

THIS STATEMENT 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 adviser immediately.

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KINERGY ADVANCEMENT BERHAD
(Formerly Known As *Kejuruteraan Asastera Berhad*)
[Registration No. 199701005009 (420505-H)]
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDRES
In relation to the
PROPOSED RENEWAL OF SHARE BUY- BACK AUTHORITY

The resolutions in respect of the above Proposals will be tabled as Special Business at the Twenty-Seventh Annual General Meeting (“**27th AGM**”) of the Company which will be held on a fully virtual basis vide the Meeting Platform of Securities Services e-Portal at <https://sshbsb.net.my/>. The Notice of 27th AGM and Form of Proxy as set out in the Company’s Annual Report 2023, together with this Statement are available at the Company’s website at https://www.kinergyadvancement.com/general_meeting.html.

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 Poll Administrator, namely, SS E Solutions 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 AGM or adjournment thereof (i.e. on or before Wednesday, 29 May 2024 at 9:00 a.m.):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshbsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshbsb.net.my/

Date and time of the AGM : Friday, 31 May 2024 at 9:00 a.m.

Meeting Platform/Venue of the AGM : Securities Services e-Portal at <https://sshbsb.net.my/>
(Domain Registration No. with MyNIC Berhad: D4A004360)
Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan

Last date and time for lodging the Form of Proxy : Wednesday, 29 May 2024 at 9:00 a.m.

This Statement is dated 30 April 2024.

DEFINITIONS

For the purpose of this Statement, except where the context otherwise requires, the following definitions shall apply:-

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Annual Report 2023”	:	Annual Report of KAB issued for the financial year ended 31 December 2023
“Board” or “Directors”	:	Board of Directors of KAB
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“EPS”	:	Earnings per share
“KAB” or “Company”	:	Kinergy Advancement Berhad (Formerly Known As Kejuruteraan Asastera Berhad) [Registration No. 199701005009 (420505-H)]
“KAB Group” or “Group”	:	KAB and its subsidiary companies as defined in Section 4 of the Act
“KAB Share(s)” or “Share(s)”	:	Ordinary Share(s) in KAB
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time.
“LPD”	:	5 April 2024, being the latest practicable date prior to the printing of this Statement
“Major Shareholder(s)”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- a) 10% or more of the total number of voting shares in the Company; or b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purposes of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
“Market Day(s)”	:	Any day on which the stock market of the Exchange is open for trading in securities
“NA”	:	Net assets attributable to ordinary equity holders of KAB
“Person(s) Connected”	:	In relation to a Director or a Major Shareholder, means such person who falls under any one (1) of the following categories:- (a) a family member of the Director or Major Shareholder (for the purpose of this definition, “family” means and includes spouse, parent, child including an adopted child and stepchild, brother or sister, spouse of child including an adopted child and step-child, and spouse of brother or sister); (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director and Major Shareholder, is the sole beneficial owner;

DEFINITIONS (Cont'd)

- (c) a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (e) a person, or where a person is a body corporate, the body corporate and its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or information, to act;
- (f) a body corporate in which the Director or Major Shareholder, and/or persons connected with him are entitled to exercise or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation (for the purpose of this definition, "related corporation" means a corporation which is the holding company of another corporation; a subsidiary of another corporation; or a subsidiary of the holding company of another corporation) of the Director or Major Shareholder.

"Proposed Renewal of Share Buy-Back"	:	Proposed renewal of authority for the Company to purchase its own shares up to ten per centum (10%) of its total number of issued shares.
"Purchased Shares"	:	KAB Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back.
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia.
"Rules on Take-Overs"	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 as amended from time to time and any re-enactment thereof.
"Special Resolution"	:	Special Resolution as set out in the Notice of the EGM
"Statement"	:	Share Buy-Back Statement dated 30 April 2024.
"Substantial Shareholder"	:	Shall have the meaning given in Section 136 of the Act.
"Treasury Shares"	:	Shall have the meaning given in Section 127(4)(b) of the Act.

All references to "**you**" in this /Statement are to the shareholders of the Company.

Unless otherwise stated, the information set out above in relation to the Major Shareholder(s), Director(s) and Person(s) Connected is as at the LPD.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Statement is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

CONTENTS

LETTER TO THE SHAREHOLDERS OF KAB CONTAINING:-

PART A: STATEMENT TO SHAREHOLDRES IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY- BACK AUTHORITY

	<i>PAGE(S)</i>
1.0 INTRODUCTION	1
2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK	
2.1 Status and Treatment of Shares Purchased	2
2.2 Purchase Price	3
2.3 Quantum	3
2.4 Funding	4
2.5 Public Shareholding Spread	4
3.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK	4 - 5
4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK	5
5.0 FINANCIAL EFFECTS TO THE PROPOSED RENEWAL OF SHARE BUY-BACK	
5.1 Share Capital	6
5.2 NA	7
5.3 Working Capital	7
5.4 Earnings	7
5.5 Dividends	7
5.6 Gearing	7
6.0 SHAREHOLDINGS OF DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS	8 - 9
7.0 IMPLICATIONS IN RELATION TO THE CODE AND RULES	10
8.0 PURCHASE OF SHARES, RESALE OR CANCELLATION AND/OR TRANSFER OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS	10
9.0 HISTORICAL SHARE PRICES	10
10.0 DIRECTORS' AND/OR MAJOR SHAREHOLDERS INTERESTS	11
11.0 APPROVAL REQUIRED	11
12.0 DIRECTORS' STATEMENT	11
13.0 DIRECTORS' RECOMMENDATION	11
14.0 AGM	11 - 12
15.0 FURTHER INFORMATION	12
16.0 APPENDIX I	13

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE ITS OWN SHARES**



KINERGY ADVANCEMENT BERHAD
(Formerly Known As Kejuruteraan Asastera Berhad)
[Registration 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.

30 April 2024

Board of Directors:

Datuk Dr. Ong Peng Su (*Independent Non-Executive Chairman*)
Dato' Lai Keng Onn (*Executive Deputy Chairman and Group Managing Director*)
Choong Gaik Seng (*Executive Director*)
Datin Chan Pey Kheng (*Executive Director*)
Jonathan Wu Jo-Han (*Executive Director*)
Lu Chee Leong (*Independent Non-Executive Director*)
Tong Siut Moi (*Independent Non-Executive Director*)
Ts. Dr. Amanda Lee Sean Peik (*Independent Non-Executive Director*)
Datuk Wira Mubarak Husain bin Akhtar Husin (*Non-Independent Non-Executive Director*)

TO: SHAREHOLDERS OF KAB

Dear Sir/Madam,

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

1.0 INTRODUCTION

At the AGM of the Company held on 30 May 2023, the Company obtained the shareholders' approval on the resolution pertaining to the authority from its shareholders to undertake the proposed authority for the Company to purchase its own shares. The said authority shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 27th AGM of the Company.

On 30 April 2024, the Board announced its intention to seek the authority from its shareholders to undertake the Proposed Renewal of Share Buy-Back to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company.

The purpose of this Statement is to provide you with relevant details and information of the Proposed Renewal of Share Buy-Back, together with the Board's recommendation and to seek your approval for the Ordinary Resolution in connection to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 27th AGM of the Company. The Notice of the 27th AGM together with the Form of Proxy are set out in the Annual Report 2023.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Company proposes to seek renewal of the authority from the shareholders of the Company to purchase from time to time up to ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on the Main Market of Bursa Securities.

The authority to be conferred pursuant to the Proposed Renewal of Share Buy-Back, if approved by the shareholders of the Company at the forthcoming 27th AGM of the Company, shall be effective upon passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

2.1 Status and Treatment of Shares Purchased

Pursuant to Section 127 of the Act, the Board may deal with the Purchased Shares in either of the following manner:-

- (a) cancel all or part of the Purchased Shares; and/or
- (b) retain all or part of the Purchased Shares as treasury shares for either of the following:-
 - (i) distribute the shares as dividends to shareholders, such dividends to be known as "share dividend";
 - (ii) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
 - (iii) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme; and
 - (iv) transfer the shares, or any of the shares as purchase consideration; and/or
- (c) such other manner as allowed by the Act and Bursa Securities from time to time.

The Board may decide to cancel the Purchased Shares if it is of the opinion that, in the foreseeable future, there are no investment opportunities that would result in gains adding value to KAB and hence, the value of the KAB Shares. If the Purchased Shares are cancelled, the Company's total issued share capital shall be diminished by the shares so cancelled pursuant to Section 127(14) of the Act.

The treatment of the Purchased Shares to be held as treasury shares, either to be distributed as share dividends or resold on Bursa Securities by the Company, or both, or transfer all/ any of the treasury shares for the purposes of or under an employees' share scheme or transfer all/ any of the treasury shares as purchase consideration or subsequently be cancelled.

In the event the Company decides to purchase its own Shares, the Company will announce on the day that the purchase is made providing details of the description of the shares so purchased; the number of the shares so purchased; the price of each share or, where relevant, the highest and lowest price paid; the total consideration paid and the shares purchased either to be held as treasury shares or proposed to be cancelled.

In the event the Company decides to resell the Company's treasury shares, the Company will announce on the day that the resale is made providing details of the description of the shares resold,

the number of the shares resold, the resale price of each share resold or, where relevant, the highest and lowest resale price paid and the total consideration received.

In the event the Company decides to transfer all or any of the treasury shares as purchase consideration in relation to any corporate transaction(s), the Company shall make the appropriate announcement(s) under Chapter 10 of the Listing Requirements.

In the event the Company decides to cancel the Company's treasury shares, the Company will announce on the day that the cancellation is made providing details of the number of treasury shares; the date of cancellation and the outstanding and total issued share capital and total number of issued shares of the Company after the cancellation.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of shareholders.

2.2 Purchase Price

Pursuant to the provisions of Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares on Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price of KAB Shares for the five (5) Market Days immediately before the date of the purchase(s).

Pursuant to the provisions of Paragraph 12.18 of the Listing Requirements, the Company may only resell the Purchased Shares held as treasury shares on Bursa Securities or transfer the Purchased Shares held as treasury shares pursuant to Section 127(7) of the Act, at:-

- (a) a price which is not less than the weighted average market price of KAB Shares for the five (5) Market Days immediately before the date of resale(s) or transfer(s); or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of KAB Shares for the five (5) Market Days immediately before the resale or transfer provided that:-
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of KAB Shares being resold or transferred.

2.3 Quantum

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time.

As at LPD, the Company has retained 88,898 Shares purchased from open market as treasury shares.

As at LPD, the total number of issued shares of the Company comprises 1,986,431,781 ordinary shares, therefore, the number of KAB Shares which may be purchased by the KAB is up to 198,643,178 KAB Shares representing 10% of the total number of issued shares of KAB pursuant to the Proposed Renewal of Share Buy-Back. As such, the balance of shares that can be purchased by the Company taking into account the total cumulative treasury shares held up to LPD is 198,634,288 KAB Shares.

Nevertheless, the actual number of Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the stock market as well as the availability of financial resources of the Company and the availability of the retained profits of the Company.

2.4 Funding

The Proposed Renewal of Share Buy-Back may be funded through internally-generated funds and/or bank borrowings as long as the purchase is backed by an equivalent amount of retained profits of the Company, subject to compliance with the Prevailing Laws.

The Proposed Renewal of Share Buy-Back, if funded through internally-generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event the Proposed Renewal Share Buy-Back is to be financed by bank borrowings, the Board will ensure that the Company has the capability to repay such borrowings and that such repayment will not have a material effect on the cash flow of the Company.

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statement and/or the latest management accounts of the Company (where applicable) available. As at 31 December 2023 and the latest management account of the Group up to 29 February 2024, being the latest available audited financial statements and management accounts, respectively, the retained profits of the Company are as follows:-

	Audited	Unaudited
	As at 31 December 2023 RM'000	As at 29 February 2024 RM'000
<u>Company Level</u> Retained Profits	RM38,287	RM38,327
<u>Group Level</u> Retained Profits	RM60,657	RM63,976

Notwithstanding the above, the Company will ensure that there are sufficient retained profits at Company level prior to the share buy-back. In addition, the Company will ensure that the maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate of the retained profits of the Company at the time of purchase.

As required under Section 112(2) of the Act, the Company will have to perform a solvency test to satisfy the following conditions:-

- (a) the share buy-back would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement; and
- (b) the Company will remain solvent after each buy-back during the period of six (6) months after the date of the declaration made by a majority of the Directors.

2.5 Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 57.77%. The Company will not undertake any share buy-back if that will result in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of KAB Shares by the Company.

3.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back, if implemented, is expected to have the following potential benefits to the Company and its shareholders:-

- (a) the Company is able to utilise its surplus financial resources which are not immediately required for other uses to purchase its own shares from the open market;

- (b) where the Purchased Shares are retained as treasury shares, the Board would have an option to distribute the Purchased Shares as shares dividends to reward shareholders of the Company;
- (c) the Purchased Shares may be held as treasury shares and resold in the open market to reap potential capital appreciation of the Shares without affecting the total number of issued shares of the Company;
- (d) the Company may be able to reduce any unwarranted volatility of its Shares and assist to stabilise the supply, demand and price of its Shares in the open market, thereby supporting the fundamental value of its Shares; and
- (e) where the Directors resolve to cancel the KAB Shares so purchased, the Company expects to enhance the EPS of the Group as a result of a lower number of KAB Shares being taken into account for the purpose of computing the EPS, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The potential advantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follow:-

- a) the Proposed Renewal of Share Buy-Back will allow the Company to utilise its financial resources where there are no immediate use, to purchase the KAB Shares. If the KAB Shares purchased are held as Treasury Shares or cancelled immediately, this may improve the consolidated EPS of the Group;
- b) the Proposed Renewal of Share Buy-Back may also help to stabilise the supply and demand, as well as the price of KAB Shares traded on Bursa Securities and reduce the volatility of KAB Share prices. The stability of KAB Share prices is important to maintain investors' confidence to facilitate future fund raising exercises of the Company via the equity market;
- c) the Proposed Renewal of Share Buy-Back will provide the Company opportunities for potential gains if the Purchased Shares which are retained as Treasury Shares are resold at prices higher than the purchase prices; and
- d) in the event the Treasury Shares are distributed as share dividends, it will serve to reward the shareholders of KAB.

The potential disadvantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows:-

- a) It will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive KAB Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back.
- b) the cash flow of the Company may be affected if the Company decides to utilise bank borrowings to finance the Proposed Renewal of Share Buy-Back;
- c) the funds allocated for the Proposed Renewal of Share Buy-Back could be used for other better investment opportunities which may emerge in the future; and
- d) as the funds to be allocated for the Proposed Renewal of Share Buy-Back must be made wholly out of the Company's retained profits, the amount available from this account for distribution of dividends to shareholders of the Company may decrease accordingly.

Nevertheless, the Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as any share buy-back will be undertaken only after in-depth consideration of the financial resources of KAB and the resultant impact on its shareholders. The Board, in exercising any decision in implementing the Proposed Renewal of Share Buy-Back will be mindful of the interests of the Company and its shareholders.

5.0 FINANCIAL EFFECTS TO THE PROPOSED RENEWAL OF SHARE BUY-BACK

5.1 Share Capital

The effect of the Proposed Renewal of Share Buy-Back on the total number of issued shares of the Company will depend on whether the KAB Shares purchased are cancelled or retained as treasury shares.

For illustration purposes, the following scenarios are taken into consideration:

- (a) **Minimum Scenario**
Assuming that no new shares have been issued under the Bonus Issue of Warrant prior to KAB's purchase of its own Shares pursuant to the Proposed Renewal of Share Buy-Back.
- (b) **Maximum Scenario**
Assuming that the Bonus Issue of Warrants is fully vested and/or exercised into new KAB Shares prior to KAB's purchase of its own Shares pursuant to the Proposed Renewal of Share Buy-Back.

The pro-forma effects of the Proposed Renewal of Share Buy-Back on the total number of issued Shares of the Company as at the LPD are as follow:-

	After Proposed Renewal of Share Buy-Back		
	As at LPD	Minimum Scenario	Maximum Scenario
	No. of KAB Shares	No. of KAB Shares	No. of KAB Shares
Total number of issued shares	1,986,431,781*	1,986,431,781*	1,986,431,781*
Full exercise of Warrants	-	-	845,902,607 ⁽¹⁾
Less: Assuming the Proposed Renewal of Share Buy-Back is implemented in full (i.e., up to 10%)	1,986,431,781* (198,643,178)	1,986,431,781* (198,643,178)	2,832,334,388* (283,233,438)
Total number of issued shares after the Proposed Renewal of Share Buy-Back (assuming the Purchased Shares are subsequently cancelled in full)	1,787,788,603	1,787,788,603	2,549,100,950

Note:

* Including 88,898 KAB Shares which have been purchased and retained as treasury shares as at LPD.

⁽¹⁾ Each Warrant carries the entitlement to subscribe for 1 new Share at the exercise price of RM1.20 at any time during the exercise period (as indicated above) ("Exercise Period"), subject to any adjustments that may be made from time to time in accordance with the provisions of the deed poll constituting the Warrants dated 14 April 2021. Any Warrant not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose and shall be cancelled and treated to have been cancelled forthwith.

If the KAB Shares so purchased are retained as treasury shares, the total number of issued shares of the Company will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these KAB Shares remain as treasury shares, the Act prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

5.2 NA

The effects of the Proposed Renewal of Share Buy-Back on the NA per share of the KAB Group are dependent on the number of KAB Shares which the Company will buy back, purchase price of the KAB Shares at the time of buy back, the treatment of the shares so purchased and the funding cost, if any. If all KAB Shares so purchased are cancelled, the consolidated NA per share of the Group is likely to be reduced if the purchase price exceeds the NA per share, whereas the NA per share of the Group will increase if the purchase price is less than the NA per share of the Group at the time of purchase.

For Purchased Shares which are kept as treasury shares, upon resale, the NA per share of the Group would increase assuming that a gain has been realised or decrease if a loss is realised. If treasury shares are distributed as share dividends, the NA of the Group would decrease by cost of the treasury shares.

5.3 Working capital

The Proposed Renewal of Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of KAB Group, the quantum of which depends on, amongst others, the purchase price of the KAB Shares and the number of KAB Shares that would be purchased.

For Purchased Shares which are kept as treasury shares, upon resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

5.4 Earnings

Assuming that the Purchased Shares under the Proposed Renewal of Share Buy-Back are cancelled, the Proposed Renewal of Share Buy-Back may increase the EPS of KAB Group. Similarly, on the assumption that the Purchased Shares are treated as treasury shares and subsequently resold, the extent of the effect on earnings of KAB Group will depend on the actual selling price and number of treasury shares resold and the effective gain arising. In the event the Purchased Shares are held as treasury shares, the effective reduction in the total number of issued Shares of KAB pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company.

5.5 Dividends

The Proposed Renewal of Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends to the shareholders of KAB. As stated in Sections 3 and 4 of this Statement, the Board may have the option to distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back.

5.6 Gearing

The effect of the Proposed Renewal of Share Buy-Back on the gearing of the Group will depend on the proportion of borrowings utilised to fund any purchase of KAB Shares. At this juncture, the Company has not determined whether to use any form of borrowings for purposes of the Proposed Renewal Share Buy-Back.

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6.0 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders' shareholdings as at the LPD and assuming that the Proposed Renewal of Share Buy-Back is implemented in full (up to 10% of the total number of issued Shares) and that the Purchased Shares are from shareholders other than the existing Directors and substantial shareholders of KAB, the effect of the Proposed Renewal of Share Buy-Back on the shareholdings of the existing Directors and substantial shareholders of KAB by virtue of Section 127(9) of the Act are as follows :-

Minimum Scenario

	Shareholdings as at the LPD ⁽¹⁾				After the Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Datuk Dr. Ong Peng Su	-	-	-	-	-	-	-	-
Dato' Lai Keng Onn	428,394,825	21.56	183,400,000 ⁽³⁾	9.23	428,394,825	23.96	183,400,000 ⁽³⁾	10.26
Choong Gaik Seng	3,318,800	0.17	-	-	3,318,800	0.19	-	-
Datin Chan Pey Kheng	12,735,709	0.64	-	-	12,735,709	0.71	-	-
Lu Chee Leong	-	-	-	-	-	-	-	-
Tong Siut Moi	-	-	-	-	-	-	-	-
Jonathan Wu Jo-Han	-	-	-	-	-	-	-	-
Ts Dr. Amanda Lee Sean Peik	-	-	-	-	-	-	-	-
Substantial / Major shareholders								
Dato' Lai Keng Onn	428,394,825	21.56	183,400,000 ⁽³⁾	9.23	428,394,825	23.96	183,400,000 ⁽³⁾	10.26
Stocqtech Sdn. Bhd.	160,000,000	8.06	-	-	160,000,000	8.95	-	-
Kington Tong Kum Loong	179,403,866	9.03	31,485,003 ⁽⁴⁾	1.59	179,403,866	10.04	31,485,003 ⁽⁴⁾	1.76

Notes:

- (1) Calculation derived after deducting the Treasury Shares of 88,898 as at LDP.
- (2) Based on the assumption that the Proposed Renewal of Share Buy-Back is implemented in full (up to 10% of the total number of issued Shares, i.e. 198,643,178).
- (3) Deemed interest in the shares held by Fastrans Ventures Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.
- (4) Deemed interest in the shares held by Regalis Investment Ltd and Gemini Bliss Sdn. Bhd. pursuant to Section 8 of the Act.

Maximum Scenario

	Shareholdings as at the LPD ⁽¹⁾				After, Warrants and Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Datuk Dr. Ong Peng Su	-	-	-	-	-	-	-	-
Dato' Lai Keng Onn	428,394,825	21.57	183,400,000 ⁽³⁾	9.23	469,743,625 ⁽⁵⁾	18.43	195,100,000 ⁽³⁾	7.65
Choong Gaik Seng	3,318,800	0.17	-	-	3,318,800	0.13	-	-
Datin Chan Pey Kheng	12,735,709	0.64	-	-	17,443,063 ⁽⁶⁾	0.68	-	-
Lu Chee Leong	-	-	-	-	-	-	-	-
Tong Siut Moi	-	-	-	-	-	-	-	-
Jonathan Wu Jo-Han	-	-	-	-	-	-	-	-
Ts Dr. Amanda Lee Sean Peik	-	-	-	-	-	-	-	-
Substantial / Major shareholders								
Dato' Lai Keng Onn	428,394,825	21.57	183,400,000 ⁽³⁾	9.23	469,743,625 ⁽⁵⁾	18.43	195,100,000 ⁽³⁾	7.65
Stocqtech Sdn. Bhd.	160,000,000	8.06	-	-	160,000,000	6.27	-	-
Kington Tong Kum Loong	179,403,866	9.03	31,485,003 ⁽⁴⁾	1.59	210,498,627	8.26	31,485,003 ⁽⁴⁾	1.24

Notes:

- (1) Calculation derived after deducting the Treasury Shares of 88,898 as at LDP.
- (2) Assuming all the Warrants is fully exercised and 10% of the existing total number of issued shares of KAB are bought back. Each Warrant carries the entitlement to subscribe for 1 new Share at the exercise price of RM1.20 at any time during the exercise period (as indicated above) ("Exercise Period"), subject to any adjustments that may be made from time to time in accordance with the provisions of the deed poll constituting the Warrants dated 14 April 2021. Any Warrant not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose and shall be cancelled and treated to have been cancelled forthwith.
- (3) Deemed interest in the shares held by Fastrans Ventures Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.
- (4) Deemed interest by the shares held by Regalis Investment Ltd and Gemini Bliss Sdn. Bhd. pursuant to Section 8 of the Act.
- (5) Deemed interest by the Warrants held by CGS-CIMB Nominees (Tempatan) Sdn. Bhd., CIMSEC Nominees (Tempatan) Sdn. Bhd., Fastrans Ventures Sdn. Bhd. and Maybank Nominees (Tempatan) Sdn. Bhd.
- (6) Deemed interest by the Warrants held by RHB Nominees (Tempatan) Sdn. Bhd.

7.0 IMPLICATIONS IN RELATION TO THE CODE AND RULES

If as a result of the Proposed Renewal of Share Buy-Back, (i) a shareholder who holds less than 33% of the voting shares of KAB has inadvertently increased his shareholding to more than 33%; or (ii) a shareholder who holds more than 33% but less than 50% of the voting shares of KAB has inadvertently increased his shareholding by 2% within a six-months period, the said shareholder will be obliged under Rule 4.01 of the Rules on Take-Overs to make a Mandatory Offer (“MO”) for the remaining KAB Shares not held by him. Notwithstanding the above, the said shareholder is allowed to make an application to the Securities Commission Malaysia for a waiver from implementing an MO under Rule 4.15 of the Rules on Take-Overs.

It is not the intention of the Company to cause any shareholder to trigger an obligation to undertake an MO under the Rules on Take-Overs and the Company will be mindful of the above implications of the Rules on Take-Overs in making any purchase of its own shares under the Proposed Renewal of Share Buy-Back.

8.0 PURCHASE OF SHARES, RESALE, CANCELLATION AND/OR TRANSFER OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS

As at LPD, the Company held 88,898 treasury shares, and the Company had not purchased, cancelled and/or resold any KAB Shares or treasury shares in the previous twelve (12) months preceding the date of this Statement.

9.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of KAB Shares as traded on Bursa Securities for the past twelve (12) months are as follows:-

	HIGHEST (RM)	LOWEST (RM)
2023		
April	0.340	0.310
May	0.330	0.295
June	0.355	0.300
July	0.350	0.315
August	0.380	0.315
September	0.355	0.320
October	0.350	0.320
November	0.375	0.310
December	0.400	0.350
2024		
January	0.425	0.355
February	0.395	0.365
March	0.380	0.340

The last transacted market price of KAB Shares on the LPD was RM0.350 per Share, prior to the printing of this Statement.

(Source: <http://quotes.wsj.com>)

10.0 DIRECTORS' AND/OR MAJOR SHAREHOLDERS INTERESTS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back as set out in Section 6.0 of this Statement, none of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the proposed purchase of Shares or resale of treasury shares, if any, in the future.

11.0 APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval of the shareholders of KAB at the forthcoming 27th AGM of the Company to be convened or at any adjournment thereof. Save for the approval of the shareholders of KAB, there are no other approvals required for the Proposed Renewal of Share Buy-Back.

12.0 DIRECTORS' STATEMENT

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

Having considered all aspects of the Proposed Renewal of Share Buy-Back, the Board of Directors is of the opinion that the Proposed Renewal of Share Buy-Back is fair, reasonable and in the best interest of the Company.

13.0 DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Renewal of Share Buy-Back is of the opinion that the Proposed Renewal of Share Buy-Back is fair, reasonable and in the best interests of the Company and accordingly recommend that you vote in favour of the ordinary resolution for the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 27th AGM.

14.0 AGM

The 27th AGM will be held on a fully virtual basis vide the Online Meeting Platform using the Remote Participation and Voting ("**RPV**") facilities provided by the Company's Poll Administrator, namely, SS E Solutions Sdn Bhd hosted on Securities Services e-Portal at <https://sshsb.net.my/> (Domain Registration No. with MyNIC Berhad: D4A004360) on Friday, 31 May 2024 at 9:00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the Ordinary Resolution on the Proposed Renewal of Share Buy-Back under the Notice of AGM.

Kindly be reminded that there is no physical meeting venue for attendance in person by shareholders and/or proxies. All shareholders are required to register for RPV facilities via Securities Services e-Portal at <https://sshsb.net.my/> for attending the 27th AGM remotely.

If you are unable to attend the 27th AGM virtually using the RPV facilities and wish to appoint a proxy to vote on your behalf, please deposit your Proxy Form at the office of the Company's Poll Administrator for the 27th AGM, namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide Securities Services e-Portal, in accordance with the notes and instructions printed therein, not later than 48 hours before the 27th AGM (i.e. latest by Wednesday, 29 May 2024 at 9:00 a.m.):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my

Electronic appointment	Securities Services e-Portal Weblink: https://sshsb.net.my/
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The lodging of the Proxy Form will not, however, preclude you from participating in this AGM via RPV facilities should you subsequently wish to do so.

15.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,

For and on behalf of the Board of Directors of
KINERGY ADVANCEMENT BERHAD
(Formerly Known As Kejuruteraan Asastera Berhad)

DATO' LAI KENG ONN
EXECUTIVE DEPUTY CHAIRMAN
CUM GROUP MANAGING DIRECTOR

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FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

2. MATERIAL LITIGATIONS

Save as disclosed below, as at LPD, the Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of the Group and the Board is not aware of any proceeding pending or threatened against the Group, or of any facts likely to give rise to any proceeding which may have material impact on the business or financial position of the Group.

(i) Shah Alam High Court Civil Suit No. BA-22C-10-03/2023

Plaintiff : KAB

1st Defendant : Almana Engineering (M) Sdn Bhd ("**Almana**" or "**1st Defendant**")

2nd Defendant : Lee Wei Chiek ("**James Lee**" or "**2nd Defendant**")

(1st Defendant and 2nd Defendant collectively, referred to as "**Defendants**")

KAB's case is premised upon, among others, a letter of award dated 13 January 2020 ("**Letter of Award**"), whereby KAB had appointed the 1st Defendant as a sub-contractor to perform electrical works for a project known as "*Cadangan Pembangunan Perdagangan 1 Blok Ruang Perniagaan 5 Tingkat Berserta 2 Tingkat Tempat Letak Kereta Besmen Di Atas Lot PT 15290, Off Lebuhraya Bukit Jalil, Mukim Petaling, Kuala Lumpur Untuk Tetuan Pioneer Haven Sdn Bhd*" ("**Project**"), which KAB alleges was accepted by the 1st Defendant and signed by the 2nd Defendant as the director of the 1st Defendant. In addition, KAB's case is also premised upon a guarantee signed by the 2nd Defendant for the due execution of the works by the 1st Defendant under the Letter of Award.

The dispute arose when KAB alleges that the 1st Defendant had ceased work on the alleged ground of non-payment of wages, which led to KAB appointing third party contractors to complete the contracted works under the Letter of Award. Therefore, KAB's case against the 1st Defendant is premised upon, among others, a breach of contract.

KAB's case against the 2nd Defendant is premised upon, among others, fraud and/or intention to defraud KAB due to the alleged case that the 2nd Defendant had requested for advance payments from KAB for the 1st Defendant before filing an application to place the 1st Defendant under judicial management through the Shah Alam High Court Originating Summons No. BA-28JM-12-07/2021 ("**Judicial Management**").

APPENDIX II – FURTHER INFORMATION (CONT'D)

On 21 March 2023, KAB had filed a 'Writ of Summons' at the Shah Alam High Court against the Defendants ("Suit"). Under the Suit, KAB's claims against the 1st Defendant are as follows:

- (i) the sum of RM1,604,568.46;
- (ii) general damages as a result of the breach of the letter of award; and
- (iii) interest.

Under the Suit, KAB's claims against the 2nd Defendant are as follows:

- (a) a declaration that the 2nd Defendant has conducted the business of the 1st Defendant with the intention to defraud KAB, and that the 2nd Defendant shall be liable for all debts of the 1st Defendant under the Suit;
- (b) a declaration that the corporate veil of the 1st Defendant shall be pierced, and that the 2nd Defendant shall be liable for all debts of the 1st Defendant under the Suit;
- (c) exemplary damages;
- (d) aggravated damages;
- (e) interests; and
- (f) costs to be paid by the Defendants jointly and severally on an indemnity basis.

On 2 May 2023, the Defendants had filed a 'Defence' and 'Counter Claim' against KAB, whereby the Defendants counter claimed for the following:

- (a) a declaration for the variation orders to be arranged and provided by KAB to the Defendants;
- (b) a declaration that the variation works done are certified by KAB;
- (c) that the KAB pays the 1st Defendant for the variation works done;
- (d) that KAB pays the 1st Defendant for the retention sum;
- (e) that KAB pays to the 1st Defendant for the under-certified works;
- (f) general damages; and
- (g) costs.

The Suit is fixed for trial on 12 May 2025, 13 May 2025, 14 May 2025 and 15 May 2025.

KAB's solicitors for this Suit then discovered that the 1st Defendant was wound-up by a court order on 22 May 2023. At the same time, KAB's solicitors for this Suit was informed that a creditor has applied to court for leave to initiate bankruptcy proceedings against the 2nd Defendant, and the hearing is fixed on 17 April 2024. KAB's solicitors for this Suit is of the opinion that it is likely that leave will be granted by the court to initiate bankruptcy proceedings against the 2nd Defendant.

KAB's solicitors for this Suit is of the opinion that since the 1st Defendant is wound-up and pending the outcome of the bankruptcy proceedings against the 2nd Defendant, KAB may be required to obtain leave from court to proceed with the Suit against the Defendants. Thus, it would be prudent to wait for the outcome of the bankruptcy proceedings against the 2nd Defendant before considering whether to proceed with the Suit.

APPENDIX II – FURTHER INFORMATION (CONT'D)

Alternatively, KAB's solicitors for this Suit is of the opinion that KAB may elect to file a proof of debt to the respective official receiver whereby the distribution of proceeds (if any) would be made by the official receiver (if any).

KAB's solicitors for this Suit is also of the opinion that KAB's potential exposure would be the legal costs payable by KAB in the event that KAB fails to prove its claim under the Suit and/or fails in the application for leave to continue the Suit, which could be in the range of RM5000.00 to RM15,000.00.

(ii) **Shah Alam High Court Civil Suit No: BA-22C-16-04/2023**

Plaintiff : KAB

1st Defendant : Chun Power Electrical Engineering ("**Chun Power**" or "**1st Defendant**")

2nd Defendant : Lee Ah Piang ("**LAP**" or "**2nd Defendant**")

3rd Defendant : Tan Tick Chang ("**TTP**" or "**3rd Defendant**")

(1st Defendant, 2nd Defendant and 3rd Defendant collectively, referred to as "**Defendants**")

KAB's case is premised upon a letter of award dated 5 October 2018 ("**M-Centura Project LOA**"), whereby KAB had appointed the 1st Defendant as a sub-contractor to perform electrical works for a project known as the 'M-Centura Project' ("**M-Centura Project**") which KAB alleges was accepted by the 1st Defendant and where a director's guarantee dated 5 October 2018 was signed by the 2nd Defendant in relation to it.

KAB's case is also premised upon a letter of award dated 3 March 2020 ("**Canopy Hills Project LOA**"), whereby KAB had appointed the 1st Defendant as a sub-contractor to perform electrical works for a project known as the 'Canopy Hills Project' ("**Canopy Hills Project**") which KAB alleges was accepted by the 1st Defendant and where a director's guarantee dated 3 March 2020 was signed by the 2nd Defendant in relation to it.

KAB alleges that the 1st Defendant had thereafter breached the M-Centura Project LOA and the Canopy Hills LOA by abandoning the works under them without valid reason. This led to KAB appointing third party contractors to complete the contracted works under the M-Centura Project LOA and the Canopy Hills Project LOA.

KAB's case against the 3rd Defendant is premised upon the 3rd Defendant being partners with the 2nd Defendant for the 1st Defendant at all material times. Therefore, KAB alleges that the 2nd Defendant and the 3rd Defendant should be jointly liable for all the debts and obligations of the 1st Defendant.

On 6 April 2023, KAB had filed a 'Writ of Summons' at the Shah Alam High Court against the Defendants ("**Suit**") for the following:

- (a) the sum of RM1,868,107.96;
- (b) general damages resulting from the breach of the M-Centura Project LOA;
- (c) the sum of RM842,802.16;
- (d) general damages resulting from the breach of the Canopy Hills Project LOA;
- (e) interest; and
- (f) costs.

APPENDIX II – FURTHER INFORMATION (CONT'D)

On 1 November 2023, the Defendants had filed a 'Re-Amended Defence' and 'Re-Amended Counter Claim' whereby the Defendants counter-claimed for the following:

- (a) the sum of RM80,000.00 being the work done in February 2021 under the M-Centura Project;
- (b) the sum of RM262,036.80 being the retention sum under the M-Centura Project;
- (c) the sum of RM90,000.00 being the work done in May 2021 and June 2021 under the Canopy Hills Project;
- (d) the sum of RM195,331.61 being the retention sum under the M Centura Project;
- (e) interest; and
- (f) costs.

The Suit was fixed for a case management on 24 April 2024 for parties to comply with the pre-trial directions. The Suit is fixed for a further case management on 6 June 2024 for parties to comply with the pre-trial directions. Meanwhile the Suit is also fixed for trial on 3 March 2025, 4 March 2025, 5 March 2025 and 6 March 2025.

KAB's solicitors in this Suit is of the opinion that KAB has a fair chance of success in the Suit against the 1st Defendant for breach of contract and against the 2nd Defendant and the 3rd Defendant for breach of the guarantee.

KAB's solicitors in this Suit is also of the opinion that KAB's potential exposure would be the counterclaim by the Defendants and the potential legal costs payable by KAB in the event that KAB fails to prove its claim under the Suit, whereby the potential legal costs could likely be in the range of RM5,000.00 to RM15,000.00.

(iii) Shah Alam High Court Originating Summons No. BA-24C-59-08/2023 ("OS 1")

Applicant : KAB

Respondent : Hong Xin Construction Sdn Bhd ("HX")

Shah Alam High Court Originating Summons No. BA-24C-74-10/2023 ("OS 2")

Applicant : HX

Respondent : KAB

Shah Alam High Court Originating Summons No. BA-24C-75-10/2023 ("OS 3")

Applicant : HX

Respondent : KAB

KAB's case is premised upon, among others, a letter of award signed on 29 January 2019 ("**Letter of Award**") whereby HX had appointed KAB as the sub-contractor for electrical works for a project at Lot 1259, Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan ("**Project**"). The dispute between KAB and HX arose as a result of the alleged non-payment by HX to KAB for works done by KAB under the Letter of Award.

On 31 October 2022, KAB had commenced adjudication proceedings against HX for HX's failure to pay KAB for works done ("**Adjudication**").

APPENDIX II – FURTHER INFORMATION (CONT'D)

On 24 July 2023, KAB had obtained an adjudication decision whereby the adjudicator (“**Adjudicator**”) decided in KAB’s favour as follows (“**Adjudication Decision**”):

- (a) that HX shall pay to KAB the adjudicated sum of RM1,211,652.51 (“**Adjudicated Sum**”);
- (b) that HX shall pay KAB interest at the rate of 5% per annum on yearly rest on the Adjudicated Sum calculated from 1 November 2022 until the full payment of the Adjudicated Sum;
- (c) that HX shall bear the full costs of the Adjudication (i.e. Adjudicator’s fee paid by KAB amounting to RM22,108.52 and the Asian International Arbitration Centre’s administration fee of RM4,687.00); and
- (d) that HX shall pay for KAB’s legal costs amounting to RM35,000.00.

On 25 August 2023, KAB had commenced proceedings against HX under OS 1 to enforce the Adjudication Decision (“**OS 1**” or “**Enforcement Application**”).

On 5 October 2023, HX had commenced proceedings against KAB under OS 2 for a stay of the Adjudication Decision (“**OS 2**” or “**Stay Application**”), and under OS 3 to set aside the Adjudication Decision (“**OS 3**” or “**Setting Aside Application**”).

On 11 January 2024, KAB and HX had entered into a ‘Consent Order’ for OS 1, OS 2, and OS 3 to be heard together.

OS 1, OS 2, and OS 3 was fixed for a hearing and decision on 21 February 2024 (“**Hearing**”).

However, on 2 February 2024 HX had separately filed an application for judicial management at the Johor Bahru High Court in Originating Summons No. JA-28JM-1-02/2024 (“**Judicial Management**”). Pursuant to Section 410 of the Companies Act 2016, the application for Judicial Management has the effect of staying all legal proceedings against HX (including OS 1, OS 2, and OS 3) pending the outcome of the Judicial Management.

In light of this, OS 1, OS 2, and OS 3 was fixed for a case management on 25 March 2024 to update the Court on the status of the Judicial Management. During this Case Management, HX had updated the Court that the Judicial Management was fixed for a Case Management on 27 March 2024.

OS 1, OS 2, and OS 3 was then fixed for a case management on 9 May 2024 to update the Court on the outcome of the Judicial Management.

KAB’s solicitors for this matter are of the opinion that whilst KAB has a good chance of success in enforcing the Adjudication Decision in OS 1, and in resisting OS 2 and OS 3, KAB would not be able to proceed with the enforcement of the Adjudication Decision if the Judicial Management is still pending or is granted.

Based on the information received, KAB’s solicitors for this matter are also of the opinion that HX is faced with many debts, liabilities and proceedings as a winding-up petition had been presented against HX and the Judicial Management proceedings were probably commenced as an attempt to avoid being wound-up and to restructure its debts.

KAB’s solicitors for this matter are of the opinion that in the event that the Judicial Management is granted in favour of HX, a judicial manager would be appointed and a settlement plan may be drawn up, which could usually include a discount. However, there is no clarity on the settlement proposal that may be drawn up, given that the Judicial Management has not been heard and decided upon.

KAB's solicitors for this matter are also of the opinion that KAB's potential exposure would be that there is a chance that KAB may not be able to make a full or substantial recovery of the debts due and owing from HX given the volume of debts, liabilities and proceedings against HX.

(iv) Petaling Jaya Sessions Court Civil Suit No. BB-A52C-2-01/2024

Plaintiff : KAB

1st Defendant : C K E Power Sdn Bhd ("**CKE**" or "**1st Defendant**")

2nd Defendant : Chong Wai Keong ("**CWK**" or "**2nd Defendant**")

3rd Defendant : Kong Soon Tong ("**KST**" or "**3rd Defendant**")

(1st Defendant, 2nd Defendant and 3rd Defendant collectively, referred to as "**Defendants**")

KAB's case is premised upon, among others, a letter of award dated 9 February 2021 ("**M Luna LOA**") whereby KAB had appointed the 1st Defendant as the sub-contractor to perform electrical works for the 'M-Luna project' ("**M Luna Project**").

KAB's case is also premised upon, among others, a letter of award dated 11 August 2021 ("**TPP LOA**") whereby KAB had appointed the 1st Defendant as the sub-contractor to perform electrical works for the 'TPP project' ("**TPP Project**").

Furthermore, KAB's case against the 2nd Defendant and 3rd Defendant is premised upon joint and several personal guarantees dated 18 October 2022 signed in respect of the M Luna LOA and the TPP LOA.

KAB alleges that the M-Luna LOA was terminated by mutual consent on 28 December 2022 and that the final account showed an outstanding sum of RM348,769.67 due and owing by the 1st Defendant to KAB under the M Luna Project LOA.

KAB also alleges that KAB had terminated the TPP Project LOA on 28 March 2023 due to the poor performance by the 1st Defendant and that the final account showed an outstanding sum of RM61,135.84 due and owing by KAB to the 1st Defendant after taking into consideration of the release of the retention sum.

Therefore, KAB alleges that after deducting the RM348,769.67 under the M-Luna LOA with the RM61,135.84 under the TPP Project, there is still an outstanding sum of RM287,633.83 alleged to be owing to KAB.

On 10 January 2024, KAB had filed a 'Writ of Summons' at the Petaling Jaya Sessions Court against the Defendants ("**Suit**") for the following:

- (a) the sum of RM287,633.83;
- (b) interests; and
- (c) costs.

On 5 March 2024, the 1st Defendant had filed a 'Defence' and 'Counter Claim', whereby the 1st Defendant counter claimed against KAB for the following:

- (a) amount for works done by the 1st Defendant under the M Luna Project;
- (b) amount of RM183,484.48 being the retention sum under the M Luna Project;
- (c) amount of RM25,800.00 for service charges and/or interest wrongfully deducted by KAB;
- (d) amount of RM179,396.95 being the retention sum under the TPP Project;
- (e) general damages;
- (f) interest; and

(g) costs.

On 20 March 2024, the 2nd Defendant and 3rd Defendant had filed a 'Defence' and 'Counter Claim', whereby the 2nd Defendant and 3rd Defendant counter claimed against KAB for the following:

- (a) a declaration that the Joint and Several Personal Guarantee & Indemnity dated 18 October 2022 executed by the 2nd Defendant and 3rd Defendant are invalid and/or void;
- (b) general damages; and
- (c) costs.

The Suit is fixed for a Case Management on 6 May 2024.

KAB's solicitors in this Suit is of the opinion that KAB has a fair chance of success in the Suit against the 1st Defendant for breach of contract and against the 2nd Defendant and the 3rd Defendant for breach of guarantee.

KAB's solicitors in this Suit is also of the opinion that KAB's potential exposure would be the counter claims by the Defendants and the legal costs payable by KAB in the event that KAB fails to prove its claim under the Suit, which could be in the range of RM5,000.00 to RM15,000.00.

(v) Kuala Lumpur Sessions Court Civil Suit No. WA-B52-15-03/2024

Plaintiff : KAB Integrated Networks Sdn Bhd ("**KAB Integrated**")
1st Defendant : MRH Digital Sdn Bhd ("**1st Defendant**")
2nd Defendant : Mohd Rohaizee Bin Hashim ("**2nd Defendant**")
3rd Defendant : Mahadi Bin Zakaria (trading under Czarkey Construction) ("**3rd Defendant**")

(1st Defendant, 2nd Defendant and 3rd Defendant collectively, referred to as "**Defendants**")

KAB Integrated's case is premised upon, among others, a main terms sheet entered on 20 April 2022 by KAB Telco Sdn. Bhd. ("**KABTEL**") and MRH Empire Sdn. Bhd. ("**MRH Empire**") for a collaboration through a joint venture for projects, thereby establishing KAB Integrated.

KAB Integrated alleges that it entered into an agreement dated 20 April 2022 with the 1st Defendant for the facilitation of the acquisition of telecommunication facilities development rights and rights to use lands or sites of the Malaysian Fire and Rescue Department ("**Sites Agreement**").

In addition, KAB Integrated also alleges that it entered into an agreement dated 20 April 2022 with the 1st Defendant whereby KAB Integrated would fund the development costs of telecommunication facilities on identified sites on behalf of the 1st Defendant, while the 1st Defendant would fully transfer all proceeds from the telecommunication facilities and grant ownership rights of the telecommunication facilities to KAB Integrated ("**Telco Facilities Transfer Agreement**").

Furthermore, KAB Integrated alleges that on 17 October 2022, KAB Integrated and the 1st Defendant entered into a supplementary agreement whereby KAB Integrated agreed to pay the 1st Defendant a total of RM200,000.00 for 6 identified sites for the purposes of constructing telecommunication facilities on these 6 identified sites ("**Supplementary Agreement**"). In addition, KAB Integrated also alleges that the 1st Defendant had represented that it had appointed Czarkey Construction ("**Czarkey**") to carry out the construction works to develop telecommunication facilities at the 6 identified sites.

KAB Integrated then alleges that the 2nd Defendant as the director of the 1st Defendant had requested payment of RM552,000.00 pursuant to the Supplementary Agreement on the basis that such amount is required to be paid to Czarkey for the construction works, and that thereafter both the 2nd Defendant and 1st Defendant had represented to KAB Integrated that the RM552,000.00 sum had been paid to Czarkey.

Thereafter, KAB Integrated's case alleges that the 2nd Defendant informed that the 1st Defendant would engage another contractor, Northern Zhentel Sdn Bhd ("**Northern Zhentel**") to carry out the construction works of telecommunication facilities for the 6 sites, and that the 2nd Defendant had represented that the RM552,000.00 paid to the 3rd Defendant had already been paid to Northern Zhentel. However, KAB Integrated alleges that it subsequently discovered that the sum of RM552,000.00 which should have been paid to Northern Zhentel by Czarkey had already been transferred out from Czarkey on the instructions of the 2nd Defendant and that Northern Zhentel did not receive the payment of RM552,000.00.

On 4 March 2024, KAB Integrated had filed a 'Writ of Summons' at the Kuala Lumpur Sessions Court against the Defendants ("**Suit**") for the following:

- (a) the sum of RM552,000.00;
- (b) aggravated damages and exemplary damages;
- (c) interest; and
- (d) costs.

The Suit was fixed for a Case Management on 5 April 2024.

Thereafter, KAB Integrated had obtained a 'Judgment in Default of Appearance' dated 17 April 2024 against the 2nd Defendant ("**JID against the 2nd Defendant**") wherein the 2nd Defendant was ordered to pay KAB Integrated the following:

- (a) the sum of RM552,000.00;
- (b) aggravated damages and exemplary damages to be assessed;
- (c) interest at the rate of 5% per annum on items (a) and (b) in this JID against the 2nd Defendant calculated from the date of the 'Writ of Summons' in this Suit until full and final settlement; and
- (d) costs of RM1,291.00.

KAB Integrated had also obtained a 'Judgment in Default of Appearance' dated 23 April 2024 against the 1st Defendant ("**JID against the 1st Defendant**") wherein the 1st Defendant was ordered to pay KAB Integrated the following:

- (a) the sum of RM552,000.00;
- (b) aggravated damages and exemplary damages to be assessed;
- (c) interest at the rate of 5% per annum on items (a) and (b) in this JID against the 1st Defendant calculated from the date of the 'Writ of Summons' in this Suit until full and final settlement; and
- (d) costs of RM83.00.

The Suit is fixed for a Case Management on 8 May 2024 to update the Court on the status of service of the 'Writ of Summons' and 'Statement of Claim' in this Suit to the 3rd Defendant.

KAB Integrated's solicitors in this Suit is of the opinion that KAB Integrated has a fair chance of success in the Suit against the 1st Defendant for breach of the Telco Facilities Agreement (read together with the Supplementary Agreement).

KAB Integrated's solicitors in this Suit is also of the opinion that KAB Integrated has a fair chance of success in the Suit against the Defendants for conspiracy to injure KAB Integrated and for causing KAB Integrated to suffer losses of RM552,000.00.

KAB Integrated's solicitors in this Suit is of the opinion that KAB Integrated's potential exposure would be the legal costs payable by KAB Integrated in the event that KAB Integrated fails to prove its claim under the Suit, which could be in the range of RM5,000.00 to RM15,000.00.

3. DOCUMENTS FOR INSPECTION (By Appointment Only)

The following documents are available for inspection at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours (except public holidays) from the date of this Statement up to and including the date of the AGM:-

- (a) Constitution of KAB; and
- (b) The audited consolidated financial statements of KAB for the past two (2) financial years ended 31 December 2022 and 31 December 2023.

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