

BSL CORPORATION BERHAD

[REGISTRATION NO. 200401012615 (651118-K)]

- SHARE SALE AGREEMENT ENTERED BETWEEN UNIQUE FORGING & COMPONENTS SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY, AND KAB ENERGY HOLDINGS SDN. BHD. IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN MATAHARI SURIA SDN. BHD.

1. INTRODUCTION

The Board of Directors of BSL Corporation Berhad (“**BSL Corp**” or the “**Company**”) wishes to announce that Unique Forging & Components Sdn. Bhd. (“**UFCSB**”), a wholly owned subsidiary of the Company, had on 17 August 2022 entered into a Share Sale Agreement (“**SSA**”) with KAB Energy Holdings Sdn Bhd (“**KEHSB**”) in relation to the disposal of 1,000,000 ordinary shares (“**Sale Shares**”) in Matahari Suria Sdn. Bhd. (“**MSSB**”), representing 100% of the total issued shares of MSSB for a total sale consideration of RM5,300,000.00 only, subject to the terms and conditions of the SSA (“**Disposal Consideration**”) (“**the Disposal**”).

Upon completion of the Disposal, MSSB shall cease to be a sub-subsiary of BSL Corp.

2. INFORMATION ON KEHSB AND MSSB

2.1. Information on KEHSB

KEHSB is a private company limited by shares incorporated in Malaysia and having its registered address at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

KEHSB is a wholly owned subsidiary of Kejuruteraan Asastera Berhad (“**KAB**”) which is a public listed company whose entire issued share capital is listed on the Main Market of Bursa Malaysia Securities Berhad.

As at the date of this announcement, KEHSB’s Directors are Jonathan Wu Jo-Han and Dato’ Lai Keng Onn.

2.2. Information on MSSB

MSSB is a private company limited by shares incorporated in Malaysia on 24 December 2014 and has a total issued shares of 1,000,000 ordinary shares. MSSB is principally involved in the provision of operation of general facilities that produce electric energy.

As at the date of this announcement, MSSB’s Directors are Hoo Wai Keong and Chen Huei Ping.

Based on the latest audited financial statements of MSSB as at 31 August 2021, MSSB has a net asset of RM311,140.00. MSSB has reported a net loss of RM139,907.00 for the financial period ended 31 August 2021.

3. SALIENT TERMS OF THE SSA

3.1. Mode of Payment and Satisfaction

The Disposal Consideration of RM5,300,000.00 that is subjected to adjustment as provided in the SSA shall be paid in the following manners:

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- (a) RM530,000.00 being the refundable deposit for the Sale Share which form part of the Disposal Consideration (“**Deposit Sum**”) shall be payable by KEHSB to UFCSB’s Solicitors as stakeholder within fourteen (14) days upon signing of the SSA which shall only be released to UFCSB pursuant to the SSA;

In the event that the matters as referred to in the SSA ceases to have effect or is terminated, the Deposit Sum shall be refunded to KEHSB within seven (7) Business Days from the termination thereof.

- (b) The balance of the Disposal Consideration subject to the adjustment as provided herein (“**Balance Disposal Consideration**”) less the redemption sums to be paid by KEHSB or KEHSB’s financier shall be payable by KEHSB to UFCSB’s Solicitors on the completion date.

If as at completion date, MSSB holds any deferred tax assets, prepayments, trade receivables, or cash or cash equivalent whether with any financial institution or otherwise (collectively, “**Liquid Assets**”), KEHSB shall pay UFCSB such amount equivalent to the Liquid Assets. If MSSB is not free of all liabilities (save and except for its liability arising after completion in respect of the lease agreement with University Teknologi Malaysia) or MSSB’s assets are not free from any encumbrance as at the completion date (collectively, “**Liabilities as at Completion**”), UFCSB shall pay to KEHSB such amount equivalent to the Liabilities as at Completion. In this regard, UFCSB together with KEHSB shall procure the Company to provide the management account as at the completion date within fourteen (14) days from the completion date, which management account UFCSB warrants to be true and accurate, to KEHSB, for the purpose of determining the Liquid Assets and Liabilities as at the Completion. In the event that the Liquid Assets is more than the Liabilities as at Completion, KEHSB shall pay to UFCSB such differential sum within seven (7) days from the date whereby such completion management account is made available. In the event that the Liabilities as at Completion is more than the Liquid Assets, UFCSB shall pay to KEHSB such differential sum within seven (7) days from the date whereby such completion management account is made available. In the event of any dispute, the parties may mutually appoint an independent auditor for the purpose of determining the aforesaid figures.

- (c) Without derogating from the SSA and without prejudice to the parties’ right of termination pursuant to the terms of the SSA, if the completion date falls on any day after the 31st day of December 2022, the Disposal Consideration shall be reduced by RM30,000 per month until the completion date is achieved, and such reduction shall be prorated on a daily basis.

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3.2. Conditions precedent

The performance of the SSA shall be conditional upon the following being obtained and/or fulfilled within the cut-off date by KEHSB and/or UFCSB (where applicable):

By KEHSB:

- (a) the approvals of the board of directors and shareholders of KEHSB and KAB and the shareholders of KAB (if required) in respect of the transaction contemplated in the SSA upon such terms and conditions set out herein;

By UFCSB:

- (a) the approval of the board of directors and shareholders of UFCSB and the shareholders of the Company (if required) in respect of the transaction contemplated in the SSA upon such terms and conditions set out herein;
- (b) to procure the redemption statement from Malaysian Industrial Development Finance Berhad (“**MIDF**”) in respect of the term loan obtained by MSSB from MIDF stating the redemption sum for the said loan (“**Redemption Sum**”).
- (c) to procure and make available to KEHSB the audited accounts and audited financial statements of MSSB for financial year ending on the 31 August 2022;
- (d) signing of a deed of assignment between UFCSB and the Company (in such form and contents approved by KEHSB) for the purpose of unconditionally and absolutely assigning all such outstanding amount owing to BSL by MSSB, in favour of UFCSB, and written confirmation to MSSB (with a copy to KEHSB) that MSSB does not owe any debt or liability to BSL whatsoever;
- (e) UFCSB shall capitalise (and not waive) all such outstanding amount owing to the UFCSB by MSSB (including all debts and advances assigned from BSL to UFCSB pursuant the SSA and cause MSSB to issue shares which shares form part of the Sale Shares to be sold to KEHSB for no additional purchase consideration; and
- (f) such other waivers, consents or approvals as may be required (or deemed necessary by the Parties) from any third party or governmental, regulatory body or relevant authorities having jurisdiction over any part of the sale and purchase of the Sale Shares contemplated under the SSA.

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4. BASIS AND JUSTIFICATION OF THE DISPOSAL CONSIDERATION

The Disposal Consideration of the Disposal, was arrived at on a willing-buyer and willing-seller basis based on the following calculation as per the management's account of MSSB as at 31 July 2022:

Disposal Consideration	<u>RM</u> 5,300,000.00
Capitalisation of interco balance - principal	3,882,842
Repayment of loan	2,464,755
Less : Estimated net proceeds from liquidation of assets & repayment of liabilities	(938,735)
	5,408,862
Discount	<u>(108,862)</u>
	2.01 %

Despite providing a sale discount of 2%, the Company and its subsidiaries (collectively referred to as “**the Group**”) will benefit from the cash repayment that will enable the Group to utilize the same for other higher yield investment and general working capital of the Group. The proceeds from the Disposal are expected to be fully utilized within six (6) months.

5. ORIGINAL COST OF INVESTMENT

The cost of investment by the Company in MSSB are as follows:

Date of Investment	No. of Shares Allotted / Acquired	Cost of Investment (RM)
30.11.2015	400,000	400,000.00
29.11.2016	600,000	600,000.00
TOTAL	1,000,000	1,000,000.00

6. ASSUMPTION OF LIABILITIES

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SSA, there are no liabilities (including contingent liabilities and/or guarantees) to be assumed by the Company as a result of the Disposal.

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7. RATIONALE FOR THE DISPOSAL

The Disposal will enable the Group to re-strategize and deploy its resources towards business activities and/or venture which are in line with the strategic plans of the Group.

8. RISK FACTORS

8.1 Non-completion risk

The completion of the Disposal is subject to various terms and conditions under the SSA. If either party breaches such term and conditions, the other party is entitled to terminate the SSA.

Notwithstanding the above, the Company will take all reasonable steps to ensure the fulfilment of the condition precedent, including obtaining approvals required which are within its control, for the purpose of completing the Disposal.

9. EFFECTS OF THE DISPOSAL

9.1 Share Capital

The Disposal will not have any effect on the issued and paid-up share capital of the Company.

9.2 Substantial shareholders' shareholdings

The Disposal will not have any effect on the substantial shareholders' shareholdings of the Company.

9.3 Net assets per share and gearing

The Disposal will not have any material effect on net assets per share and gearing of the Company for the financial year ending 31 August 2022.

9.4 Earnings per share

The Disposal is not expected to have any material effect on the earnings per share of the Company for the financial year ending 31 August 2022.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED INTERESTS

None of the Directors, major Shareholders and/or person connected to them have any interest, whether direct or indirect, in the Disposal.

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11. APPROVAL REQUIRED

The Disposal is not subject to the approval of the shareholders and any other relevant authorities and is not conditional upon any other corporate exercise undertaken by the Company.

12. STATEMENT BY DIRECTORS

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the Disposal, is of the opinion that the Disposal is in the best interest of the Company and the terms and conditions of the Disposal is fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of the Company.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Disposal is expected to be completed within ninety (90) days from the date of the SSA.

14. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the transactions in relation to the above pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 5.37% based on the audited consolidated financial statement of the Company for the financial year ended 31 August 2021.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The SSA is available for inspection at the registered office of the Company at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 18 August 2022.