



PRESS RELEASE

FOR IMMEDIATE DISTRIBUTION

KAB TO ACQUIRE MINI HYDRO POWER PLANT IN INDONESIA

KUALA LUMPUR, 19 January 2022 – Kejuruteraan Asastera Berhad (“KAB” or the “Group”), an electrical and mechanical engineering services provider in Malaysia, via its wholly-owned subsidiary, KAB Energy Holdings Sdn Bhd (“KABEH”) has entered into a Term Sheet Agreement with Sarawak Cable Berhad (“SCB”) today.

Under the Term Sheet Agreement, KABEH will acquire the entire issued share capital of PT Inpolo Mitra Elektrindo (“PT IME”) for a purchase consideration of ten thousand Ringgit Malaysia (RM10,000.00). KABEH’s acquisition shall be free from all encumbrances. PT IME will also be released from all liabilities and encumbrances upon the full settlement of the purchase consideration and outstanding debt of up to RM61.5 million.

As part of the agreement, KABEH is required to undertake a due diligence exercise, which is expected to be completed within three (3) months from the date of the execution of the Term Sheet.

PT IME, a subsidiary company of SCB, designs, constructs, develops and operates a mini hydro power plant, named Kombih III, situated at Sungai Kombih, North Sumatera, Indonesia. PT IME has an existing power purchase agreement to supply electricity to PT Perusahaan Listrik Negara, the state-owned utility company in Indonesia, for a concession period of 20 years. Kombih III has an installed capacity of 11-megawatt. It achieved commercial operations on 12 October 2021.

“This is our first foray into Indonesia, as well as our maiden venture into the hydro power sector. We are excited to embark on this business journey and see this proposed acquisition of PT IME as being in line with the Group’s business direction to expand the income stream and have a strong foothold in our green energy solutions business, particularly in the renewable energy sector. The annual energy generated by Kombih III will be approximately 49,056,000 kWh, which will offset 26,784 tonnes of CO2 emission. As



PRESS RELEASE

FOR IMMEDIATE DISTRIBUTION

hydropower assets are known to fetch higher margins, we are confident that this proposed acquisition will yield very profitable returns, which in turn will provide a stable and sustainable long-term recurring income for KAB for the next 20 years. Upon completion of the acquisition, the asset is projected to contribute at least RM270 million revenue to the Group over the concession period.

We are optimistic of the progress that we are making to further augment this segment of our business. This proposed acquisition is yet another step forward for the Group towards achieving KAB's vision. We will continue to expand our geographical footprint within the ASEAN region including Malaysia by exploring opportunities to participate in other renewable energy projects. We hope to make full use of natural resources to provide energy and contribute to a clean, innovative and sustainable environment," said KAB managing director Dato' Lai Keng Onn.

According to the Indonesia National Electricity Master Plan, the ratio of renewable energy for energy resources is anticipated to continue accelerating to 23% by 2025, while the realised amount until the end of 2020 hit around 14%. Hydropower generation capacity is expected to grow to circa 40%.

ABOUT KEJURUTERAAN ASASTERA BERHAD

Kejuruteraan Asastera Berhad ("KAB" or the "Group"), established in 1997, is a Malaysia-based electrical and mechanical engineering company. The Company's core business covers all aspect of electrical, mechanical and associated engineering services for both commercial and residential buildings. Today, KAB has a comprehensive project portfolio that continues to grow with the support of its team of competent, dedicated and qualified people, constantly gaining new knowledge and experience, and is always keen to apply new technologies. KAB is registered under the Construction Industry Development Board (CIDB) with a Grade 7 and Suruhanjaya Tenaga with a Class A certification. KAB's market capitalisation stands at RM622.3 million as at 19 January 2022, at 11:30 am.

For more information, please log on to <https://asastera.com>.



PRESS RELEASE

FOR IMMEDIATE DISTRIBUTION

For media queries, please contact:

Name: Ms Nicole Lee or Ms Reiko Lai

Email: <mailto:kabinvestor@asastera.com>
