PROPOSED JOINT VENTURE IN PT KALIMANTAN ALUMINA NUSANTARA ("KAN") ("PROPOSED JOINT VENTURE")

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*(Unless otherwise stated, the exchange rate of USD1:MYR4.3175 and IDR 100:MYR0.0280, being the middle rate quoted by Bank Negara Malaysia on 12:00 pm, 13 September 2024, the latest practicable date prior to this Announcement ("**LPD**"), has been applied in this Announcement for illustration purposes)*

1. INTRODUCTION

The Board of Directors of PMAHB ("**Board**") wishes to announce that PMAHB had, on 18 September 2024, entered into the following agreements for purpose of setting up a strategic joint venture to establish and operate an alumina refinery plant, a power plant, a jetty, and supporting infrastructure ("**Project**") ("**Proposed Joint Venture**"):

(a) shareholders' agreement with PT Alakasa Alumina Refineri ("**AAR**"), PT Dinamika Sejahtera Mandiri ("**DSM**") and KAN ("**SHA**"); and

(b) share subscription agreement with AAR, DSM and KAN ("**SSA**") ("**Proposed Subscription**").

2. DETAILS OF THE PROPOSED JOINT VENTURE

PMAHB, AAR and DSM intend to undertake the Proposed Joint Venture, where KAN shall implement the Project in Sanggau, West Kalimantan, Indonesia, covering approximately 980 hectares of land area ("**Land**"). The Project involves the construction and operation of an alumina refinery plant with an annual production capacity of 1 to 1.2 million metric tonnes ("**Phase 1**"), with a potential capacity expansion of another 1 to 1.2 million metric tonnes for the Project. The total cost for Phase 1 is estimated at USD 750,000,000 (equivalent to RM 3,238,125,000), to be funded via equity and loans (where applicable).

KAN is currently engaged in the preliminary work for the establishment of supporting infrastructure for the Project.

Simultaneous with the signing of the SSA and SHA, KAN shall enter into the following agreements:

(a) Indonesian bauxite sale and purchase agreement, pursuant to which DSM shall supply bauxite to KAN;

(b) Indonesian alumina sale and purchase agreement, pursuant to which KAN shall supply alumina to Press Metal International Resources (HK) Limited, a wholly-owned subsidiary of PMAHB; and

(c) Indonesian alumina sale and purchase agreement, pursuant to which KAN shall supply alumina to Alakasa Trading Limited, a related corporation of AAR and DSM.

2.1 Background information on the Proposed Subscription

As part of the Proposed Joint Venture, PMAHB (and/or its affiliates) shall subscribe for new ordinary shares of KAN ("**Shares**") in multiple tranches in accordance with the terms of the SSA, as follows:

Subscription tranche	Completion Date	Number of subscription shares	Subscription price (USD)
First tranche	21 October 2024, or any other date as may be mutually agreed ("**First Completion Date**")	20,000,000 Series B Shares	20,000,000 (Equivalent to RM 86,350,000)
Second tranche	24 December 2024, or any other date as may be mutually agreed ("**Second Completion Date**")	40,000,000 Series C Shares	40,000,000 (Equivalent to RM 172,700,000)
Third tranche	3 June 2025, or any other date as may be mutually agreed ("**Third Completion Date**")	40,000,000 Series D Shares	40,000,000 (Equivalent to RM 172,700,000)
Fourth tranche	1 July 2025, or any other date as may be mutually agreed ("**Fourth Completion Date**")	40,000,000 Series E Shares	40,000,000 (Equivalent to RM 172,700,000)
Fifth tranche	15 July 2025, or any other date as may be mutually agreed ("**Fifth Completion Date**")	40,000,000 Series F Shares	40,000,000 (Equivalent to RM 172,700,000)
Sixth tranche	5 August 2025, or any other date as may be mutually agreed ("**Sixth Completion Date**")	40,000,000 Series G Shares	40,000,000 (Equivalent to RM 172,700,000)
Seventh tranche	19 August 2025, or any other date as may be mutually agreed ("**Seventh Completion Date**")	20,000,000 Series H Shares	20,000,000 (Equivalent to RM 86,350,000)
Total		**240,000,000**	**240,000,000 (Equivalent to RM 1,036,200,000)**

AAR will, simultaneous with each subscription tranche, subscribe to additional shares in KAN as illustrated in paragraph 1.1 of Appendix II. Upon the completion of the seventh tranche of the Proposed Subscription, the shareholders and the respective shareholding in KAN shall be as follows:

Shareholders	Issued and paid-up share capital (USD)	Number of shares	Shareholding percentage
PMAHB (and/or its affiliates)	240,000,000 (Equivalent to RM 1,036,200,000)	240,000,000	80.00%
AAR	59,312,500 (Equivalent to RM 256,081,718.80)	59,312,500	19.77%
DSM	687,500 (Equivalent to RM 2,968,281.25)	687,500	0.23%
Total	300,000,000 (Equivalent to RM 1,295,250,000)	300,000,000	100%

The Proposed Subscription is subject to the terms and conditions of the SSA, and the SHA is conditional upon and shall be deemed to only take effect on and from the First Completion Date (as defined in the SSA). The salient terms of the SSA and SHA are set out in **Appendix I** and **Appendix II** of this Announcement respectively.

2.2 Background information on KAN

KAN was established as a domestic limited liability company in Indonesia on 30 December 2022 and is domiciled at The City Tower (TCT), 27th Floor, Jalan Muhammad Husni Thamrin No. 81, Menteng, 10130 Central Jakarta, Indonesia.

As at the LPD:-

(i) The authorized and issued and paid-up share capital of KAN is Indonesian Rupiah ("**IDR**") 11 billion, comprising 11,000 issued and paid-up ordinary shares with a nominal value of IDR 1,000,000 each;

(ii) The shareholder of KAN is DSM, holding 100% of the equity interest in KAN;

(iii) The commissioner of KAN is Madam Natalia Surjani, an Indonesian citizen; and

(iv) The director of KAN is Mr Peng Tjoan, an Indonesian citizen.

Based on the latest audited financial statements of KAN for the financial year ended 31 December 2023, the net assets and loss after taxation of KAN was IDR 10,947,941,225 (equivalent to approximately RM3,065,423.54) and IDR 54,568,442 (equivalent to approximately RM 15,279.16) respectively.

On the First Completion Date, DSM will convert all the shares it holds into Series A Shares and the nominal value of the Series A Shares will be adjusted at IDR 16,000 / USD 1 per share, resulting in a total of 687,500 Series A Shares with a total value of USD 687,500 (equivalent to RM 2,968,281.25).

2.3 Background information of DSM

DSM was established as a domestic limited liability company in Indonesia on 1 October 2003. DSM is principally involved in the business of bauxite mining activities located at Sanggau, West Kalimantan, Indonesia.

As at the LPD, the details of DSM's shareholders together with the respective shareholdings are as follows:

Name	Place of Incorporation	Shareholdings	
		No. of shares	Percentage (%)
PT Gesit Bumi Persada	Indonesia	17,500,000	70%
PT Mitra Harapan Sakti	Indonesia	7,500,000	30%

2.4 Background information of AAR

AAR was established as a domestic limited liability company in Indonesia on 20 November 2013. AAR is principally an investment holding company and is domiciled at The City Tower (TCT), 27th Floor, Jalan Muhammad Husni Thamrin No. 81, Menteng, 10130 Central Jakarta, Indonesia.

As at the LPD, the details of AAR's shareholders together with the respective shareholdings are as follows:

Name	Place of Incorporation	Shareholdings	
		No. of shares	Percentage (%)
PT Gesit Perkasa	Indonesia	10,836	69.65%
PT JSAlu Investasi Pratama	Indonesia	4,722	30.35%

2.5 Source of funding

The Company's subscription for each tranche of the new shares in KAN will be funded through internally generated funds.

2.6 Basis and justification of the subscription price

The total subscription price of up to USD 240,000,000 (equivalent to RM 1,036,200,000) was arrived at following negotiations and discussions based on the optimal capitalisation level required by KAN to effectively undertake and establish the Project.

The Board is of the view that the total subscription price is justified in view of the potential benefits expected to be derived from the Proposed Joint Venture as detailed in Section 3 below.

2.7 Liabilities to be assumed from the Proposed Joint Venture

Save for the obligations and liabilities arising from the ordinary course of business of KAN, there are no liabilities, including contingent liabilities or guarantees to be assumed by PMAHB and its subsidiaries ("**PMAHB Group**") pursuant to the Proposed Joint Venture.

3. RATIONALE AND BENEFITS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture offers the PMAHB Group a unique opportunity to partner with AAR and DSM, aiming to drive sustainable long-term growth. This collaboration will not only expand our portfolios and future business activities but also unlock significant synergies, enhancing the overall value of the PMAHB Group.

The Proposed Joint Venture is in-line with the PMAHB Group's continuous business strategy to maintain and further strengthen its market leading position in Southeast Asia and enable the PMAHB Group to grow and expand its alumina business operations and unlock new opportunities, which is complementary to its smelting business operations. Alumina is one of the primary raw material in aluminium smelting and securing a stable source of alumina supply allows the PMAHB Group to operate its smelting business operations effectively and efficiently.

In addition, the Proposed Joint Venture is also consistent with the PMAHB Group's objective to focus on possible avenues or methods of cost savings as well as reduce reliance on third party suppliers/traders to ensure operations resilience. It is expected that the Proposed Joint Venture would result in savings in alumina cost for the PMAHB Group's smelting operations, through the opportunity to secure a certain volume of long term alumina supply via KAN, while reducing the volume of alumina sourced from third party suppliers/ traders. Hence, the Proposed Joint Venture is expected to contribute positively to the PMAHB Group.

4. PROSPECTS

The PMAHB Group owns a smelting plant with annual capacity of 120,000 metric tonnes in Mukah, Sarawak and the facility in the Samalaju Industrial Park in Bintulu, Sarawak has 960,000 metric tonnes of smelting capacity per annum.

The management of PMAHB views the Proposed Joint Venture as an effective approach towards expanding its alumina business segment while ensuring its long-term purchase for its alumina needs and continuously reduce exposure and reliance on third party suppliers/ traders, thus providing stability and surety to the smelting business operations. The alumina supply that the PMAHB Group will eventually purchase from the Project will be based on its shareholdings in KAN.

The Proposed Joint Venture will enable the PMAHB Group to harness significant tangible and intangible benefits, the PMAHB Group anticipates being able to leverage on the facilitation of technical capability along the aluminium production chain and the ability to improve its cost and capital efficiency in its smelting business operations.

With PMAHB Group's intention to enhance and boost its competitive edge along the aluminium industry chain and strengthen its market leadership as Southeast Asia's premier aluminium smelter, the management of PMAHB is of the opinion that the Proposed Joint Venture is in-line with Press Metal Group's expansion initiatives and current growth projection of the world primary aluminium demand.

5. RISK FACTORS

The risk factors which are by no means exhaustive, are set out below:

5.1 Non-completion of the SSA and SHA

The completion of the Proposed Subscription is conditional upon the satisfaction or waiver, as the case may be, of the conditions precedent under the SSA, as set out in Appendix I of this Announcement.

There can be no assurance that the conditions precedent will be fulfilled or waived in a timely manner or at all. In the event that any condition precedent cannot be fulfilled or waived within the stipulated period, the SSA and SHA shall be deemed terminated and the Proposed Subscription will not be completed.

Nevertheless, PMAHB will take all reasonable endeavours to ensure the satisfaction and/or waiver of the conditions precedent to facilitate timely completion of the Proposed Subscription.

5.2 Investment risk

Although the Proposed Joint Venture is expected to contribute positively to the earnings of the PMAHB Group in the long term, there is no assurance that the anticipated benefits of the Project will be realised or that PMAHB Group will be able to generate sufficient returns from the investment to offset the costs of investment.

Nevertheless, the Board has exercised due care in considering the potential risks and benefits associated with the Proposed Joint Venture, and believe that the Project will be beneficial to PMAHB.

5.3 Foreign exchange risk

Fluctuations in the exchange rate between USD, IDR and MYR may affect the profitability of PMAHB Group. Nevertheless, Press Metal Group will assess the need to utilise financial instruments to hedge its foreign exchange exposure to mitigate the foreign exchange risk exposures.

5.4 Political, economic and regulatory risk

Any adverse development in the political, economic and regulatory environment in Indonesia, the principal place of business of KAN's operations and the Project, may have a material adverse effect on the financial performance and future prospects of the PMAHB Group. These uncertainties include changes in political leadership, economic conditions, foreign investment policies and tax laws.

There is no assurance that there will be no future change in the regulatory environment which could adversely affect PMAHB Group's ability to repatriate profits from Indonesia.

Notwithstanding the foregoing, PMAHB will adopt a proactive approach in monitoring any development in the political, economic and regulatory environment in Indonesia and will seek the necessary professional advice to mitigate any risk arising from such changes.

6. EFFECTS OF THE PROPOSED JOINT VENTURE

6.1 Share capital and substantial shareholders' shareholding

The Proposed Joint Venture will not have any effect on PMAHB's issued share capital and its substantial shareholders' direct and/or indirect shareholding as the subscription price will be wholly satisfied in cash.

6.2 Net assets ("NA") per share and gearing

The Proposed Joint Venture is not expected to have a material impact to the NA per share and gearing of the PMAHB Group for the financial year ended 31 December 2023.

For illustrative purposes, based on the latest audited consolidated statement of financial position of PMAHB as at 31 December 2023 and on the assumption that the Proposed Joint Venture had been effected on that date, the effects of the Proposed Joint Venture on the NA and net gearing of the Company are as follows:

	Audited as at 31 December 2023	**After the Proposed Joint Venture**
	MYR'000	**MYR'000**
Share capital	2,052,744	2,052,744
Reserves	(159,341)	(159,341)
Retained earnings	5,039,611	5,039,611
NA attributable to owners of PMAHB	6,933,014	6,933,014
Non-controlling interest	1,463,239	*1,729,159
Total equity	8,396,253	8,662,173
Number of PMAHB Shares in issue ('000)	8,239,618	8,239,618
NA per PMAHB Share (MYR)	0.84	0.84
Total interest-bearing borrowings	4,627,853	4,627,853
Cash and bank balances	1,228,008	*1,493,928
Net gearing (times) ^	0.40	0.36

Notes:

** Include contribution of equity by AAR into KAN pursuant to the Proposed Subscription*

^ Net gearing is calculated based on total interest-bearing borrowings after deducting cash and bank balances divided by total equity

Barring any unforeseen circumstances, the Proposed Joint Venture is expected to contribute positively towards the future consolidated net assets of the Company.

6.3 Earnings and earnings per PMAHB Share

The Proposed Joint Venture is not expected to have any impact on the earnings and earnings per share of PMAHB for the financial year ended 31 December 2023. Barring any unforeseen circumstances, the Proposed Joint Venture is expected to contribute positively towards the future earnings and earnings per share of PMAHB Group.

7. APPROVALS REQUIRED

The Proposed Joint Venture is not subject to the approval of the shareholders of PMAHB.

The completion of the Proposed Subscription is subject to PMAHB having obtained the approval of Bank Negara Malaysia for overseas remittance of the funds pursuant to the Proposed Subscription. The submission to Bank Negara Malaysia is expected to be made immediately after this announcement.

The third tranche of the Proposed Subscription is subject to KAN having obtained the (i) Environmental Impact Assessment (Analisis Mengenai Dampak Lingkungan (AMDAL)) in relation to the Land in its name; and (ii) the environmental approval (persetujuan lingkungan) in respect of the Land, prior to the Third Completion Date.

The Proposed Joint Venture under the SHA is conditional upon the First Completion Date of the SSA but not vice versa.

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

None of the Directors and/or major shareholders of PMAHB and/or the persons connected to them have any interest, whether direct or indirect, in the Proposed Joint Venture.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Joint Venture, including the basis and justification for the subscription price, rationale and benefits of the Proposed Joint Venture, and the risks involved, is of the opinion that the Proposed Joint Venture is in the best interest of PMAHB.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances and subject to conditions precedent being obtained/fulfilled, the First Completion Date is expected to occur in the last quarter of 2024.

11. PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio applicable to the Proposed Joint Venture is 14.95%.

12. DOCUMENT AVAILABLE FOR INSPECTION

The SSA and SHA are available for inspection at the registered office of PMAHB at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor during 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 September 2024.

SALIENT TERMS ON THE SHA

1. JOINT VENTURE ARRANGEMENT

The SHA sets out the terms and conditions regulating the relationship between PMAHB, AAR, DSM and KAN.

2. EFFECTIVE DATE

The SHA shall be effective upon the First Completion Date.

3. GOVERNANCE MATTERS

3.1 Board of directors and board of commissioners

Unless otherwise to by the shareholders of KAN ("**Shareholders**"), there shall not be more than 5 directors and 5 commissioners. Members of the board of directors and board of commissioners shall be nominated by each Shareholder as follows:

Shareholder	Number of directors on the board of directors of KAN	Number of commissioners on the board of commissioners of KAN
PMAHB	4	4
AAR and DSM (collectively, "**Gesit**")	1 director, provided that: (a) Gesit holds not less than 15% of the total issued share capital of KAN; or (b) where there are only 2 shareholders of KAN (whereby Gesit is treated as 1 shareholder), Gesit holds less than 15% but equal to or more than 5% of the total issued share capital of KAN)	1 commissioner, provided that: (a) Gesit holds not less than 15% of the total issued share capital of KAN; or (b) where there are only 2 shareholders of KAN (whereby Gesit is treated as 1 shareholder), Gesit holds less than 15% but equal to or more than 5% of the total issued share capital of KAN)
Total	**5**	**5**

3.2 Reserved matters

The SHA contains provisions relating to reserved matters that the Shareholders shall take all steps to ensure, so far as they are legally able, that no decision relating to the reserved matters is taken by KAN without the prior approval of each Shareholder, subject always to:

(a) where PMAHB (and/or any of its affiliates) and Gesit are the only Shareholders, the shareholding percentage of Gesit being not less than 5% of the total issued share capital of KAN; or

(b) where PMAHB (and/or any of its affiliates) and Gesit are not the only Shareholders, the prior approval of any Shareholder having not less than 15% of the total issued share capital of KAN shall not be required.

SALIENT TERMS ON THE SHA

4. TRANSFER OF SHARES

4.1 **Lock-in period**

During the period commencing from the First Completion Date and ending on the earlier of (i) the 7th anniversary of the date of the First Completion Date or (ii) the commencement of production of phase 2 of the Project ("**Lock-in Period**"), each of the Shareholders undertakes to one another that it shall not directly or indirectly sell, transfer or otherwise dispose of its Shares, or any interest therein, without the prior written consent of the other Shareholders, other than permitted transfers in accordance with the terms of the SHA.

4.2 **Transfer of shares**

After the Lock-in Period, no Shareholder shall directly or indirectly sell, transfer or dispose of its Shares, or any interest therein, unless it is undertaken by a Shareholder in accordance with the provisions of the SHA.

4.3 **Right of first refusal**

The SHA contains provisions in relation to right of first refusal whereby if any Shareholder intends to sell or transfer any or all of its Shares ("**Sale Shares**") to a person other than a Shareholder or its affiliates ("**Third Party Buyer**"), such Shareholder ("**Selling Shareholder**") shall first make an offer in writing to sell the Sale Shares to the other Shareholders ("**Non-Selling Shareholders**") *pro rata* based on their shareholding proportions in accordance with the provisions of the SHA.

4.4 **Tag-along rights**

The SHA contains provisions in relation to tag-along rights whereby if a transfer of Shares would result in a change of control of KAN and the rights of first refusal are not exercised by the Non-Selling Shareholders, the Non-Selling Shareholders shall have the right to participate in the transfer of the Sale Shares to the Third Party Buyer at the same price and on the same material terms and conditions.

4.5 **Drag-along rights**

The SHA contains provisions in relation to drag-along rights whereby if a *bona fide* offer from a third party to acquire all the Shares is accepted by PMAHB ("**Drag-along Offer**"), PMAHB may at its discretion, subject to PMAHB and its affiliates holding more than 50% of the total issued share capital of KAN, require the other Shareholders to accept the Drag-along Offer and transfer all of their Shares.

4.6 **AAR's right to purchase PMAHB's stake**

After the First Completion Date and prior to the commencement of the commissioning period for the Project, AAR shall have the right to purchase PMAHB's 5% of (i) the number of Shares comprising 5% of the total issued share capital; and (ii) amount due to or from KAN at such price determined based on the formula set out in the SHA.

SALIENT TERMS ON THE SSA

1. SUBSCRIPTION OF THE SUBSCRIPTION SHARES

1.1 Subject to the terms and conditions of the SSA, the SSA will entail the subscription of new shares in KAN by PMAHB (and/or its affiliates) and AAR (collectively, the "**Subscribers**") at a subscription price of USD 1 per share in multiple tranches as follows:

Subscription tranche	Completion Date	Number of subscription shares subscribed by PMAHB (and/or its affiliates)	Number of subscription shares subscribed by AAR
First tranche	First Completion Date	20,000,000 Series B Shares	4,312,500 Series B Shares
Second tranche	Second Completion Date	40,000,000 Series C Shares	10,000,000 Series C Shares
Third tranche	Third Completion Date	40,000,000 Series D Shares	10,000,000 Series D Shares
Fourth tranche	Fourth Completion Date	40,000,000 Series E Shares	10,000,000 Series E Shares
Fifth tranche	Fifth Completion Date	40,000,000 Series F Shares	10,000,000 Series F Shares
Sixth tranche	Sixth Completion Date	40,000,000 Series G Shares	10,000,000 Series G Shares
Seventh tranche	Seventh Completion Date	20,000,000 Series H Shares	5,000,000 Series H Shares
Total		**240,000,000**	**59,312,500**

1.2 Upon completion of the SSA, the shares in KAN will be held in the proportion as set out below:

Shareholders	Issued and paid-up share capital (USD)	Number of shares	Shareholding percentage
PMAHB (and/or its affiliates)	240,000,000 (Equivalent to RM 1,036,200,000)	240,000,000	80.00%
AAR	59,312,500 (Equivalent to RM 256,081,718.80)	59,312,500	19.77%
DSM	687,500 (Equivalent to RM 2,968,281.25)	687,500	0.23%
Total	300,000,000	300,000,000	100%

SALIENT TERMS ON THE SSA

2. CONDITIONS PRECEDENT

2.1 The First Completion Date is conditional upon the following conditions precedent under the SSA being satisfied:

(a) the announcement in at least one (1) national, Indonesian newspaper announcing the Proposed Subscription ("**Newspaper Announcement**") and the announcement in writing to the employees of KAN of the Proposed Subscription having been made; and

(b) KAN having confirmed in writing to the Subscribers that no creditor objections were received by it following the publishing of the Newspaper Announcement, or if there is any objection from creditors of KAN, then such objections have been resolved by KAN.

2.2 The Proposed Subscription is also subject to:

(a) PMAHB having obtained the approval of Bank Negara Malaysia for the Proposed Subscription; and

(b) KAN having obtained the (i) Environmental Impact Assessment (Analisis Mengenai Dampak Lingkungan (AMDAL)) in relation to the Land in its name; and (ii) the environmental approval (persetujuan lingkungan) in respect of the Land, prior to the Third Completion Date.

3. TERMINATION

In the event that any of the conditions precedent have not been fulfilled (or waived in accordance with the provisions of the SSA) which resulted in the completion of any subscription tranche to not occur by the respective Completion Dates (or such other date as the Subscribers may mutually agree in writing, then the non-defaulting party may:

(a) defer the relevant Completion Date to a date not more than 14 days after the relevant Completion Date;

(b) elect to proceed with the Proposed Subscription as far as practicable; or

(c) terminate the SSA.

4. GOVERNING LAW AND DISPUTE RESOLUTION

The SSA is governed by the laws of Singapore. Any dispute arising out of or in connection with the SSA or any document or transaction in connection with the SSA shall be referred to and finally resolved by arbitration in Singapore to the exclusion of the ordinary courts, in accordance with the Arbitration Rules of the Singapore International Arbitration Centre.