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## Kerjaya Prospek Property plans two-for-one RCULS to raise RM325 mil

The Edge CEO Morning Brief, Malaysia

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KUALA LUMPUR (March 5): Kerjaya Prospek Property Bhd (KL:KPPROP) has proposed a renounceable rights issue of redeemable convertible unsecured loan stocks (RCULS) to raise up to RM324.88 million, mainly to fund property development projects and repay bank borrowings.

The proposal entails the issuance of up to 1.16 billion eight-year, 4.2% RCULS at 28 sen each, on the basis of two RCULS for every one share held on an entitlement date to be announced later, said the group in a bourse filing.

The conversion price also will be determined at a later date.

For illustrative purposes, the conversion price has been assumed to be 28 sen per share, which represents a discount of 11.47 sen per share or 29.06% to the theoretical ex-rights price of 39.47 sen per share, calculated based on the five-day volume-weighted average market price up to the latest practicable date (February 12) of 62.4 sen.

Kerjaya Prospek said the rights issue of RCULS is expected to raise proceeds of between RM227.28 million and RM324.88 million.

Under the maximum scenario, the group plans to utilise RM273.73 million of the proceeds to fund its existing and future property development projects.

Another RM50 million will go towards the repayment of bank borrowings, while the remaining RM1.15 million will be used to defray the expenses for undertaking the rights issue.

The group's borrowings totalled RM493.2 million as at February 12.

The repayment of bank borrowings is expected to result in an aggregate annual gross interest savings of RM2.18 million, said Kerjaya Prospek. This, it said, is expected to improve the group's gearing to 0.66 times, from 1.22 times as at March 31, 2024.

To achieve the minimum subscription level, Kerjaya Prospek's major shareholder, Jawawana Sdn Bhd, has committed to subscribing not less than RM227.28 million, covering 811.7 million RCULS. This would result in Jawawana's shareholdings increasing to 89.57% following the full conversion of the RCULS.

Jawawana holds a 74.11% stake in Kerjaya Prospek. Kerjaya Prospek's executive chairman Datuk Seri Tee Eng Ho, his wife Datin Seri Toh Siew Chuon and his brother Datuk Tee Eng Seng have deemed interest in Kerjaya Prospek via Jawawana.

Maybank IB has been appointed the principal adviser for the proposed rights issue.

Shares of Kerjaya Prospek closed down 1.5 sen or 3.1% to 47 sen on Wednesday, bringing the group a market capitalisation of RM273 million. Over the past one year, the stock has fallen 36%.



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