before the commencement of the meeting and you register for the EGM via Securities Services e-Portal at <https://sshsb.net.my/>.

Shareholders are advised to refer to the Administrative Notes for the EGM on the registration and voting process for the EGM.

#### 15. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**KEJURUTERAAN ASASTERA BERHAD**

**DATO' LAI KENG ONN**  
Managing Director

**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board and our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENTS AND CONFLICT OF INTEREST**

**2.1 Kenanga IB**

The written consent of Kenanga IB, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Kenanga IB confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

**2.2 SMITH ZANDER**

The written consent of SMITH ZANDER, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in Section 6 of this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

SMITH ZANDER confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher for the Proposals.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

**Material commitments**

As at the LPD, our Board confirmed that, save as disclosed below, there are no material commitments incurred or known to be incurred by our Group:-

<b>Material commitments</b>	<b>Amount (RM'000)</b>
Capital commitment approved and contracted but not provided for	
- Property, plant and equipment	101
- Investment properties	1,144
<b>Total</b>	<b>1,245</b>

**Contingent liabilities**

As at the LPD, our Board confirmed that, save as disclosed below, there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of our Group:-

<b>Contingent liabilities</b>	<b>Amount (RM'000)</b>
Bank guarantees given to third parties in respect of performance bonds for our Group's projects	19,545

**4. MATERIAL LITIGATION**

As at the LPD, our Board confirmed that neither our Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or financial performance of our Group and our Board confirmed that there are no proceedings, pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or financial performance of our Group.

**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	<b>High RM</b>	<b>Low RM</b>
<b><u>2021</u></b>		
November	0.370	0.295
December	0.310	0.245
<b><u>2022</u></b>		
January	0.370	0.230
February	0.410	0.340
March	0.400	0.355
April	0.440	0.375
May	0.445	0.390
June	0.415	0.380
July	0.425	0.390
August	0.420	0.400
September	0.460	0.405
October	0.475	0.360
Last transacted market price on 6 September 2022, being the last Market Day immediately prior to the first announcement of the Proposed Private Placement	0.410	
Last transacted market price on the LPD	0.465	

(Source: Bloomberg)

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Share Registrar of our Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) the Constitution of our Company;
- (ii) audited consolidated financial statements of KAB for the FYE 31 December 2020 and FYE 31 December 2021 as well as the unaudited consolidated financial statements of KAB for the 6-month FPE 30 June 2022;
- (iii) consent letters referred to in Section 2 of Appendix I of this Circular; and
- (iv) IMR Report referred to in Section 6 of this Circular.



## KEJURUTERAAN ASASTERA BERHAD

Company No. 199701005009 (420505-H)  
(Incorporated in Malaysia)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of Kejuruteraan Asastera Berhad (“**KAB**” or the “**Company**”) will be held on a fully virtual basis vide the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Thursday, 17 November 2022 at 9:30 a.m., for the purpose of considering and if thought fit, passing with or without any modification, the following resolutions:

#### **ORDINARY RESOLUTION 1**

##### **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF KAB AND ITS SUBSIDIARIES TO INCLUDE THE SES BUSINESS (AS DEFINED HEREIN) (“PROPOSED DIVERSIFICATION”)**

“**THAT** approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to implement the diversification of the business of KAB and its subsidiaries to include the provision of sustainable energy solutions (“**SES Business**”);

**THAT** the Board be and is hereby empowered and authorised to do all such acts, deeds and things to execute, sign and deliver on behalf of the Company all such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to give full effect to the Proposed Diversification with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant authorities or deemed necessary by the Board in the best interest of the Company;

**AND THAT** the Company Secretaries be hereby authorised and instructed to do all the necessary and deemed fit to lodge the prescribed form in accordance with the Companies Act, 2016 (“**Act**”) with the Companies Commission of Malaysia for and on behalf of the Company.”

#### **ORDINARY RESOLUTION 2**

##### **PROPOSED PRIVATE PLACEMENT OF UP TO 361,581,000 NEW ORDINARY SHARES IN KAB (“SHARES”), REPRESENTING APPROXIMATELY 20% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF KAB (EXCLUDING TREASURY SHARES), TO INDEPENDENT THIRD PARTY INVESTOR(S) TO BE IDENTIFIED LATER AND AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT** subject to the approval of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board to allot and issue up to 361,581,000 new KAB Shares (“**Placement Shares**”), representing approximately 20% of the enlarged total number of issued shares of the Company, by way of private placement to independent third party investor(s) to be identified later in 1 or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the circular to the shareholders of the Company (“**Shareholders**”) dated 1 November 2022 (“**Circular**”);

**THAT** the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of the Shares up to and including the last trading day immediately preceding the Price-Fixing Date;

**THAT** the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes and in such manner as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds in the manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

**THAT** the Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares;

**THAT** the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement;

**THAT** pursuant to Section 85(1) of the Act to be read together with Clause 12 of the Constitution of the Company, it may be construed to mean that all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of this offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**Pre-emptive Rights**") and accordingly, should this resolution for the allotment and issuance of the Placement Shares be passed by the Shareholders, this resolution shall have the effect of the Shareholders having agreed to irrevocably waive their Pre-emptive Rights in respect of the new Placement Shares to be allotted and issued by the Company pursuant to the Proposed Private Placement, which will result in a dilution to the Shareholders' shareholdings in the Company. Subsequent to the passing of this resolution, if this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect;

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement."

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)  
CHENG CHIA PING (SSM PC NO. 202008000730) (MAICSA 1032514)  
Company Secretaries

Kuala Lumpur  
Dated:1 November 2022



Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 November 2022 ("**General Meeting Record of Depositors**") shall be eligible to participate, speak and vote at the EGM.
2. A member (including authorised nominee) entitled to attend and vote at the Meeting via Remote Participation and Voting ("**RPV**") facilities, may appoint more than one (1) proxy to attend and vote at the EGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Securities, and the Rules of Bursa Malaysia Depository Sdn Bhd Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the EGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the EGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the EGM.
4. As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the EGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the EGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to [eservices@sshhsb.com.my](mailto:eservices@sshhsb.com.my) during the fully virtual EGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the EGM.
5. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
6. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the EGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at <https://sshhsb.net.my>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**
8. **Publication of Notice of EGM and Proxy Form on corporate website**  
  
Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at [www.asastera.com](http://www.asastera.com).
9. **Submission of Proxy Form in either hard copy form or electronic form**  
  
The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and shall be deposited with the Company's Share Registrar, namely, Securities Services (Holdings) Sdn Bhd, either at the designated office as stated below or vide Securities Services e-Portal not less than forty-eight (48) hours before the time appointed for holding the EGM or adjournment thereof (i.e., **on or before Tuesday, 15 November 2022 at 9:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	<b>Securities Services (Holdings) Sdn Bhd</b> Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
Electronic appointment	<ul style="list-style-type: none"> <li>• Fax: 03-2094 9940 and/or 03-2095 0292</li> <li>• Email: <a href="mailto:eservices@sshsb.com.my">eservices@sshsb.com.my</a></li> <li>• Via Securities Services e-Portal at <a href="https://sshsb.net.my/">https://sshsb.net.my/</a></li> </ul>

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



## KEJURUTERAAN ASASTERA BERHAD

Company No. 199701005009 (420505-H)  
(Incorporated in Malaysia)

### ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)

**Securities Services e-Portal** is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

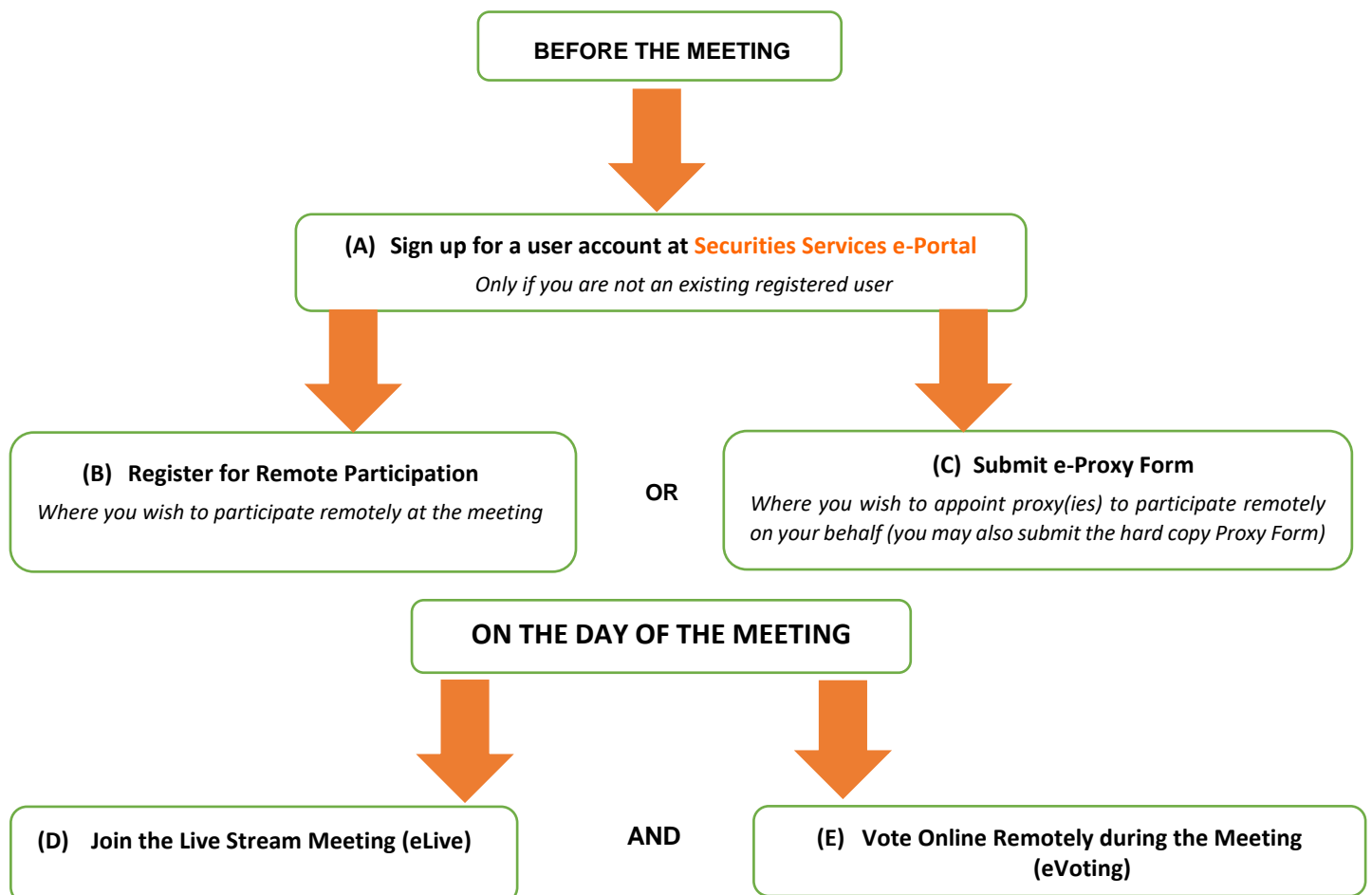
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “**e-Services**”).

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Kejuruteraan Asastera Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

#### REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).



**BEFORE THE MEETING**

**(A) Sign up for a user account at Securities Services e-Portal**

<p>Step 1 Visit <a href="https://sshbsb.net.my/">https://sshbsb.net.my/</a></p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p>	<ul style="list-style-type: none"> <li>We require 1 working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below.</li> <li>Your registered email address is your User ID.</li> </ul>
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**To register for the meeting under (B) below, please sign up for a user account by 15 NOVEMBER 2022.**

**To submit e-Proxy Form under (C) below, please sign up for a user account by 13 NOVEMBER 2022, failing which you may only be able to submit the hard copy proxy form.**

**This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.**

**(B) Register for Remote Participation at the Meeting**

- Log in to <https://sshbsb.net.my/> with your registered email and password
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **EGM on 17 November 2022 at 9.30 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click ">" to register for remote participation at the meeting.

<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> <li>Individual shareholder</li> <li>Corporate or authorised representative of a body corporate</li> </ul> <p><i>For body corporates, the appointed corporate / authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted at Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.</i></p> <p>Step 2 Submit your registration.</p>	
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- All shareholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible shareholders in accordance with the General Meeting Record of Depositors as at 10 November 2022.
- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to **all the CDS account(s)** of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a fully virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

**(C) Submit e-Proxy Form**

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Thursday, 17 November 2022 at 9.30 a.m.	Tuesday, 15 November 2022 at 9.30 a.m.

- Log in to <https://sshbsb.net.my/> with your registered email and password
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **EGM on 17 November 2022 at 9.30 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.

- Step 1 Check if you are submitting the proxy form as –
- Individual shareholder
  - Corporate or authorised representative of a body corporate  
*For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.*
- Step 2 Enter your CDS account number or the body corporate's CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).  
**You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.**
- Step 3 Proceed to indicate how your votes are to be casted against each resolution.
- Step 4 Review and confirm your proxy form details before submission.
- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
  - You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

### PROXIES

**All appointed proxies need not register for remote participation under (B) above but if they are not registered users of the e-Portal, they will need to sign up as users of the e-Portal under (A) above by 13 November 2022. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY.** Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

## ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password

### (D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 17 November 2022 at 9.30 a.m.	Thursday, 17 November 2022 at 9.00 a.m.

- Look for **Kejuruteraan Asastera Berhad** under Company Name and **EGM on 17 November 2022 at 9.30 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click “>” to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

### (E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Thursday, 17 November 2022 at 9.30 a.m.	Thursday, 17 November 2022 at 9.30 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.  
OR
- If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Kejuruteraan Asastera Berhad** under Company Name and **EGM on 17 November 2022 at 9.30 a.m. – Remote Voting** under Corporate Exercise / Event and click “>” to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).



## KEJURUTERAAN ASASTERA BERHAD

Company No. 199701005009 (420505-H)  
(Incorporated in Malaysia)

### FORM OF PROXY

<b>No. of Shares</b>	
<b>CDS Account No.</b>	

<b>Email Address</b>	
<b>Contact Number</b>	

I/We, ..... Tel. No.: .....  
(Full name in block and NRIC No. / Registration No.)

of .....  
(Address)

being a member of Kejuruteraan Asastera Berhad, hereby appoint(s):-

Proxy 1			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email	Contact No.		

and/or (delete as appropriate)

Proxy 2			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email	Contact No.		

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis vide Online Meeting Platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> on Thursday, 17 November 2022 at 9:30 a.m. or at any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	PROPOSED DIVERSIFICATION	Ordinary Resolution 1		
2.	PROPOSED PRIVATE PLACEMENT	Ordinary Resolution 2		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this.....

Signature\*  
Member

**\* Manner of execution:**

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
- (i) at least 2 authorised officers, of whom one shall be a director; or
- (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 November 2022 ("**General Meeting Record of Depositors**") shall be eligible to participate, speak and vote at the EGM.
2. A member (including authorised nominee) entitled to attend and vote at the Meeting via Remote Participation and and Voting ("**RPV**") facilities, may appoint more than one (1) proxy to attend and vote at the EGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Securities, and the Rules of Bursa Malaysia Depository Sdn Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the EGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the EGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the EGM.
4. As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the EGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the EGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to [eservices@sshb.com.my](mailto:eservices@sshb.com.my) during the fully virtual EGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the EGM.
5. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
6. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the EGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at <https://sshb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**
8. **Publication of Notice of EGM and Proxy Form on corporate website**  
Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at [www.asastera.com](http://www.asastera.com).
9. **Submission of Proxy Form in either hard copy form or electronic form**

The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and shall be deposited with the Company's Share Registrar, namely, Securities Services (Holdings) Sdn Bhd, either at the designated office as stated below or vide Securities Services e-Portal not less than 48 hours before the time appointed for holding the EGM or adjournment thereof (i.e., **on or before Tuesday, 15 November 2022 at 9:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	<b>Securities Services (Holdings) Sdn Bhd</b> Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
Electronic appointment	<ul style="list-style-type: none"><li>• Fax: 03-2094 9940 and/or 03-2095 0292</li><li>• Email: <a href="mailto:eservices@sshb.com.my">eservices@sshb.com.my</a></li><li>• Via Securities Services e-Portal at <a href="https://sshb.net.my/">https://sshb.net.my/</a></li></ul>

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 1 November 2022.

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AFFIX

The Share Registrar

**KEJURUTERAAN ASASTERA BERHAD**  
**c/o Securities Services (Holdings) Sdn Bhd**  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan

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