

CITAGLOBAL BERHAD ("CITAGLOBAL" OR "THE COMPANY")

PROPOSED ACQUISITION OF

- **60% EQUITY INTEREST IN SPECTRA SURIA SDN BHD ("SPECTRA SURIA"), A RPVSP (REGISTERED SOLAR PHOTOVOLTAIC SERVICE PROVIDER) COMPANY**
- **40% EQUITY INTEREST IN NOVA REECO SDN BHD ("NOVA REECO"), A RPVI (REGISTERED SOLAR PHOTOVOLTAIC INVESTOR) COMPANY**

This is a voluntary announcement made by the Company.

1. INTRODUCTION

The Board of Directors of CITAGLOBAL is pleased to announce that the Company and its wholly-owned entity i.e. Citaglobal Engineering Services Sdn Bhd ("**CESSB**") had on 4 August 2023 entered into the following agreements respectively:

- (a) a share sales agreement with Nik Ahmad Huznee Bin Nik Hussain ("**Nik Ahmad Huznee**") and Nik Mohd Umar Bin Nik Ahmad Huznee ("**Nik Mohd Umar**") ("**Spectra Suria SSA**") for the acquisition by CESSB of 60% equity interest in Spectra Suria for a purchase consideration of RM2,000,000 in cash ("**Spectra Suria Consideration**"); and
- (b) a share sale agreement with Nik Ahmad Huznee, Nik Fadhlee Bin Nik Ahmad Huznee ("**Nik Fadhlee**") and Nova Spectra Energy Sdn Bhd ("**Nova Spectra Energy**") ("**Nova Reeco SSA**") for the acquisition by CITAGLOBAL of 40% equity interest in Nova Reeco and intention to purchase irredeemable convertible preference shares ("**ICPS**") that convertible into 20% equity interest ordinary shares in Nova Reeco upon issuance for a purchase consideration of RM3,000,000 in cash ("**Nova Reeco Consideration**").

(Collectively, the "**Proposed Acquisitions**")

*(hereinafter Nik Ahmad Huznee and Nik Mohd Umar are referred to as "**Spectra Suria Vendors**", Nik Ahmad Huznee, Nik Fadhlee and Nova Spectra Energy are referred to as "**Nova Reeco Vendors**", the Spectra Suria Vendors and Nova Reeco Vendors are referred to as "**Vendors**", CITAGLOBAL and the Vendors are referred to as "**Parties**" and Spectra Suria and Nova Reeco are referred to as "**Target Companies**").*

In addition, Citaglobal has committed to making further investment in the form of shareholders advance or redeemable preference shares of at least RM7,000,000 in its Nova Reeco venture, bringing its total investment in Proposed Acquisitions to a total of RM12,000,000.

The Proposed Acquisitions are in line with the National Energy Transition Roadmap ("**NETR**") recently launched by Ministry of Economy Malaysia and the strategic plan of Citaglobal in expanding its renewable energy division and will contribute positively for the earnings of Citaglobal as and when Spectra Suria and Nova Reeco start recognising profits from their projects.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Information on the Vendors

- (i) **Nik Ahmad Huznee**, aged 61, a Malaysian, is director of Spectra Suria, Nova Reeco and chief executive officer of Nova Spectra Energy since September 1996. He has 37 years working experiences in the various business industry i.e. 23 years in LED screen industry and 14 years in engineering and investment. In 2004, he introduced Nova Race Radio which is a hearing product which now marketed and retailed by MotoGP and Formula One all over the world until today. He also embarked in a project with Dewan Bandaraya Kuala Lumpur to deliver the first and largest "Outdoor High-Definition Display" in Malaysia. He pioneered the group to achieve successful delivery of LED Screen and Event Management projects such as has transferred the technology of using LED screens to successfully take over the work from a foreign company in Formula One racing in Malaysia. Has successfully exported audio equipment, Noise Cancelling Headphones to Formula One Events worldwide. He also involved in renewable energy and sustainable energy which is developer and service provider for renewable energy, registered energy service company and Registered Solar PV Investor ("**RPVI**").
- (ii) **Nik Fadhlee**, aged 39, a Malaysian, is director of Nova Reeco and executive director at Nova Spectra Sdn Bhd since 2010. He has more than 11 years' experience managing Nova Spectra Sdn Bhd and its group. He began his career in as senior project executive in year of 2008 and his is role is managing large, complex, and multi-disciplined LED screen projects including consultation, programming, planning and co-ordination to deliver the projects requirement. In addition to managing projects, he was also responsible to acquire new clients for the organization. Among the clients that he managed to secure was the Formula-E racing organization which was and international series at par with the prestigious Formula One racing. His milestone achievement was closing a deal for the Nova group to be the main system integrator for Samsung in executing the RM 65 million project of remodelling and update the digital displays in the Bukit Jail Sport Complex now known as KL Sports City for the 2017 SEA Games.
- (iii) **Nik Mohd Umar**, aged 38, a Malaysian, is director of Spectra Suria and executive director of Spectra Energy & Marine Sdn Bhd since 2014. He is responsible from starting up of the business in ship chandling, servicing the oil & gas industry to the redirection of the company to the solar industry. During his leadership, he has acquired necessary licenses and served the residential market, with eventually graduating into the commercial & industrial sector. He is also overseeing the strategic planning, operations management, business development, financial management and the technology and innovation areas of the company.
- (iv) **Nova Spectra Energy**, incorporated in Malaysia on 28 February 2019 as a private limited company with its registered office at No 5-1, 1st Floor, Kompleks KPPMS, Lot 291, Jalan RU 3/9A, Seksyen 3, 40000 Shah Alam, Selangor, Malaysia. It is principally engaged in the business of operation of generation facilities that produce electric energy; other business support service activities and installation of non-electric solar energy collectors.

2.2 Information on Spectra Suria

Spectra Suria, incorporated in Malaysia on 2 December 2019 as a private limited company with its registered address at A-3-11, Danau Idaman, Jalan 2/109F, Taman Danau Desa, 58100 Kuala Lumpur Wilayah Persekutuan, Malaysia.

It is principally involved in the engineering, procurement, construction and commissioning (“**EPCC**”) of solar photovoltaic (“**PV**”) and energy storage systems.

As at the date of this Announcement, Spectra Suria has an issued share capital of RM150,000 comprising 150,000 ordinary shares (“**Spectra Suria Shares**”). The shareholders of Spectra Suria are Nik Ahmad Huznee (holds 75,000 Spectra Suria Shares / 50%) and Nik Mohd Umar (holds 75,000 Spectra Suria Shares / 50%); and they are also the directors of Spectra Suria.

Spectra Suria has a Sustainable Energy Development Authority Malaysia (“**SEDA**”) Registered Solar PV Service Provider (“**RPVSP**”) status which is valid until 31 December 2023, which is required by law to perform EPCC solutions. The Spectra Suria Vendors undertake to renew the RPVSP certificate upon expiration. RPVSP status allows a company to operate as service providers, specifically engaging in the supply, design, installation, testing, and consultation of a comprehensive solar PV system.

2.3 Information on Nova Reeco

Nova Reeco, incorporated in Malaysia on 19 August 2014 as a private limited company with its registered address at A-3-11, Danau Idaman, Jalan 2/109F, Taman Danau Desa, 58100 Kuala Lumpur Wilayah Persekutuan, Malaysia.

It is principally involved in the business of organization, promotions and/or management of event, specialized design activities and wholesale of a variety of goods without any particular specialization.

As at the date of this Announcement, Nova Reeco has an issued share capital of RM1,000,000 comprising 1,000,000 ordinary shares (“**Nova Reeco Shares**”). The shareholders of Nova Reeco are Nik Ahmad Huznee (holds 999,999 Nova Reeco Shares) and Nik Fadhlee (holds 1 Nova Reeco Share); and they are also the directors of Nova Reeco.

The Nova Reeco Vendors represent that Nova Reeco has SEDA RPVI status which shall be valid until 31 December 2023. The Nova Reeco Vendors undertake to renew the RPVI certificate upon expiration. RPVI status allows a company to act as a solar PV installation investor and provide power purchase agreements and solar leasing arrangements and services.

2.4 Salient Terms of the Spectra Suria SSA

- (i) The Spectra Suria Vendors agree to sell 60% equity interest in Spectra Suria and the Purchaser agrees to acquire it from the Spectra Suria Vendors on the terms and conditions contained in the Spectra Suria SSA.
- (ii) The consideration for the purchase of the sale shares in Spectra Suria is RM2,000,000 which to be paid in accordance with the schedule set out in Spectra Suria SSA.

- (iii) The Spectra Suria SSA shall be conditional upon the following matters having been obtained or fulfilled on or before thirty (30) days from the date of the Spectra Suria SSA or such later date as may be mutually agreed between the Parties ("**Spectra Suria Cut-Off Date**") ("**Spectra Suria Conditions Precedent**"):
- The Purchaser being satisfied with the financial report and legal due diligence conducted on Spectra Suria;
 - The approval of the Board authorising the execution of and the performance by it of its obligations under the Spectra Suria SSA and of any other documents to be executed by it pursuant to the Spectra Suria SSA;
 - Each Party confirming that they have not received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by Spectra Suria SSA and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
 - All consents, permits, licences, approvals or waivers required under all applicable laws, and as may be required under any agreement (including but not limited to financing documents), for the sale and purchase of the sale shares and to give effect to the transactions contemplated herein have been obtained and that such consents, permits, licences and approvals not being subject to any substantive conditions which, the Purchaser determine in their sole and absolute discretion, are not to their advantage to fulfill or comply with.
 - Spectra Suria being issued a letter of award from Nova Spectra Energy for the appointment of the Company as the EPCC contractor for the project Lembaga Kemajuan Ikan Malaysia ("**LKIM**") ("**Project LKIM**"); and
 - Spectra Suria having received letters of waiver in respect of amounts owing by Spectra Suria to the related parties.
- (iv) Upon the last Spectra Suria Conditions Precedent having been obtained or deemed to have been obtained, the Spectra Suria SSA shall become unconditional ("**Spectra Suria Unconditional Date**") and the Parties shall proceed to completion within thirty (30) business days (or such later date as may be mutually agreed in writing between the Parties) after the Spectra Suria Unconditional Date.
- (v) The Parties agree that the Spectra Suria SSA shall be subject to the following conditions subsequent ("**Spectra Suria Conditions Subsequent**"):
- That the Parties shall procure letter of offer from financial institution to Spectra Suria and/or to Nova Reeco for the construction of Project LKIM within six (6) months from Completion Date;
 - That the Spectra Suria Vendors shall procure the appointment of Spectra Suria as the EPCC contractor for the Project LKIM by Nova Reeco within three (3) months from Completion Date; and

- That the Spectra Suria Vendors have procured the issuance of the reregistration certificate by SEDA which is valid until 31 December 2023, and shall be renewed within one (1) month prior to expiration.

2.5 Salient Terms of the Nova Reeco SSA

- (i) The Nova Reeco Vendors agree to sell 40% equity interest in ordinary shares and intend to sell ICPS that convertible into 20% equity interest ordinary shares in Nova Reeco upon issuance and the Purchaser agrees to acquire it from the Nova Reeco Vendors on the terms and conditions contained in the Nova Reeco SSA.
- (ii) The Nova Reeco Consideration consist of the consideration for the purchase of the sale shares at RM2,000,000 and the consideration for the intended purchase of the Sale ICPS at RM1,000,000, which to be paid in accordance with the schedule set out in Nova Reeco SSA.
- (iii) The Nova Reeco SSA shall be conditional upon the following matters having been obtained or fulfilled on or before two (2) months from the date of the Nova Reeco SSA or such later date as may be mutually agreed between the Parties ("**Nova Reeco SSA Cut-Off Date**") ("**Nova Reeco Conditions Precedent**"):
 - The Purchaser being satisfied with the financial report and legal due diligence conducted on Nova Reeco;
 - The approval of the Board authorising the execution of and the performance by it of its obligations under the Nova Reeco SSA and of any other documents to be executed by it pursuant to the Nova Reeco SSA;
 - The approval of the board of Nova Spectra Energy authorising the execution of and the performance by it of its obligations under the Nova Reeco SSA and of any other documents to be executed by it pursuant to Nova Reeco SSA;
 - The novation of the concession agreement dated 31 March 2022 between Nova Spectra Energy and LKIM in favour of Nova Reeco being completed;
 - The Nova Reeco Vendors securing a written undertaking from Nova Spectra Energy in favour of Nova Reeco undertaking to place all proceeds received in connection with the Project LKIM in an escrow account, of which said proceeds shall be released to Nova Reeco upon novation of the concession agreement with LKIM to the Company being completed;
 - Completion of the relevant share subscription agreement for Sale ICPS and/or other instruments set out in the Nova Reeco SSA;
 - Each Party confirming that they have not received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by Nova Reeco SSA and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and

- All consents, permits, licences, approvals or waivers required under all applicable laws, and as may be required under any agreement (including but not limited to financing documents), for the sale and purchase of the sale shares and to give effect to the transactions contemplated herein have been obtained and that such consents, permits, licences and approvals not being subject to any substantive conditions which, the Purchaser determine in their sole and absolute discretion, are not to their advantage to fulfill or comply with.
- (iv) Upon the last Nova Reeco Conditions Precedent having been obtained or deemed to have been obtained, the Nova Reeco SSA shall become unconditional ("**Nova Reeco Unconditional Date**") and the Parties shall proceed to completion within thirty (30) business days (or such later date as may be mutually agreed in writing between the Parties) after the Nova Reeco Unconditional Date.
- (v) The Parties agree that the Nova Reeco SSA shall be subject to the following conditions subsequent ("**Nova Reeco Conditions Subsequent**"):
- That the Parties shall procure letter of offer from financial institution to Nova Reeco and/or to Spectra Suria for the construction of Project LKIM within six (6) months from Completion Date; and

2.6 Basis of Arriving at the Spectra Suria Consideration and Nova Reeco Consideration

The Spectra Suria Consideration of RM2,000,000 and Nova Reeco Consideration of RM3,000,000, were arrived at on a "willing buyer-willing seller" basis at arm's length negotiation after taking into consideration the prospects of Spectra Suria and Nova Reeco including the Project LKIM and other pipeline projects.

In addition, Citaglobal has committed to making further investment in the form of shareholders advance or redeemable preference shares of at least RM7,000,000 in its Nova Reeco venture, bringing its total investment in Proposed Acquisitions to a total of RM12,000,000.

2.7 Rationale for the Proposed Acquisitions

The Proposed Acquisitions are in line with the National Energy Transition Roadmap (NETR) recently launched by the Ministry of Economy Malaysia and the strategic plan of Citaglobal in expanding its renewable energy division.

Citaglobal is focused on Malaysia's goal of achieving net zero emissions by 2050. Building portfolios of multiple energy solutions is one of the first steps before transitioning fully to carbon-free renewables.

Citaglobal is envisioned to develop end-to-end turnkey EPCC services within the renewable energy segment -- be it development & engineering design, procurement, remote monitoring, maintenance, or performance-enhancing upgrades. Diversifying our energy mix to include an array of low-carbon resources will strengthen Citaglobal's earnings base and provide multiple engines for future growth.

The Proposed Acquisitions will diversify the energy mix to include an array of low-carbon resources which is expected to complement and bring synergy effects to the existing renewable energy division of Citaglobal group of companies ("**Group**") and strengthen Citaglobal Group's earnings base and provide multiple engines for future growth.

The ultimate goals of Citaglobal is to be asset owners of these concession projects, which will generate recurrent income for Citaglobal over the concession periods.

The Target Companies are securing projects from and submitted various project applications/proposals to different government departments and quasi-government agencies. Both acquisitions come with an orderbook of RM268 million, boosting Citaglobal's total orderbook will be boosted to RM1.27 billion and above.

Premised on the above, the Proposed Acquisitions are expected to contribute positively to the revenue and earnings of the Group as and when the Target Companies start recognising profits from their projects, thus enhance the shareholders' value of Citaglobal.

In addition, upon completion of the Proposed Acquisitions, the Vendors will remain as shareholders of the Target Companies and continue to spearhead the business and operations of the Target Companies. The Board is of the opinion that the Vendors have extensive knowledge and experience in the solar PV system related activities as well as the renewable energy industry and would be able to support and assist towards the growth of the Target Companies.

2.8 Effects of the Proposed Acquisitions

The Proposed Acquisitions will not have any effect on the share capital and substantial shareholders' shareholding of the Company.

The Proposed Acquisitions are not expected to have material effect on the consolidated net assets, net assets per share, gearing and earning per share of the Company for the financial year ending 31 December 2023. However, the Proposed Acquisitions are expected to contribute positively to the future earnings of the Group as and when Spectra Suria and Nova Reeco start recognising profits from their projects.

3. PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**"), the highest aggregate percentage ratio applicable to the Proposed Acquisitions are less than 5%. The Proposed Acquisitions are a non-related party transaction. Based on Paragraph 10.05 of the MMRL, no announcement of the Proposed Acquisitions to Bursa Securities is required. Nevertheless, the Company wishes to voluntarily announce the Proposed Acquisitions to Bursa Securities for information of the shareholders of the Company.

4. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of the Group and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Acquisitions.

5. ADVISER

Astramina Advisory Sdn Bhd is the appointed Financial Advisor to CITAGLOBAL for the Proposed Acquisitions.

This announcement is dated **4 August 2023**.