

## CITAGLOBAL BERHAD (“CITAGLOBAL” OR THE “COMPANY”)

### EXECUTION OF A 60:40 JOINT DEVELOPMENT FRAMEWORK AGREEMENT BETWEEN ABU DHABI FUTURE ENERGY COMPANY PJSC – MASDAR (“MASDAR”) AND CONSORTIUM OF CITAGLOBAL AND TIZA GLOBAL SDN BHD

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#### 1. INTRODUCTION

Reference is made to the Company’s announcements dated 27 July 2023 and 27 October 2023 in relation to the memorandum of understanding dated 27 July 2023 signed between Citaglobal (for and on behalf of Citaglobal Energy Sdn Bhd, Citaglobal Genetec BESS Sdn Bhd and Citaglobal Powergen Sdn Bhd) and Masdar for a proposed strategic collaboration in the areas of joint development of renewable energy projects (“**MOU**”). Unless otherwise stated, all terms used herein shall have the same meaning as those defined in the abovementioned announcements.

Further to the MOU, the Board wishes to announce that on 1 December 2023, a 60:40 joint development framework agreement was executed between Masdar, the Company and TIZA Global Sdn Bhd (“**TIZA Global**”) (collectively, the “**Parties**” or “**Consortium**”) in relation to a proposed joint development of up to two (2) gigawatts (“**GW**”) of renewable energy consisting of a combination of ground mounted solar, floating solar and battery energy storage system (“**BESS**”) in the State of Pahang (“**Project 2GW**”) (“**Joint Development Framework Agreement**”) through several projects (“**Projects**”, or individually, “**Project**”).

The Joint Development Framework Agreement sets out the key salient terms and conditions for the joint development of Project 2GW to be undertaken by the Parties.

Project 2GW forms part of the 10GW of which a MOU dated 9 October 2023 signed between Masdar and the Malaysian Investment Development Authority (“**MIDA**”) in which Masdar had formed a strategic partnership with MIDA and had committed to the implementation of 10GW of clean energy projects in Malaysia with a total investment of US\$8 billion. Being at the most advanced stage of joint development, Citaglobal expects to be one of the earliest to initiate the development of up to 2GW of renewable energy in the State of Pahang. The State Government of Pahang has expressed its full support towards the development of sustainable energy which benefits the economic growth of the State of Pahang.

The Parties mutually agreed that the provisions in the Joint Development Framework Agreement are legally binding and shall be reflected in the respective definitive joint development agreement(s) (“**JDA**” or “**JDAs**”) for each Project’s special purpose vehicle (“**Project SPV**”) in relation to Project 2GW to be executed where applicable.

The State Government of Pahang has expressed full support to develop and execute the Project in Pahang, particularly for the approval of land.

The Parties acknowledged and agreed that additional party may join the Consortium in due course with the consent of the Parties.

#### 2. INFORMATION ON MASDAR AND TIZA GLOBAL

Masdar is an investment vehicle of the Government of Abu Dhabi established in 2006, which is owned by Mubadala Investment Company, Abu Dhabi National Oil Company Group & Abu Dhabi National Energy Company with the mandate to generate sustainable economic benefits for Abu Dhabi through the development of, and investment in, business ventures related to renewable energy and green hydrogen in partnership with local, regional and international investors. Masdar’s expertise lies in the development of clean energy projects, the commercialisation of high impact innovations, and hosting world class industry and knowledge platforms that facilitate an inclusive and sustainable future for all. Masdar is one of the world’s largest renewable energy companies and a green hydrogen leader, placing the United Arab Emirates (UAE) at the forefront of the energy transition. As a pioneer in advancing the clean energy sector and a key enabler of the UAE’s vision as a global leader in sustainability and climate action, Masdar is active in more than forty (40) countries across six

(6) continents and has invested, or committed to invest, in worldwide projects with a combined value of more than US\$30 billion.

TIZA Global is a major shareholder of Citaglobal. Tan Sri Dato' Sri (Dr.) Mohamad Norza bin Zakaria ("**TS Norza**") is the sole director and sole shareholder of TIZA Global. TIZA Global was incorporated in Malaysia as a private limited company on 26 September 2002. As at the date of this announcement, the total issued share capital of TIZA Global is RM3,100,000 comprising 3,100,000 ordinary shares with a consolidated shareholders' funds of more than RM300 million. The principal activities of TIZA Global are investment holding, property management and trading in equity instruments. For information, TIZA Global (as project developer) and Citaglobal (as turnkey engineering, procurement, construction and commissioning ("**EPCC**") contractor) had on 30 July 2023 jointly submitted a proposal for the proposed development of up to 2GW renewable energy in the State of Pahang to the Energy Commission of Malaysia.

### **3. INFORMATION ON PROJECT 2GW**

Project 2GW is a proposal for the proposed development of up to 2GW renewable energy in the State of Pahang. Project 2GW comprises of development and installation of ground mounted solar, floating solar and BESS in multiple sites comprising suitable land, dam, lakes and offshore perimeters in the State of Pahang.

Project 2GW is envisaged to be developed in multiple phases and when completed, is expected to have a capacity of up to 2GW over a 5-year period subject to the JDAs to be established by the relevant parties for each phase of Project 2GW, and subject further to technical requirements, statutory requirements and/or commercial contingencies.

### **4. DETAILS OF THE JOINT DEVELOPMENT FRAMEWORK AGREEMENT**

#### **4.1 Salient terms and conditions of the Joint Development Framework Agreement**

4.1.1 Subject to applicable law, the proposed initial participating equity interest for the Parties for each Project SPV shall be forty per centum (40%) by Citaglobal and/or TIZA Global and sixty per centum (60%) by Masdar. Participation of potential party in the future is subject to agreement amongst the Parties.

The Parties agree that the share capital of the Project SPV shall comprise at least the minimum cash contributions required under the law of the jurisdiction in which the Project SPV is incorporated and will comply with the thin capitalisation rules in Malaysia.

#### **4.1.2 Roles and responsibilities of each Party**

Subject to the applicable laws and JDAs, Citaglobal and TIZA Global shall be responsible for, among others, the following within the agreed framework in the Joint Development Framework Agreement and in the spirit of co-operation:

- (a) In their best endeavours, obtaining and securing the necessary approvals from the relevant authorities, licenses, authorisations, permits or waiver from the relevant authorities to undertake business ventures relating to Project 2GW;
- (b) Carrying out engagement and liaison activities with the federal and state governments; and
- (c) Other such reasonable assistance or engagements with local authorities as may be required to facilitate the approval, smooth development and implementation of the Projects.

Subject to the applicable laws and JDAs, Masdar shall be responsible for, among others, the following within the agreed framework in the Joint Development Framework Agreement and in the spirit of co-operation:

- (a) Leading the development of the projects upon identification of the land;
- (b) Leading the initial technology to be developed viz-a-viz the land allocated;
- (c) Leading the engineering, procurement, and construction finalization and the underlying process of competitive bidding;
- (d) Leading the non-recourse project financing for the projects;
- (e) Management of the environmental related requirements of the projects while Citaglobal will be responsible for working with the local bodies for approvals; and
- (f) Oversight of the construction activities or project management of the phase 1 Projects.

#### 4.1.3 Funding requirements for the Projects

- (a) The Parties will jointly conduct the debt raising activities in order to obtain the optimal financing solution for the Projects.
- (b) The Parties shall seek non-recourse project finance for the Project in line with regional and international standards for the Projects of this nature.
- (c) In the event that corporate guarantees or limited recourse financial products (e.g. letters of credit) are required by the Project's proposed financiers, such corporate guarantees or limited financial products shall be borne by the Parties or their parent companies severally pro rata to their respective participating equity interests.
- (d) The Parties shall discuss the most appropriate equity funding structure for the Project.
- (e) The Parties shall seek to optimize sponsors cash flows, including through the payment by the Project SPV of a development fee to the Parties to the extent acceptable by the prospective project lenders.
- (f) Any bid bonds required to be issued by the Parties shall be issued or delivered by the Parties on a several basis pro rata to their respective initial participating equity interest and at their cost.

#### 4.1.4 Management prior to execution of shareholders' agreement

From the signing of the Joint Development Framework Agreement until the execution of the respective JDAs and shareholders' agreements between the Parties as the shareholders of the respective Project SPVs, the Projects will be managed by a steering committee ("**Steering Committee**").

Steering Committee:

1. Composition
  - (a) Citaglobal and TIZA Global shall each appoint one (1) member to the Steering Committee and Masdar shall appoint two (2) members to the Steering Committee.
2. Frequency
  - (a) The Steering Committee meetings (which may be held in person or via an online platform such as Microsoft Teams or Zoom) shall be held upon at least two (2) business days' prior written notice thereof (and the written notice shall detail the time taking into account the geographical location of the Parties and the location) to all the Parties, unless otherwise mutually agreed by all the Parties.
3. Quorum and requirement for resolution
  - (a) Quorum for the Steering Committee shall require the presence of at least one member from each party.
  - (b) A decision may only be taken by the Steering Committee evidenced by minutes of the meeting.
4. Decisions
  - (a) All decisions shall be made unanimously.

For the avoidance of doubt, the final decision to invest or otherwise enter into a binding proposal or agreement with respect to a Project shall not be made by the Steering Committee but instead by each sponsor separately and individually in accordance with their respective internal governance procedures.

#### 4.1.5 Exclusivity

- (a) The Parties, on an exclusive basis will develop Project 2GW and where required jointly negotiate and conclude the relevant Project and finance documents with a view to implementing the Projects.
- (b) The Parties will remain mutually exclusive to each other from the date of signature of the JDA and until the date financial close of the Project is achieved by the Consortium, or termination of JDA.
- (c) In the event that a party decides against pursuing an identified project and withdraws from the JDA, the exclusivity obligation shall survive only for such withdrawing party and the other non-withdrawing Parties are allowed to freely invite any other third party of their choice to join the Consortium and continue with the Projects.
- (d) If Citaglobal and/or TIZA Global withdraw from the Project and revoke the license, then Masdar will be re-imbursed all the project development costs incurred.

#### 4.1.6 Termination Events

The Joint Development Framework Agreement can be terminated in the following scenarios:

- (a) On grounds of default by the non-defaulting party;
- (b) Material breach which is not remedied within a certain period of time (if capable of being remedied);
- (c) Insolvency;
- (d) Change of control;
- (e) Breach of the ethics & compliance measures set out in the Joint Development Framework Agreement;
- (f) If a conflict of interest arises that cannot be resolved;
- (g) If due diligence reveals material inaccuracies in the information provided; and
- (h) The earliest of:
  - o mutual agreement by the Parties;
  - o signature of the final JDA; and
  - o 5 years from the date of the Joint Development Framework Agreement or as mutually extended.

- 4.2 Citaglobal will fund the subscription of its portion of the initial share capital in the respective Project SPV through proceeds from private placement exercise completed earlier and/or internally generated funds.

## 5. **RATIONALE**

Currently, Citaglobal and its group of companies ("**Group**") is expanding its businesses and activities into renewable energy with focus on integrated green energy, engineering, construction, installation and commissioning. The Group aspires to expand its renewable energy footprint in the region.

The joint development of Project 2GW allows the Group to cater for the local and export renewable energy markets.

The State of Pahang has vast resources including large land areas and water bodies such as lakes and reservoirs, long shorelines thus paving the way for a sustainable future with a well-rounded mix of clean and innovative energy solutions. The solutions can be diverse and encompassing ground-mounted solar installations, floating solar farms, offshore solar farms, hydro power and other high-tech clean energy.

For information, Citaglobal has received full support from the State Government of Pahang to develop and execute renewable energy projects in the State of Pahang.

**6. RISK FACTORS**

The Board does not foresee any exceptional risk arising from the joint development of Project 2GW other than the normal operational risk associated with the joint development of Project 2GW.

The Board believes that the experience and expertise of the management team of the Company and the consortium partners and the identified partners who have expressed interests to participate in Project 2GW will enable the Group to mitigate these risks effectively.

**7. FINANCIAL EFFECTS**

The joint development of Project 2GW will not have any effect on the share capital and substantial shareholders' shareholdings of the Company, and will not have any material effect on the earnings or net assets per share and gearing of Group for the financial year ending 31 December 2023. However, the joint development of Project 2GW is expected to contribute positively to the Group's future earnings when Project 2GW materialises throughout the project period.

**8. APPROVALS REQUIRED**

The execution of the Joint Development Framework Agreement is not subject to the approval of shareholders of the Company.

Depending on the total project cost and equity contribution by respective Parties for each of the Project SPV in relation to Project 2GW, the execution and implementation of the definitive JDAs for each of the Project SPV may require approval from the shareholders of the Company or any other relevant regulatory authorities and/or parties.

The Company will make the requisite announcements and if required, obtain its shareholders' approval upon execution of respective JDAs in due course.

**9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/OR PERSONS CONNECTED TO THEM**

TIZA Global is a major shareholder of Citaglobal. TS Norza, bearing the position as the Executive Chairman and President of Citaglobal and a major shareholder of Citaglobal, is also the sole shareholder and sole director of TIZA Global.

Save as disclosed above, none of the directors, major shareholders and/or chief executives of the Group and/or persons connected to them have any interest, whether direct or indirect, in the joint development of Project 2GW.

**10. STATEMENT BY DIRECTORS**

The Board, after having considered all aspects of the joint development of Project 2GW including the rationale and benefits of the joint development of Project 2GW and the terms of the Joint Development Framework Agreement, is of the opinion that the joint development of Project 2GW is in the best interest of the Company.

**11. ADVISER**

Astramina Advisory Sdn Bhd is the appointed Financial Adviser to the Company for the joint development of Project 2GW.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Joint Development Framework Agreement is available for inspection at the registered office of Citaglobal during office hours on a business day (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated **1 December 2023**.