KWANTAS CORPORATION BERHAD
("Kwantas" or "the Vendor")

Explanatory Statement

Proposed disposal by Kwantas representing 100% equity interests each in Dongma Palm Industries (Zhangjiagang) Co. Ltd. ("DMPI") and Dongma Oils & Fats (Zhangjiagang Free Trade Zone) Co. Ltd. ("DMOF" and collectively with DMPI, the "Companies" and each a "Company") for a total cash consideration of RMB 200 million ("Share Disposal Consideration") [collectively hereinafter referred to as "Proposed Disposal"]

1. Introduction

DMPI, a company incorporated in People's Republic of China ("PRC") with its registered address at 江苏扬子江国际化学工业园北京路 7 号 215634 and DMOF, a company incorporated in PRC with its registered address at 张家港保税物流园区中华北路东侧 are wholly-owned subsidiaries of Kwantas. Kwantas is desirous of disposing the entire 100% equity interests each in DMPI and DMOF to a prospective buyer ("the Purchaser") for a total cash consideration of RMB 200 million.

Upon completion of the Proposed Disposal, both DMPI and DMOF will cease to be the subsidiaries of Kwantas.

2. Details of The Proposed Disposal

Subject to the terms and conditions of the Sale and Purchase Agreement ("SPA"), Kwantas shall sell the entire 100% equity interests each in DMPI and DMOF free from all encumbrances and together with all rights, dividends, entitlements and advantages attaching to them as at Completion.

2.1 Background information of the Parties

2.1.1 Seller/Vendor

The Seller/Vendor is Kwantas Corporation Berhad.

2.1.2 Background information of DMPI and DMOF

DMPI is a limited liability company incorporated under the law of PRC. The principal activities of DMPI are operations of oleochemical and glycerine plants in Zhangjiagang Chemical Industrial Park of Jiangsu Province, PRC.

DMOF is a limited liability company incorporated under the law of PRC. The principal activities of DMOF are operations of bulking tanks and storage facilities in Zhangjiagang Free Trade Area of Jiangsu Province, PRC.

2.2 Basis of arriving at the Share Disposal Consideration

The Share Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the fair value of the Companies' underlying assets and liabilities, financial position and prevailing market conditions.

2.3 Salient terms of the Proposed SPA and subject to further negotiation, if any

(I) Mode of Settlement of the Share Disposal Consideration

Following the execution of the SPA, the Parties shall promptly established an account with the escrow bank ("Escrow Account") and procure the entry into an escrow agreement. Within 10 Business Days after the opening of the Escrow Account, the Purchaser shall pay to the Escrow Account the sum of **RMB6,000,000.00** as the initial payment ("**Initial Payment**").

(a) If the SPA is terminated by reason of the Purchaser's breach or default, the Vendor shall be entitled to forfeit and retain the Initial Payment, and the Parties shall procure the release of the Initial Payment in full to the Vendor from the Escrow Account within 10 Business Days after such termination.

(b) If the SPA is terminated by reason of the Vendor's default, the Parties shall procure the refund and release of the Initial payment in full to the Purchaser from the Escrow Account within 10 Business Days after such termination.

Before submission for the registration of the change of shareholder of DMPI and DMOF with the competent SAMR, and in any event no later than 5 Business Days after all Conditions Precedent have been satisfied, the Purchaser shall deposit RMB194,000,000.00 being the balance of the Share Disposal Consideration, in immediately available funds into the Escrow Account. The total sum deposited into the Escrow Account (being the full Share Disposal Consideration) shall hereinafter be referred to as the "Escrow Amount"

Upon completion of the registration of the Purchaser as the holder of 100% of the Sale Equity of each Company with the competent SAMR (State Administration for Market Regulation), each Party shall promptly and irrevocably provide the Escrow Bank with all instructions and confirmations required for the release of **98.5%** of the Escrow Amount ("**Released Payment**") to the bank account designated by the Vendor. The Released Payment shall not be reduced by any Leakage claim, Warranty claim, Specific Indemnity claim, Tax, except for the Leakage Deduction (if any).

The balance **1.5%** of the Escrow Amount ("**Retained Payment**") shall be retained in the Escrow Account as security for any claim by the Purchaser under this SPA. The balance of the Retained Payment less any amount applied in or reserved for the settlement of any claim shall be released to the Vendor on the date falling 12 months after the Completion date.

(II) Spare Parts Inventory

The consideration payable for the purchase of the Spare Parts Inventory shall be separated from the Share Disposal Consideration and shall be determined by the Parties following a joint inspection or stock count of the Spare Parts Inventory conducted by the Parties on or around Completion. The Inventory Price shall be 50% of the agreed value of the Spare Parts Inventory as at the

Lockbox Date, and shall be payable at Completion in addition to the Share Disposal Consideration.

(III) Lockbox Basis

The Share Disposal Consideration has been determined on a locked box basis by reference to the Lockbox Accounts as the Lockbox Date. Lockbox Date means 31 August 2026. No adjustment shall be made to the Share Disposal Consideration following Completion, except in respect of any Leakage occurring between the Lockbox Date and Completion.

(IV) Long-Stop Date

This means the date falling 5 months from the date of this SPA.

(V) Leakage

This means any transfer of value from any Company to the Vendor or any member of the Vendor Group or any of their respective directors, officers, shareholders, ultimate beneficial owners or other related parties, including any dividend or distribution (whether in cash or in kind), fees, bonuses, repayment of shareholder loans, related party payments, any redemption, repayment or purchase of shares, bonds, loans or other securities, any return of capital (whether by reduction of capital or otherwise), any payment of interest or principal in respect of any amounts, or the amendment or creation of any borrowings or indebtedness in each case, owed by the Companies to the Vendor or its affiliates and any other similar transactions, in each case between the Lockbox Date and Completion.

(VI) Leakage Deduction

This is the aggregate amount of any Leakage notified to the Vendor before Completion and confirmed and agreed with the Vendor. Any Leakage Deduction shall be deducted from and be treated as a reduction of the Share Disposal Consideration, and be released from the Escrow Account to the Purchaser on the same date of release of the Released Payment to the Vendor.

(VII) Completion Obligations

Completion refers to the completion of the sale and purchase of the Sale Equity. On or prior to the Completion, the Vendor shall deliver, or procure the delivery of the following documents and items to the Purchaser:

(a) resolutions duly passed by the directors and shareholder(s) of the Vendor in respect of the Proposed Disposal;

(b) resolutions duly passed by the directors and shareholder(s) of each Company, in respect of the registration of the new owner;

(c) duly executed Completion certificate, together with the evidence proving the satisfaction of all conditions precedent;

(d) duly executed resignation letters executed by the existing legal representative, directors, supervisors and senior management of each Company;

(e) duly executed Equity Transfer Documents (in Mandarin) and application documents for registration of changes of ownership with SAMR;

(f) authorisation documents for the change of authorised seal specimens on all bank accounts of each Company (original); and

(g) all Company Property, including:

(i) all seals, licenses, financial books, material contracts and a list of bank account information of each Company (original/list);

(ii) financial books, accounting vouchers and tax numbers of each Company as of the Completion Date (original);

(iii) seals of each Company (including the Company seal, contract seal, financial seal and legal representative seal, etc.) (physical delivery);

(iv) original business license (both the original and the duplicate) of each Company (original)

(v) evidence of the filing with the competent PRC tax authority of the tax return or report in respect of the transfer of the Sale Equity and, where issued, the tax payment receipt or written confirmation from that authority of the amount of PRC tax payable (if any) (original/copy).

(VIII) Conditions Precedent

The Proposed Disposal is further conditional upon the Vendor having resolved or procured the resolution of each of the following matters by the Long-Stop Date:

(a) delivery of the fixed asset register of each Company, including original cost, useful lives and residual values;

(b) delivery of the land use right certificate and building ownership certificates in respect of all real property owned by each Company. In respect of any real property or facilities occupied or used (but not owned) by either Company, delivery of copies of the relevant lease, license, co-construction or other agreements evidencing such Company's right to occupy or use the same, together with, to the extent available, the title certificates of the relevant owner;

(c) delivery of documentary evidence (including customs filings, existing approvals and/or written or system-record confirmation from the local customs authority) confirming the bonded status of the storage tanks operated by DMOF;

(d) each Company having adopted amended articles of association compliant with the PRC Company Law as amended with effect from 1 July 2024 and

reflecting the Transactions contemplated by this SPA, duly filed with SAMR;

(e) in respect of the registered capital of the Companies, the Vendor having delivered qualified appraisal reports and capital verification reports confirming and validating all historical capital contributions-in-kind and all conversions of shareholder loans into registered capital; and

(f) all material licenses, permits and approvals currently obtained by the Companies for the ownership and maintenance of their current assets and facilities.

(IX) Limitations

The Vendor shall not be liable for any claim under the Vendor Warranties (other than the Fundamental Warranties) unless the aggregate amount of any number of claims exceeds RMB5,000,000.00 ("the Basket"), in which case the Vendor shall be liable for the whole amount and not only the excess. The aggregate liability of the Vendor for all claims under the Vendor Warranties shall not exceed 100% of the aggregate of the Share Disposal Consideration and Inventory Price.

(X) General Indemnity

Each Party shall indemnify and hold the other Party harmless against any and all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses (including but not limited to legal costs or attorney fees provided that such expenses were reasonably incurred) arising out of or in connection with any breach by the first-mentioned Party of its representations, warranties, covenants or other obligations under this SPA.

(XI) Specific Indemnities

Subject to the limitations expressly applicable under this SPA, the Vendor shall indemnify and hold harmless the Purchaser and its Representatives against losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses arising out of or in connection with the specific matters expressly set out below, and any matters set out in Clause 2.3 (VIII) above that were not fully resolved to the satisfaction of the Purchaser prior to Completion:

(a) Any tax liability, obligation, loss, cost or expense covered by the Tax Indemnification;

(b) Any defect in, or failure by the Vendor to make when due, any capital contribution in respect of the registered capital of any Company incorporated in the PRC on or before Completion;

(c) Any litigation, arbitration, administration or regulatory proceeding or investigation arising out of any act, omission, event or circumstance occurring on or before Completion and not disclosed to the Purchaser prior to Completion;

(d) Any fine, penalty, remediation cost or uninsured loss arising out of or in connection with any health, safety or environmental non-compliance occurring on or before Completion;

(e) Any inaccuracy, incompleteness or misstatement of the balance sheet or any other financial information used to calculate any Company's cross-border borrowing quota on or before the Completion, including any resulting failure, delay, invalidity, penalty, fine of any registration or filing; and

(f) Any material liability or obligation of either Company that (i) existed as at the Lockbox Date or arises from any act, omission, event or circumstance occurring on or before the Lockbox Date, (ii) was not reflected, provided for or reserved against in the Lockbox Accounts, and (iii) was not disclosed to the Purchaser.

(XII) Term of Confidentiality

The confidentiality obligations under this SPA shall take effect from the date of signing of this SPA and shall remain in force for 2 years after the termination or completion of the Transaction, in respect of the information constituting trade secrets, the confidentiality obligations shall continue until such information no longer constitutes trade secrets.

(XIII) Termination & Extension

Unless specifically waived by the Purchaser, if any of the Conditions Precedent stated in Clause 2.3 (VIII) above shall not be fulfilled on or before the Long-Stop Date or such other date as the Parties shall mutually agree in writing, this SPA may be terminated by either Party by written notice to the other Party, whereupon this SPA shall be terminated and neither Party shall have any claim against the other for costs, damages, compensation or otherwise.

3. Rationale For The Proposed Disposal

The Proposed Disposal is part of Kwantas Group's streamlining exercise and will assist the Group to improve its overall financial position and liquidity. The Share Disposal Consideration received will be utilised for repayment of borrowings and working capital for the Group.

4. Directors' Statement

The Board of Directors of Kwantas, having considered all aspects of the Proposed Disposal, including but not limited to the basis of arriving at the Share Disposal Consideration and rationale for the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company and is not detrimental to the interests of the shareholders of Kwantas Group.

5. Directors And Substantial Shareholders' Interests

None of the Directors and/or Substantial Shareholders of the Company and persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

6. Risk Factors

Except for the general risks such as non-completion of the SPA, the Board is not aware of any anticipated risk arising from the Proposed Disposal.

The Board will use its best endeavours to ensure the completion of the Proposed Disposal and will take all reasonable steps to ensure that the Conditions Precedent to the SPA are fulfilled in a timely manner, to avoid delays or termination and to facilitate the completion of the Proposed Disposal.

This Explanatory Statement is dated 16 November 2026.