CYPARK RESOURCES BERHAD ("CRB" OR "COMPANY")

PROPOSED PLACEMENT OF UP TO 178,937,922 NEW ORDINARY SHARES IN CRB ("CRB SHARE(S)") ("PLACEMENT SHARE(S)") REPRESENTING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF CRB AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED PLACEMENT")

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1. INTRODUCTION

On behalf of the Board of Directors of CRB ("**Board**"), Public Investment Bank Berhad ("**PIVB**") wishes to announce that the Company proposes to undertake the Proposed Placement.

Further details of the Proposed Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PLACEMENT

2.1 Size of the placement

The Proposed Placement shall be up to 30% of the total number of issued shares of CRB. As at 11 October 2022, being the latest practicable date prior to this announcement ("**LPD**"), the Company has a total issued share capital of CRB of RM514,382,529 comprising of 596,459,743 CRB Shares (including 7,630,100 CRB Shares held as treasury shares).

Assuming the entire 7,630,100 treasury shares are resold in the open market at cost prior to the implementation of the Proposed Placement, a total of up to 178,937,922 new CRB Shares ("**Placement Share(s)**") may be issued pursuant to the Proposed Placement, representing 30% of such total number of issued CRB Shares.

As at the LPD, the Company does not have any outstanding share options pursuant to CRB's employee share option scheme ("**ESOS**"), where each ESOS option is exercisable into one CRB Share ("**ESOS Option(s)**") ("**Outstanding ESOS Options**") and other convertible securities.

The actual number of Placement Shares to be issued pursuant to the Proposed Placement will depend on the total number of issued shares of the Company on a date to be determined and announced later, after the receipt of all relevant approvals for the Proposed Placement as set out in Section 6 of this announcement, where applicable.

For illustrative purpose, throughout this announcement, the effects of the Proposed Placement shall be illustrated based on the illustrative issue price of RM0.41 per Placement Share and the following two scenarios:

Minimum Scenario : Assuming that:

(i) no further ESOS Options are granted under the ESOS;

(ii) none of the 7,630,100 treasury shares as at the LPD are resold in the open market at cost; and

(iii) the Placement Shares are fully placed out.

Maximum Scenario : Assuming that:

(i) no further ESOS Options are granted under the ESOS;

(ii) all of the 7,630,100 treasury shares as at the LPD are resold in the open market at cost; and

(iii) the Placement Shares are fully placed out.

	Minimum Scenario	**Maximum Scenario**
No. of new CRB Shares to be issued pursuant to the Proposed Placement	176,648,892	178,937,922
Total gross proceeds	**RM72,426,045.72**	**RM73,364,548.02**

Please refer to Section 5 of this announcement for the effects of the Proposed Placement.

2.2 Placement arrangement

The Placement Shares will be placed out to independent 3rd party investor(s) to be identified at a later date. Such placement shall fall within the criteria set out under Schedules 6 and 7 of the Capital Markets and Services Act, 2007. Additionally, the Placement Shares will not be placed to the following persons/parties:

(i) a director, major shareholder or chief executive of CRB or a holding company of CRB ("**Interested Person(s)**") or person(s) connected with the Interested Person(s); and

(ii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In the event the Company is unable to identify sufficient placee(s) to subscribe for the entire portion of the Placement Shares at one time, the Proposed Placement may be implemented in tranches within 6 months from the date of approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Proposed Placement or any extended period as may be approved by Bursa Securities.

The issue price of the Placement Shares will be determined and fixed by the Board for each tranche of the Proposed Placement. Pursuant to Paragraph 6.13 of the Main Market Listing Requirements ("**Listing Requirements**"), the Company will ensure payments for the Placement Shares are made by the placees to the Company within 5 market days from the price-fixing date for each tranche of the Proposed Placement.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank equally in all respects with the existing CRB Shares, save and except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions, where the entitlement date of such distributions precedes the relevant date of allotment and issuance of the Placement Shares.

2.4 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.5 Basis and justification for the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a later date, after the receipt of all relevant approvals for the Proposed Placement ("**Price-Fixing Date**").

The Placement Shares shall be issued at issue price(s) based on a discount, if any, of not more than 10% to the 5-day volume weighted average market price ("**VWAP**") of the CRB Shares immediately preceding the Price-Fixing Date. This provides the Board with the flexibility to fix any price range up to a maximum of 10% discount in order to entice investors to subscribe for the Placement Shares.

For illustrative purposes only, assuming the Placement Shares are issued at an illustrative issue price of RM0.41 per Placement Share, this represents a discount of approximately 9.29% to the 5-day VWAP of CRB Shares up to and including the LPD of RM0.4520 per Share.

2.6 Utilisation of proceeds

Based on the illustrative issue price of RM0.41 per Placement Share, the Proposed Placement is expected to raise gross proceeds of up to RM73.37 million.

The proceeds are proposed to be utilised in the following manner:

Utilisation of proceeds	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**	**Estimated timeframe for utilisation of proceeds from the date of listing of the Placement Shares**
Working capital for the development of the Large Scale Solar 2 – floating solar photovoltaic ("**PV**") projects(a)	50,000	50,000	Within 6 months
Working capital for the Solid Waste Modular Advanced Recovery and Treatment waste-to-energy ("**WTE**") ("**SMART WTE**") plant at Ladang Tanah Merah, Negeri Sembilan ("**LTM**")(b)	21,926	22,865	Within 12 months
Estimated expenses for the Proposed Placement(c)	500	500	Upon completion
Total	**72,426**	**73,365**	

Notes:

*(a) Cypark Renewable Energy Sdn Bhd ("**CRE**"), a wholly-owned subsidiary of CRB, had been appointed as the main engineering, procurement, construction and commissioning ("**EPCC**") contractor for the following projects:*

Name	***Date of appointment as EPCC contractor***	***Project***	***Location***	***Estimated total project cost (RM'million)***	***Current status***
Project A	15 July 2019	*49 Megawatt ("**MW**") floating solar PV power plant*	*Danau Tok Uban, Kelantan*	*233.50*	*91.66% completed.* *Target to achieve Commercial Operation Date ("**COD**") by 31 May 2023.*
Project B	15 July 2019	*49 MW floating solar PV power plant*	*Danau Tok Uban, Kelantan*	*233.50*	*91.66% completed.* *Target to achieve COD by 31 May 2023.*

*Project A and Project B (collectively referred to as the "**LSS2 Floating Solar Projects**") are located adjacent to each other and the estimated total project cost is approximately RM467.00 million. As at the LPD, the LSS2 Floating Solar Projects are in their final stage of construction after the installation of 200 acres of floating solar system and connection works. The remaining work involves the construction of the grid interconnection facilities to connect the solar PV projects to the national electricity grid.*

*As such, CRB and its subsidiaries ("**Group**") intends to utilise RM50.00 million for working capital requirements of the LSS2 Floating Solar Projects in the following manner:*

Cost	***RM'000***
Construction of the grid interconnection facilities[(i)]	*35,000*
Equity commitment[(ii)]	*15,000*
Total	***50,000***

(i) ***<u>Construction of the grid interconnection facilities</u>***

Procurement, installation and commissioning cost for the construction of the grid interconnection facilities for the LSS2 Floating Solar Projects which is comprised of the following:

Cost	***RM'000***
Civil work and grid connection work	*21,000*
Testing and commissioning	*14,000*
Total	***35,000***

(ii) ***<u>Equity commitment</u>***

The estimated total project cost of the LSS2 Floating Solar Projects amounted to approximately RM467.00 million and is financed via debt financing together with equity commitment by the Group. The total equity commitment required is approximately RM101.00 million. As at the LPD, the Group has injected approximately RM86.00 million into the LSS2 Floating Solar Projects as equity commitment. As such, the Group intends to utilise RM15.00 million for the remaining balance of equity commitment to be injected.

(b) *As at the LPD, the construction of the Group's SMART WTE plant at LTM has been completed and is targeted to achieve COD in December 2022. The SMART WTE plant is located adjacent to a landfill at LTM and the Malaysian Government will deliver municipal waste from designated scheme areas for treatment and disposal at the SMART WTE plant. In return, the Group is entitled to be paid an agreed tipping fee and will also generate revenue from the sale of electricity to Tenaga Nasional Berhad ("**TNB**") for converting the waste to clean renewable energy ("**RE**").*

The Group intends to utilise part of the proceeds to fund the working capital requirements of the SMART WTE plant as follows:

	Minimum Scenario	***Maximum Scenario***
Working capital	***RM'000***	***RM'000***
Payment of the Group's expenses such as chemicals for the operation of the SMART WTE plant	*4,000*	*4,100*
Payment of the Group's staff related expenses (comprising employees' salaries and allowances, wages and overtime) and other statutory contributions and payments	*5,000*	*5,165*
Payment of the Group's expenses for utilities which include electricity and water	*3,750*	*3,800*
Payment of the interest for project financing	*5,000*	*5,200*
Payment of the insurance premium	*1,800*	*2,000*
Upkeep and maintenance which include but not limited to the Group's machineries and equipment, facilities, as well as provision for unplanned repair and maintenance	*1,943*	*2,150*
Payment of licensing fees and environmental-compliance fee	*433*	*450*
Total	***21,926***	***22,865***

(c) *The breakdown of the estimated expenses for the Proposed Placement is illustrated below:*

Estimated expenses	***Amount RM'000***
Professional fees[(i)]	*400*
Fees to relevant authorities	*40*
Printing, despatch and advertising expenses	*50*
Miscellaneous expenses and contingencies	*10*
Total	*500*

Note:

(i) These include advisory fees, placement commission and other professional fees payable to the Principal Adviser, due diligence solicitor, company secretary and share registrar in relation to the Proposed Placement.

The actual gross proceeds to be raised from the Proposed Placement are dependent on the issue price and the number of Placement Shares to be issued. If the estimated expenses for the Proposed Placement exceeds RM0.50 million, the shortfall will be funded via internally generated funds. In the event of any shortfall in the actual amount of proceeds raised from the Proposed Placement, the proceeds are intended to be utilised in the following order of priority, up to the respective maximum allocation:

(i) working capital for the LSS2 Floating Solar Projects;

(ii) working capital for the SMART WTE plant; and

(iii) estimated expenses for the Proposed Placement.

Any excess in the actual amount of proceeds to be raised from the Proposed Placement will be allocated for working capital for the LSS2 Floating Solar Projects and SMART WTE.

Pending the utilisation of proceeds from the Proposed Placement as disclosed in the above table, the proceeds will be placed in interest-bearing deposits with financial institution(s) or short term money market instrument(s).

3. RATIONALE FOR THE PROPOSED PLACEMENT

The Proposed Placement will enable the Company to raise the requisite funds to meet the Group's funding requirements as detailed in Section 2.6 of this announcement, without relying entirely on internally generated funds and/or bank borrowings.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Placement is the most appropriate avenue of fund raising as the Proposed Placement:

(i) enables the Company to raise additional funds expeditiously without incurring interest costs or service principal repayments as compared to conventional bank borrowings. In turn this would enable the Company to preserve its cash flow; and

(ii) allows the Company to raise funds expeditiously and cost effectively from the capital market via a placement exercise as compared to a pro-rata issuance of securities such as a rights issue. Further, the placement funds for the Placement Shares will be paid by the independent 3rd party investor(s) within 5 market days from the Price-Fixing Date and thus, allowing the Group to gain access to the funds within a short period of time as opposed to other form of fund-raising options such as rights issue exercise which usually takes a longer timeframe for implementation.

A right issue exercise will also require the Company to identify certain shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or alternatively enter into underwriting arrangement and incur additional cost such as underwriting commissions.

In addition to the above, the Proposed Placement would also allow the Company to increase its Bumiputera shareholdings for the purpose of maintaining its Bumiputera Controlled PLC status awarded by the Ministry of International Trade and Industry, Malaysia. The Bumiputera Controlled PLC status would be a competitive advantage as it enables the Group to participate in future project tenders that requires Bumiputera Controlled PLC status, if any.

3.1 Fund-raising exercises undertaken by the Company in the past 12 months

On 17 December 2021, the Company completed a private placement of up to 20% of the total number of issued shares of CRB ("**2021 Private Placement**"), of which a total of 104,998,290 CRB Shares were placed out, raising gross proceeds of RM97.23 million. As at the LPD, the utilisation of the proceeds for the 2021 Private Placement are as follows:

Details of the utilisation of proceeds	**Proceeds raised RM'000**	**Actual utilisation RM'000**	**Balance unutilised RM'000**	**Estimated timeframe for utilisation**
Development cost for a solar power plant facility[(a)]	96,000	75,000	21,000	Within 15 months
Partial repayment of bank borrowings	780	780	-	Fully utilised
Expenses for the 2021 Private Placement	450	450	-	Fully utilised
Total	**97,230**	**76,230**	**21,000**	

Note:

(a) *Cypark Suria Merchang Sdn Bhd ("**CSM**"), a 70%-owned subsidiary of CRB, had on 24 June 2020 signed a Large Scale Solar ("**LSS**") Phase 3 ("**LSS3**") Photovoltaic ("**PV**") Power Purchase Agreement ("**PPA**") with TNB.*

*CSM will design, construct, own, operate and maintain a solar PV energy generating facility with the capacity of 173 megawatt ("**MW**") peak ("**MWp**") at Merchang, Marang, Terengganu Darul Iman ("**Facility**"). The PPA governs the obligations of CSM to sell and TNB to purchase the power generated by the Facility for a period of 21 years from the commercial operation date in accordance with the agreed terms and conditions as stipulated in the PPA. As at the LPD, all the preliminaries and design & engineering work has been finalised. The procurement of major equipment has also been concluded and is now progressively being delivered to the site. Additionally, construction work at the site which includes site clearance, profiling, civil engineering works and installation of structures have also started. The scheduled commercial operation date of the plant is in December 2023. The total development cost of the plant is approximately RM480 million and is comprised of the following:*

No.	***Details***
(i)	*Preliminaries, design and consultancy costs (i.e. consultation fees for engineering and architectural services, site management, as well as contract and authorities compliance)*
(ii)	*Associated costs for civil work (i.e. site preparation, site clearance, earthwork, drainage, temporary work and other infrastructure work)*
(iii)	*Procurement of equipment (i.e. main equipment include PV modules, inverters, transformers, ground mounting structures and cables), installation works, grid connection, solar power producer/TNB facilities, as well as testing & commissioning of the Facility*
(iv)	*Finance costs during construction period*

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

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

Key economic sectors continued to expand in the second quarter of 2022. The services sector grew by 12.0% (1Q 2022: 6.5%). Consumer-related subsectors such as retail and leisure-related activities continued to recover amid the transition to endemicity, reopening of the international borders, improving labour market conditions and the additional support from policy assistance. The strong expansion was also seen in business-related activities including transport and storage, due in part to higher growth in air passenger traffic and tourist arrivals. Furthermore, growth of the real estate subsector continued to improve as property transactions recovered. Additionally, the information and communication subsector provided further support to growth following greater usage of e-commerce services.

During the quarter, domestic demand registered a higher growth of 13.0% (1Q 2022: 4.4%). This was mainly supported by a robust growth in private expenditure amid further normalisation of economic activity, as well as improving labour market conditions. On the external front, demand for Malaysia's exports, particularly for E&E products, remained strong. Private consumption grew at a faster pace of 18.3% (1Q 2022: 5.5%), driven by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. Public consumption expanded at a moderate pace of 2.6% (1Q 2022: 6.7%), weighed down by lower supplies and services spending, reflecting smaller COVID-19 related expenditure.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index ("**CPI**"), increased to 2.8% during the quarter (1Q 2022: 2.2%). The increase reflected higher core inflation and higher fuel and price-volatile inflation. Elevated cost pressures amid the ongoing military conflict in Ukraine, adverse weather conditions in key food-exporting countries and the stronger United States of America ("**US**") dollar were all key contributing factors to this. Core inflation rose to 2.5% (1Q 2022: 1.7%) given the improvement in demand conditions amid the high-cost environment. The increase was predominantly driven by food away from home (2Q 2022: 5.3%; 1Q 2022: 3.6%) and other food items. Some discretionary items (e.g. accommodation services) have also recorded higher inflation.

The Malaysian economy is projected to expand further for the remainder of the year. Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth. Going forward, growth would continue to benefit from improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects. However, the balance of risks to Malaysia's growth remains tilted to the downside. This stems mainly from weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Headline inflation is expected to trend higher in some months during the remainder of the year, due in part to the base effect from the discount on electricity tariffs implemented in 3Q 2021. As projected earlier, underlying inflation, as measured by core inflation, is expected to average higher in 2022, as demand continues to improve amid the high-cost environment.

*(Source: Bank Negara Malaysia ("**BNM**") Quarterly Bulletin Vol. 37, No. 2, 2nd Quarter of 2022, BNM)*

4.2 Overview and outlook of the environmental services sector in Malaysia

Waste management is one of the environmental pain points affecting every country worldwide. According to the World Bank's "What a Waste 2.0: A Global Snapshot of Solid Waste Management to 2050" report, waste generation across the world is expected to grow roughly by 3.4 billion tonnes per year by 2050.

This growing concern has sparked extensive discussions on the various aspects of waste management namely: characterisation, minimisation, collection, separation, treatment, and disposal of waste, for the sustainable development of the global economy, environment and society.

Sources of waste can be broadly classified into four types: industrial, commercial, domestic, and agricultural. The amount of waste generated is directly determined by economic activity, consumption and population growth. Unfortunately, the economic development and rising living standards in Malaysia have led to the increase in the quantity and complexity of generated waste. Moreover, industrial diversification and the provision of expanded healthcare facilities have added substantial quantities of industrial hazardous waste and biomedical waste into the waste stream.

In 2021, a total of 13.95 million tonnes of municipal solid waste was generated per annum in Malaysia, equivalent to 38,207 tonnes generated per day by household, institutional, commercial, industrial (excluding scheduled waste) and construction establishments. This showed an increase from previous years as municipal solid waste amounted to 13.91 million tonnes and 13.88 million tonnes in 2020 and 2019 respectively. This waste typically ends up at a landfill site if it is not recycled or reused, thereby requiring more landfill usage and expansions. The limited land and high cost of landfill facilitation operations have intensified environmental and financial concerns for the Government.

As Malaysia moves towards zero-waste, the Government is actively playing a pivotal role in strengthening waste management and transforming environmental governance to enable better management of the environment and natural resources, including reducing its economic impacts. These initiatives have been highlighted in the Twelfth Malaysia Plan, 2021-2025 ("**12MP**") as part of Malaysia's commitment to achieving a net-zero carbon emission country by 2050. Under 12MP, the Government has set out to achieve a National Recycling Rate ("**NRR**") of 40% by 2025. The NRR reached 31.52% in 2021, a promising increase as compared to 30.67% in 2020.

The 12MP also highlights the importance of establishing a circular economy where businesses are encouraged to adopt this concept in the design, production, logistics, consumption and waste management of their products and services.

The involvement of the private sector has great potential to enhance the effectiveness of waste management in Malaysia. The Government encourages more integrated waste treatment facilities ("**IWTFs**") to be constructed. An integrated approach incorporates a material recovery facility to sort and separate waste; a treatment facility, including an anaerobic digester, composter and incinerator; as well as a sanitary landfill.

These IWTFs will be optimised to manage different types of waste and can treat about 95% of waste, leaving the remaining 5% to be disposed of at sanitary landfills.

An IWTF that includes WTE components is proven to treat solid waste more effectively than the use of landfill. WTE can be defined as energy recovery from waste where non-recyclable waste materials can be converted into usable heat, electricity, or fuel through a variety of processes. These include combustion, gasification, pyrolysation, anaerobic digestion, and landfill gas recovery.

WTE facilities can substantially contribute toward Malaysia becoming a zero-waste nation due to its hygienisation process of waste. This process prevents the waste recycling cycle from the risk of contamination by polluted waste and diverts non-recyclable waste from landfills, dumpsites and open fires. Moreover, the energy generated creates spillover benefits by supplying electricity to neighbouring residential, commercial and industrial establishments. This energy generation is more sustainable and less dependent on fossil fuel. The material recovery through WTE facilities is especially beneficial to the metal industry, as great amounts of materials can be recovered from the bottom ashes, including minerals and other precious metals.

To accelerate the transition of solid waste management from a linear economy to a circular economy, Malaysia is banking on WTE solutions. The Ministry of Housing and Local Government (KPKT) is planning to establish six (6) WTE plants across Malaysia by 2025.

WTE solutions are now recognised as a preferred waste treatment option for residual waste and a sustainable waste management approach in the country. Additionally, the establishment of waste eco-parks, development of waste management technologies and closure of all open landfills are encouraged to achieve Malaysia's commitment to become a net-zero carbon emission country by 2050.

Malaysian Investment Development Authority ("**MIDA**") has been promoting environmental management through recycling since the 1980s as well as green technology projects and services since 2014. The facilitation offered by the Government include Investment Tax Allowance for companies that intend to undertake WTE projects and integrated waste management projects.

MIDA also continues to intensify its efforts to assist both local and foreign investors by formulating policies, incentives and providing facilities as well as support services for the green technology industry towards further strengthening Malaysia's green ecosystem, building climate resilience and achieving global sustainable development goals.

(Source: The Preferred Approach For Waste Management In Malaysia, published on 1 September 2022, MIDA)

4.3 Overview and outlook of the RE sector

Moving forward, Malaysia aims to achieve a higher RE growth, from the existing 23% or 8.45 Gigawatt ("**GW**") RE in its power installed capacity. Malaysia Renewable Energy Roadmap ("**MyRER**" or "**Roadmap**") projected to increase the share of RE to 31% or 12.9 GW in 2025, and 40% or 18.0 GW in 2035. The RE initiatives under this roadmap are expected to support Malaysia's commitment to greenhouse gas emission reduction under the Paris Agreement led by the United Nations Framework Convention on Climate Change (UNFCCC). Malaysia's global climate commitment is to reduce its economy-wide carbon intensity (against gross domestic product) of 45% in 2030 compared to 2005 level. Realization of the Government's vision is crucial in supporting the nation to achieve its Nationally Determined Contributions (NDC) targets.

The MyRER formulates strategies to achieve the Government's committed target of 31% RE share in the national installed capacity mix and to further decarbonize the power generation sector until 2035 by maintaining affordability and system stability. To achieve the stipulated RE targets and aspirations, commitments by policy makers, industry players and strategic partners including financial institutions shall be the determinant in ensuring the successful implementation of this Roadmap. This Roadmap will optimize the socio-economic benefits from the development of RE in Malaysia, whilst positively contributing towards the global climate-change agenda in decarbonizing the power sector for a better future.

(Source: Malaysia Renewable Energy Roadmap, Sustainable Energy Development Authority Malaysia, launched on 30 December 2021)

The drive for enhanced environmental sustainability through greenhouse gas ("**GHG**") emissions reduction and green economy initiatives is being spearheaded by multiple stakeholders across governments, businesses and investors. In this context, the National Energy Policy, 2022-2040 ("**DTN**") is conceptualised to enable Malaysia to take progressive steps to future-proof and position the country to capture advantages from energy transition, including:

- establishing forward-looking targets and roadmaps on GHG emissions reduction, especially carbon emission to improve clarity for the rakyat, businesses, investors and the international community on the government's commitment towards a low carbon economy;

- enhancing and developing policies and regulatory mechanisms, which facilitate private sector participation in driving energy transition, including accommodating the entry of new energy technologies or innovations;

- providing catalytic incentives to encourage businesses to venture and shift to high potential green growth areas of the economy such as in low carbon mobility, low carbon cities, RE, energy storage and energy efficiency; and

- investing in the enablers and infrastructure to gain early-mover advantage into high potential green growth sectors.

Malaysia's final energy demand has been growing at an average of 6% per annum between 2010 and 2018 and at 4% per annum over a longer time period between 2000 and 2018. The transport, power and industry sectors represent the largest components of energy demand and collectively constitute approximately 75% of total final energy demand. Energy demand from these sectors has been growing at a rate of 4% per annum. Non-energy use, which comprises primarily of feedstock for the petrochemical industry, has been the largest driver of energy demand growth, with a growth rate of 15% per annum between 2010 and 2018.

On the supply-side, four energy sources dominate the national total primary energy supply ("**TPES**") mix. Natural gas constitutes the largest portion of primary energy supply at 41% of TPES, followed by crude oil and petroleum products and coal which constitute 29% and 22% respectively. Renewables, comprising mainly of hydroelectric, solar and bioenergy constitute 7% of TPES. Coal has experienced the highest rate of growth at 11% per annum, driven primarily by demand from the power sector in Peninsular Malaysia. The increase in coal as a portion of the primary energy mix is mainly driven by energy security and affordability objectives.

Based on forward-looking plans, the primary energy supply is expected to evolve to enable enhanced environmental sustainability. Measures to promote and increase the share of RE in line with the Five-Fuel Diversification Policy have been developed in 2000. These measures will collectively reduce overall energy sector emissions intensity and enhance domestic energy self-sufficiency as imported non-renewable sources of energy are substituted with indigenous sources of RE in the primary energy mix. Trends in fuel switching, such as the transition from internal combustion engine vehicles to electric vehicles which will result in decreased demand for petroleum products and increased demand for electricity, are also expected to influence the primary energy mix and contribute to enhanced environmental sustainability of the energy sector.

The Low Carbon Nation Aspiration 2040 ("**Aspiration**") is developed based on the existing plans in the energy sector. The Government will undertake a more proactive role by identifying and developing selective leadership in the areas of low carbon economy, which will be aligned with the areas where the country has high potential and competitive advantage. Appropriate Government incentives will be provided to attract investments in catalysing the development of low carbon technologies. This will allow the country to become a leader in high potential growth areas such as RE, energy storage, low carbon mobility, hydrogen economy and others.

The Aspiration is expected to create significant positive economic development impact with higher gross domestic product and job creation. It will also spur the next wave of green growth foreign direct investments into the country. In addition, improvements are expected along each dimension of the energy trilemma, including reduction in emissions intensity. In supporting the Aspiration, private and public investments should be made in a timely manner to facilitate the transition. The Government also has a key role to play in establishing catalytic incentives and supportive regulatory frameworks to spur investments and transition in low carbon economy growth ecosystems for the country. In addition, evolving policy and technological trends should continue to be monitored and aimed at reviewing the targets in the future.

The DTN sets the overarching strategic policy direction for Malaysia's energy sector encompassing a time horizon of between 2022 and 2040. Successful implementation of the DTN will ensure a future-proof energy sector which is aligned with the long-term national aspirations of *Wawasan Kemakmuran Bersama 2030* and the *2030 Agenda for Sustainable Development*. The DTN will also enable the country to effectively navigate challenges and capture large opportunities associated with energy transition and other global megatrends, towards achieving Low Carbon Nation Aspiration 2040.

(Source: National Energy Policy 2022-2040, Economic Planning Unit, Prime Minister's Department, launched on 19 September 2022)

4.4 Prospects and outlook of the CRB Group

The Group has 4 business segments comprising of the RE segment, green technology & environmental services segment, waste management & WTE segment, as well as construction & engineering segment.

The utilisation of the funds raised from the Proposed Placement as disclosed in Section 2.6 of this announcement would be used to further expand the Group's competitive advantage and increase its foothold as a contributor to the Malaysian Government initiatives to increase RE production, as demonstrated by the Group's LSS projects and Malaysia's first WTE plant. The proceeds will be used to complete the LSS2 Floating Solar Projects located at Danau Tok Uban, Kelantan, which in turn will provide the Group with additional income streams. The proceeds will also be used to fund the working capital requirements of the SMART WTE plant located at Negeri Sembilan, which will provide the Group with recurrent income stream for the sale of RE electricity to TNB.

As at the LPD, the Group operates, owns and/or manages approximately 96 MW of RE assets. Upon the completion of the LSS2 Floating Solar Projects located at Kelantan and the SMART WTE plant located in Negeri Sembilan, the Group will increase its RE asset capacity to approximately 214 MW, strengthening its position as a major player in the RE industry of Malaysia.

The Group also has the ongoing 173 MW LSS3 solar PV project in Merchang, Terengganu under construction which will further enlarge the Group's RE asset capacity once completed. Additionally, the Group has commenced operation of its biogas and biomass plant in Kampung Gajah, Perak on 31 December 2021, which utilises by-products known as Palm Oil Mill Effluent and Biomass Engineered Fuel from palm oil mills to generate income from the sale of biogas and biomass fuel. The aforementioned projects allow the Group to diversify its project portfolio and technical knowledge within the RE industry to include solar PV, WTE, biogas and biomass.

In view of the above, it remains the Group's intention to further expand its green technology and RE segment projects, as well as to secure more concessionaire and long-term income generating assets. Based on the overview and outlook of the environmental services and RE sector as disclosed in Sections 4.2 and 4.3 above, the Malaysian Government's revision of the usage of RE from the previous target of 20% RE by 2025 to 31% will present the Group with additional growth opportunities in the future. The Group remains optimistic to continue to be a major contributor in the industry and will leverage on its experience and expertise in the environmental services and RE sectors, as demonstrated by its solar farms, WTE facility and biogas and biomass technology, to continue to bid for new projects as outlined by the MyRER.

(Source: Management of the Company)

5. EFFECTS OF THE PROPOSED PLACEMENT

5.1 Share capital

The pro forma effects of the Proposed Placement on the total issued share capital of CRB are as follows:

	Minimum Scenario		**Maximum Scenario**	
	No. of CRB Shares ('000)	**Amount (RM'000)**	**No. of CRB Shares ('000)**	**Amount (RM'000)**
Issued share capital as at the LPD	596,460	514,383	596,460	514,383
Assuming all the treasury shares are resold in the open market at cost	(7,630)	-	-	-
To be issued pursuant to the Proposed Placement	176,649	[(a)]72,426	178,938	[(a)]73,365
Total enlarged issued share capital	**765,479**	**586,809**	**775,398**	**587,748**

Note:

(a) Computed based on the indicative issue price of RM0.41 per Placement Share.

5.2 Net assets ("NA") per CRB Share and gearing

Based on the latest audited consolidated statements of financial position of CRB as at 31 October 2021, the pro forma effects of the Proposed Placement on the consolidated NA per CRB Share and gearing of CRB are as follows:

Minimum Scenario

Group level	**Audited as at 31 October 2021 (RM'000)**	**(I) After subsequent events[(a)] (RM'000)**	**(II) After (I) and the Proposed Placement[(b)] (RM'000)**
Share capital	496,904	514,383	586,809
Reverse acquisition reserve	(36,700)	(36,700)	(36,700)
Employee share option reserve	2,338	-	-
Treasury shares	(5,790)	(5,790)	(5,790)
Retained earnings	523,410	523,410	[(c)]522,910
NA attributable to owners of the Company	**980,162**	**995,303**	**1,067,229**
Perpetual sukuk	208,895	208,895	208,895
Non-controlling interest	1,477	1,477	1,477
NA	**1,190,534**	**1,205,675**	**1,277,601**
No. of CRB Shares in issue (excluding treasury shares) ('000)	570,431	588,830	765,479
NA per CRB Share (RM)[(d)]	1.72	1.69	1.39
Total borrowings (RM'000)	1,356,458	1,356,458	1,356,458
Gearing (times)[(e)]	1.14	1.13	1.06

Notes:

(a) The subsequent events effected on or after 1 November 2021 up to the LPD are arising from the issuance of the following:

(i) 3,398,290 new CRB Shares which was listed on 1 December 2021 pursuant to the 2021 Private Placement

(ii) 15,000,000 new CRB Shares which was listed on 17 December 2021 pursuant to the 2021 Private Placement; and

(iii) expiry of 33,530,000 outstanding ESOS options on 30 June 2022.

(b) Assuming 176,648,892 Placement Shares are issued at an illustrative issue price of RM0.41 per CRB Share.

(c) After deducting estimated expenses of RM500,000 in relation to the Proposed Placement.

(d) Calculated based on the NA attributable to owners of the Company divided by the total number of CRB Shares in issue (excluding 7,630,100 treasury shares).

(e) Calculated based on the total borrowings divided by the NA.

Maximum Scenario

Group level	Audited as at 31 October 2021 (RM'000)	(I) After subsequent events[(a)] (RM'000)	(II) After (I) and assuming all of the treasury shares are resold (RM'000)	(III) After (I), (II) and the Proposed Placement[(b)] (RM'000)
Share capital	496,904	514,383	514,383	587,748
Reverse acquisition reserve	(36,700)	(36,700)	(36,700)	(36,700)
Employee share option reserve	2,338	-	-	-
Treasury shares	(5,790)	(5,790)	-	-
Retained earnings	523,410	523,410	523,410	[(c)]522,910
NA attributable to owners of the Company	**980,162**	**995,303**	**1,001,093**	**1,073,958**
Perpetual sukuk	208,895	208,895	208,895	208,895
Non-controlling interest	1,477	1,477	1,477	1,477
NA	**1,190,534**	**1,205,675**	**1,211,465**	**1,284,330**
No. of CRB Shares in issue (excluding treasury shares) ('000)	570,431	588,830	596,460	775,398
NA per CRB Share (RM)[(d)]	1.72	1.69	1.68	1.39
Total borrowings (RM'000)	1,356,458	1,356,458	1,356,458	1,356,458
Gearing (times)[(e)]	1.14	1.13	1.12	1.06

Notes:

(a) The subsequent events effected on or after 1 November 2021 up to the LPD are arising from the issuance of the following:

(i) 3,398,290 new CRB Shares which was listed on 1 December 2021 pursuant to the 2021 Private Placement;

(ii) 15,000,000 new CRB Shares which was listed on 17 December 2021 pursuant to the 2021 Private Placement; and

(iii) expiry of 33,530,000 outstanding ESOS options on 30 June 2022.

(b) Assuming 178,937,922 Placement Shares are issued at an illustrative issue price of RM0.41 per CRB Share.

(c) After deducting estimated expenses of RM500,000 in relation to the Proposed Placement.

(d) Calculated based on the NA attributable to owners of the Company divided by the total number of CRB Shares in issue (excluding 7,630,100 treasury shares).

(e) Calculated based on the total borrowings divided by the NA.

5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Placement on the substantial shareholders' shareholdings of the Company are set out below:

Minimum Scenario

	As at the LPD				After the Proposed Placement[(a)]			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of CRB Shares held**	**(b)%**	**No. of CRB Shares held**	**(b)%**	**No. of CRB Shares held**	**(c)%**	**No. of CRB Shares held**	**(c)%**
Chung Chee Yang	59,600,000	10.12	-	-	59,600,000	7.79	-	-
Dato' Daud Bin Ahmad	39,838,584	6.77	-	-	39,838,584	5.20	-	-
Amanahraya Trustees Berhad – Amanah Saham Bumiputera ("**ASB**")	30,000,000	5.09	-	-	30,000,000	3.92	-	-

Notes:

(a) The pro forma effects of the Proposed Placement on the substantial shareholding structure of the Company is based on the assumption that the Proposed Placement does not give rise to the emergence of any new substantial shareholder(s) in the Company.

(b) Computed based on 588,829,643 CRB Shares (excluding 7,630,100 treasury shares) as at the LPD.

(c) Computed based on 765,478,535 CRB Shares (excluding 7,630,100 treasury shares) after completion of the Proposed Placement.

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Maximum Scenario

Substantial shareholders	As at the LPD				(I) Assuming all of the treasury shares are resold				(II) After (I) and the Proposed Placement[(a)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of CRB Shares held	(b)%	No. of CRB Shares held	(b)%	No. of CRB Shares held	(c)%	No. of CRB Shares held	(c)%	No. of CRB Shares held	(d)%	No. of CRB Shares held	(d)%
Chung Chee Yang	59,600,000	10.12	-	-	59,600,000	9.99	-	-	59,600,000	7.69	-	-
Dato' Daud Bin Ahmad	39,838,584	6.77	-	-	39,838,584	6.68	-	-	39,838,584	5.14	-	-
ASB	30,000,000	5.09	-	-	30,000,000	5.03	-	-	30,000,000	3.87	-	-

Notes:

(a) The pro forma effects of the Proposed Placement on the substantial shareholding structure of the Company is based on the assumption that the Proposed Placement does not give rise to the emergence of any new substantial shareholder(s) in the Company.

(b) Computed based on 588,829,643 CRB Shares (excluding 7,630,100 treasury shares) as at the LPD.

(c) Computed based on 596,459,743 CRB Shares assuming all of the treasury shares are resold.

(d) Computed based on 775,397,665 CRB Shares after completion of the Proposed Placement.

5.4 Earnings and earnings per CRB Share ("EPS")

The Proposed Placement is not expected to have material effect on the consolidated earnings of CRB for the financial year ending 31 October 2023. However, the Proposed Placement may dilute CRB's consolidated EPS as a result of the increase in the number of CRB Shares issued pursuant to the Proposed Placement.

Nonetheless, the proceeds from the Proposed Placement are expected to contribute positively to the future earnings of CRB, as and when the benefits of the utilisation of proceeds are realised.

5.5 Convertible securities

As at the LPD, the Company does not have any Outstanding ESOS Options and other convertible securities.

6. APPROVALS REQUIRED

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

(i) Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities;

(ii) the shareholders of the Company at an extraordinary general meeting to be convened for the Proposed Placement;

(iii) the consents of the financiers of the Group, if required; and

(iv) any other relevant authority, if required.

The Proposed Placement is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or chief executive of CRB and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Placement.

8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Placement, including but not limited to the basis of determining the issue price(s), rationale, utilisation of proceeds and effects of the Proposed Placement, is of the opinion that the Proposed Placement is in the best interest of the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Placement is expected to be completed in the 1st quarter of 2023.

10. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities shall be made within 1 month from the date of this announcement.

11. ADVISER

PIVB has been appointed as the Principal Adviser and Placement Agent for the Proposed Placement.

This announcement is dated 8 November 2022.