

KINERGY ADVANCEMENT BERHAD (“KAB” OR THE “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF UP TO 198,634,288 NEW ORDINARY SHARES IN KAB (“KAB SHARES” OR “SHARES”), REPRESENTING 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (“PROPOSED PRIVATE PLACEMENT”)

This announcement is dated 20 June 2024 (“**Announcement**”).

1. INTRODUCTION

On behalf of the Board of Directors of KAB (“**Board**”), Malacca Securities Sdn. Bhd. (“**Malacca Securities**”) wishes to announce that the Company proposes to undertake a private placement of up to 198,634,288 new KAB Shares (“**Placement Shares**”), representing 10% of the total number of issued KAB Shares, excluding treasury shares.

Further details in relation to the Proposed Private Placement are set out in the ensuing sections of this Announcement.

2. PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act, 2016 (“**Act**”), which was obtained from the shareholders of KAB at its 27th annual general meeting (“**AGM**”) convened on 31 May 2024, whereby the Board had been authorised to issue and allot new KAB Shares not exceeding 10% of the total number of issued KAB Shares (“**General Mandate**”). The General Mandate is in force until the Company’s next AGM (unless revoked or varied by the shareholders at a general meeting prior to the next AGM).

Furthermore, the Company had also obtained its shareholders’ approval to waive their statutory pre-emptive rights to be offered new Shares ranking equally to the existing issued Shares arising from any issuance of new Shares under the General Mandate pursuant to Section 85 of the Act and Clause 12(2) of the Company’s Constitution.

2.1 Placement size

As at 19 June 2024, being the latest practicable date prior to the date of this Announcement (“**LPD**”), KAB has a total 1,986,431,781 issued Shares, of which 88,898 Shares are held as treasury shares.

The Company proposes to fix the number of KAB Shares issued under the Proposed Private Placement based on its issued share capital (excluding treasury shares) as at LPD. Accordingly, based on the total number of 1,986,342,883 issued Shares (excluding treasury shares), the Proposed Private Placement entails the issuance of up to 198,634,288 Placement Shares, representing 10% of the total number of issued Shares.

2.2 Placement arrangement

The Placement Shares will only be placed out to independent third-party investor(s), to be identified at a later stage. The placee(s) shall be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007.

In accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Placement Shares will not be placed to the following parties:-

- (i) a director, major shareholder, chief executive of KAB or a holding company of KAB ("**Interested Person**");
- (ii) a person connected with the Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to the prevailing market conditions and timing of identification of the investor(s), the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, subject always to the expiry of the General Mandate or a new mandate being obtained from the shareholders of KAB, as the case may be, so as to provide the Company with the flexibility to secure investor(s) and to maximise the number of Placement Shares to be issued. As such, there could potentially be several price fixing dates depending on the number of tranches of the Proposed Private Placement.

The investor(s) may be identified and procured simultaneously or over a period of time. The details of investor(s) and the number of Placement Shares to be placed to each investor in accordance with Paragraph 6.15 of the Listing Requirements will be submitted to Bursa Securities before the listing of the Placement Shares.

2.3 Basis of determining and justification for the issue price of the Placement Shares

The issue price of the Placement Shares for each tranche of the Proposed Private Placement will be determined and fixed by the Board at later date(s) after the receipt of all relevant approvals for the Proposed Private Placement based on the prevailing market conditions and the 5-day volume weighted average market price ("**VWAP**") of KAB Shares.

The Placement Shares will be priced at a discount of not more than 10% to the 5-day VWAP of KAB Shares immediately before the price fixing date for the Placement Shares.

For information, the 5-day VWAP of KAB Shares up to and including LPD is RM0.3704 (*Source: Bloomberg*).

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing KAB Shares, save and except that the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the said Placement Shares.

2.5 Listing and quotation of the Placement Shares

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

3. Utilisation of proceeds

Assuming the issuance of all the Placement Shares at an illustrative issue price of RM0.3334 per Placement Share, derived based on the 5-day VWAP of KAB Shares up to and including LPD of RM0.3704 less an approximate 9.99% discount, the Company is expected to raise gross proceeds of up to RM66.23 million.

The proceeds are intended to be utilised by KAB and its subsidiaries (“KAB Group” or the “Group”) in the following manner:-

<u>Details of utilisation</u>	<u>Notes</u>	<u>Estimated timeframe for utilisation from the receipt of proceeds</u>	<u>Amount</u> RM'000
Repayment of bank borrowings	(a)	Within 6 months	30,000
Funding of renewable energy (“RE”) projects	(b)	Within 36 months	35,925
Defrayment of estimated expenses for the Proposed Private Placement	(c)	Within 1 month	300
			<u>66,225</u>

Notes:-

(a) Repayment of bank borrowings

As at LPD, the total bank borrowings of the Group are approximately RM140.58 million, of which RM79.17 million are long-term borrowings and RM61.41 million are short-term borrowings.

The Group proposes to earmark RM30.00 million from the proceeds of the Proposed Private Placement for the partial repayment of its existing bank borrowings in the following manner:-

<u>Type of facility</u>	<u>Purpose of borrowing</u>	<u>Amount outstanding as at LPD</u> RM'000	<u>Proposed repayment amount *</u> RM'000	<u>Effective interest rate per annum</u> %	<u>Estimate interest savings per annum after repayment</u> RM'000
Overdrafts	To support the Group's working capital requirements	20,217	20,409	6.89 – 7.45	1,498
Revolving credits	To support the Group's working capital requirements, particularly related to project expenditures	9,502	9,591	5.80	549
Total		<u>29,719</u>	<u>30,000</u>		<u>2,047</u>

Note:-

- * After taking into consideration of the estimated additional interest charges that may be incurred as at LPD up to the proposed repayment date.

The effective interest rate of the above bank borrowings ranges between 5.80% to 7.45% per annum, the repayment of bank borrowings amounting to RM30.00 million is expected to result in an annual interest savings of approximately RM2.05 million.

Any excess of the proceeds allocated for the repayment of bank borrowings will be adjusted accordingly to the proceeds to be utilised for the funding of RE projects. Conversely, any shortfall shall be funded via internally generated funds and/or the Group may consider undertaking other fund-raising exercises in the future, if required.

(b) Funding of RE projects

The Group is principally involved in 2 main business segments namely, mechanical and electrical engineering (“**M&E**”) services and sustainable energy services (“**SES**”).

As at LPD, the Group mainly focuses on the provision of energy efficient solutions, clean energy generation and RE generation under the SES segment.

The RE projects comprise, amongst others, the following:

- (aa) Solar photovoltaics (“**PV**”) system – provision, installation and operation of solar PV panels, operated through 2 different models: (i) direct installation and sale of solar PV panels for clients as per the agreed design, and (ii) build-own-operate-transfer (“**BOOT**”) where the generated electricity is sold under power purchase agreements (PPAs) at an agreed rate throughout the concession period;
- (bb) Hydroelectric power – operation of hydroelectric power plants that utilises the flow of water to generate electricity and sale of the generated electricity; and
- (cc) Biogas – operation of facilities converting organic waste into biogas through anaerobic digestion, where the biogas is utilised to generate electricity, and sale of the generated electricity.

The Group intends to allocate RM35.93 million from the proceeds of the Proposed Private Placement to fund its RE projects as follows:-

	<u>%</u>	<u>RM'000</u>
Project development, feasibility and environmental study costs, due diligence fees for potential projects, office equipment and software maintenance, as well as monthly operational and upkeep cost for RE projects	45.00	16,166
Installation of RE assets such as hydropower turbines, solar PV panels, biomass boilers	40.00	14,369
Staff costs which include staff salaries, Directors' remuneration and contribution to the Employees Provident Fund Board and the Social Security Organisation, and deductions to be paid to the Inland Revenue Board	15.00	5,390
Total	<u>100.00</u>	<u>35,925</u>

As at LPD, the Group had secured 4 new RE projects, of which 2 projects are in Malaysia, 1 in Indonesia and 1 in Philippines with a total estimated concession value of approximately RM837.55 million over the concession period of 21 to 25 years.

In addition, the Group is also in the midst tendering for a RE project in Malaysia, with a total estimated concession value of approximately RM1.59 billion over a 20-year concession period.

For information, the secured RE projects are currently in its preliminary stages, each with different commencement dates and concession periods. As the said secured projects are in the early phases, specific details regarding its development timelines and financial requirements has yet to be fully established as at LPD. As such, the specific project to be financed and the amount to be allocated to each project could not be determine at this juncture.

The decision on which projects to be funded via the proceeds raised from the Proposed Private Placement will be made upon the completion of the aforementioned phases, as and when the Group has better clarity on the necessary funding as well as a clearer understanding of the development status of each project. Thereon, the Group will carefully monitor the progress of each project and assess its needs as it advances to determine the proceeds allocation.

For avoidance of doubt, the RM35.93 million raised from the Proposed Private Placement is intended to meet the short-term funding requirements of the secured RE projects during its early phases for the purposes mentioned above. Moving forward, the Group envisaged that the RE projects will be funded via internally generated funds and the Group may consider undertaking other fund-raising exercises in the future, if required based on the actual funding requirements at the material time.

As part of the Group's intention to expand its SES segment, KAB is actively seeking market opportunities and exploring tenders in Southeast Asia (as detailed in Section 5.3 of this Announcement). The Group may secure additional projects that requires urgent funding and identify some potential projects under its RE business during the implementation of the Proposed Private Placement. In such circumstances, the Group may utilise the proceeds raised from the Proposed Private Placement to fund such projects (including amongst others, the initial feasibility assessment and necessary studies during the bidding stages).

(c) Defrayment of estimated expenses for the Proposed Private Placement

The Group proposes to earmark RM0.30 million of the proceeds from the Proposed Private Placement to defray estimated expenses in relation to the Proposed Private Placement as follows:-

	RM'000
Professional fees*	270
Fees to relevant authorities	30
Total	<u>300</u>

Note:-

* Comprises estimated professional fees payable to the principal adviser, company secretarial and independent market researcher and placement fee payable to the placement agent in relation to the Proposed Private Placement.

Any excess of the proceeds allocated for the defrayment of estimated expenses for the Proposed Private Placement will be adjusted accordingly to the proceeds to be utilised for the funding of RE projects. Conversely, any shortfall shall be funded via internally generated funds.

The actual proceeds to be raised from the Proposed Private Placement is dependent on the issue price and actual number of Placement Shares issued.

In the event the gross proceeds raised is less than RM66.23 million, the proceeds will be utilised in the same proportion as disclosed in Section 3 of this Announcement.

Pending the utilisation of proceeds from the Proposed Private Placement, the proceeds will be placed in interest-bearing bank accounts, as deposits with licensed financial institution(s) and/or in short-term money market instruments, as the Board deems fit. The Group proposes to utilise such interest/profits arising from the deposits/financial instruments for the Group's working capital purposes within 24 months from the date proceeds are received.

3.1 Details of fund raising exercises undertaken by the Company over the past 12 months

Save as disclosed below, the Company has not undertaken any other fund raising exercises in the past 12 months prior to the date of this Announcement.

For information, on 12 April 2024, the Company had completed a private placement of 178,437,112 new KAB Shares ("**Placement Shares 2022**") and raised total gross proceeds of approximately RM60.95 million ("**Private Placement 2022**").

A summary of the placement exercise is as follows:-

<u>Tranche</u>	<u>Date of issuance</u>	<u>Shares issued</u>	<u>Issue price</u>	<u>Amount</u>
			RM	RM'000
First tranche	5 October 2023	137,121,212	0.33	45,250
Second tranche	29 January 2024	41,315,900	0.38	15,700
Total		178,437,112		60,950

As at LPD, the RM60.95 million raised have been fully utilised as follows:.

<u>Details of utilisation</u>	<u>Actual proceeds raised</u>	<u>Actual utilisation up to LPD</u>
	RM'000	RM'000
Working capital	16,379	16,379
Repayment of bank borrowings	14,104	14,104
Funding for existing and future SES projects	29,942	29,942
Expenses for the proposed diversification and Private Placement 2022	525	525
Total	60,950	60,950

4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The proceeds to be raised from the Proposed Private Placement is primarily to be utilised for the repayment of part of the bank borrowings and funding for RE projects as set out in Section 3 of this Announcement.

The Board is of the opinion that the repayment of bank borrowings of RM30.00 million from the proceeds raised via the Proposed Private Placement will reduce the Group's annual interest expenses by approximately RM2.05 million and lower the Group's gearing ratio from 0.56 times to 0.33 times (as set out in Section 6.2 of this Announcement). The lower gearing ratio enables the Group to regear in the future and to take advantage of new project opportunities.

It is also the intention of the Group to expand its SES segment. Hence, part of the proceeds from the Proposed Private Placement is earmarked for the funding of RE projects i.e. preliminary cost for new projects such as project development, feasibility and environmental study cost as well as installation of small RE assets. These costs are expected to be incurred prior to the commencement of each project. After the preliminary study is completed, the Group will then decide whether to proceed with the projects based on the outcome of the study. The proceeds from the Proposed Private Placement will provide the Group with additional cashflow to fund its RE projects without the need to draw down additional bank borrowings.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising despite the dilutive effect to the existing shareholders' shareholdings as a result from the issuance of new Shares pursuant to the Proposed Private Placement, after considering, amongst others, the following:-

- (i) the Proposed Private Placement will allow the Group to raise funds more expeditiously as opposed to other equity fund raising options i.e. rights issue which typically entails a longer timeframe for implementation and significantly dependent upon the market sentiment;
- (ii) the Proposed Private Placement will allow the Group to raise funds without incurring additional interest costs or having to service principal repayments as opposed to conventional bank borrowings which may affect the Group's bottom line; and
- (iii) the Proposed Private Placement will strengthen the financial position of the Group by increasing the capital base of the Company.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian Economy

Overview

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the electrical and electronic ("E&E") and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).

Headline inflation remained moderate at 1.7% during the quarter (4Q 2023: 1.6%). The modest increase in headline inflation reflects the policy adjustments to water tariffs in February and services tax for high-usage electricity in March, which increased by 20.8% (4Q 2023: 2.1%) and 0.7% (4Q 2023: 0%) respectively. Core inflation moderated to 1.8% (4Q 2023: 2%), largely driven by continued easing in the food and beverages segment. Inflation pervasiveness edged higher, as the share of Consumer Price Index (CPI) items recording monthly price increases rose to 44.2% during the quarter (4Q 2023: 36.3%). Nonetheless, this remains well below the first quarter long-term average (corresponding first quarter periods during 2011-2019) of 52.2%.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2024, Bank Negara Malaysia)

Outlook

Going forward, growth of the Malaysian economy will be driven mainly by resilient domestic expenditure, with additional support from exports recovery. Household spending will be supported by sustained growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, investment activities will be supported by continued progress of multi-year projects in both the private and public sectors, and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments.

The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and larger declines in commodity production. Nevertheless, greater spillover from the tech up-cycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

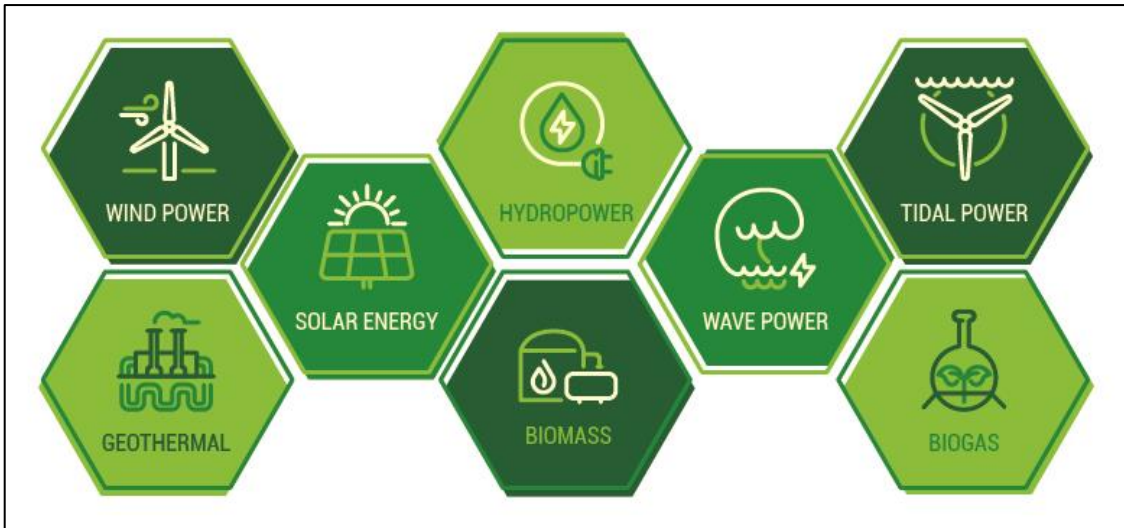
(Source: Quarterly Bulletin 1Q 2024, Bank Negara Malaysia)

For 2024, headline and core inflation are projected to remain moderate between 2% – 3.5% and 2% – 3%, respectively. These broadly reflect stabilising demand and contained cost pressures, coupled with some potential upside that could arise from the implementation of fuel subsidy rationalisation. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2024, Bank Negara Malaysia)

5.2 Overview and outlook of the RE industry in Asia

RE is generated from natural sources such as sunlight, wind, rain, tides and geothermal heat which are naturally replenished. Technologies for RE include solar power, wind power, hydropower, biomass and biofuels. The rapid depletion of fossil fuels and its impact on the environment has driven nations to take up initiatives to further develop RE sources which are widely available, untapped and have zero to minimal amounts of carbon dioxide emissions. The various forms of RE include, but are not limited to, solar energy, hydropower, biogas and biomass. Other forms of RE that can be used to generate electricity include flowing wind, tides, waves, geothermal and hot hydrogen fusion.

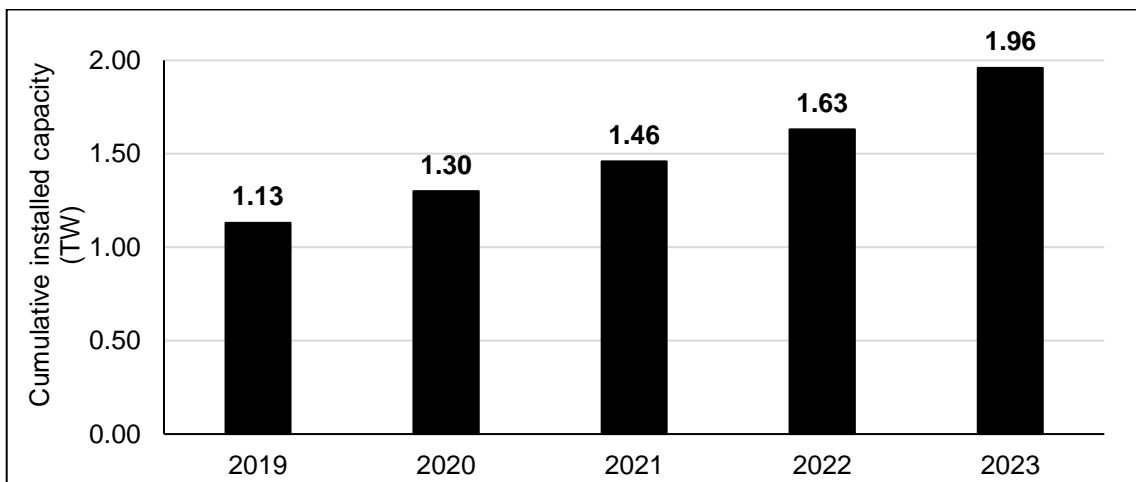


Source: Smith Zander International Sdn Bhd (“SMITH ZANDER”)

The cumulative installed capacity for RE, comprising bioenergy, geothermal energy, hydropower, marine energy, solar energy and wind energy, reflects the performance of the RE industry.

From 2019 to 2023, the cumulative installed capacity for RE in Asia had been steadily increasing at a compound annual growth rate (“CAGR”) of 14.76% from 1.13 terawatt (“TW”) to 1.96 TW, indicating sustained rising demand for RE in Asia.

Cumulative installed capacity for RE*, Asia, 2019 – 2023



Note:

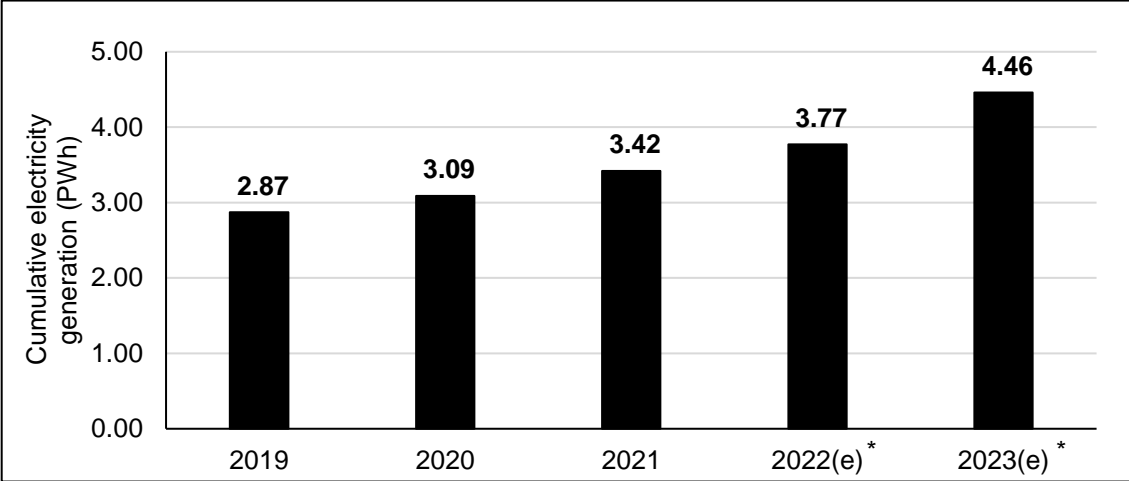
* Comprises bioenergy, geothermal energy, hydropower, marine energy, solar energy and wind energy.

(Sources: Statista, SMITH ZANDER)

SMITH ZANDER estimates the cumulative installed capacity for RE in Asia to reach 2.18 TW in 2024, rising at a year-on-year (“YOY”) rate of 11.22% in 2024.

The cumulative electricity generated for RE in Asia exhibited a similar growth trend as cumulative installed capacity. From 2019 to 2023, cumulative electricity generated for RE in Asia grew at a CAGR of 11.65%, from 2.87 petawatt-hour (“PWh”) to 4.46 PWh.

Cumulative electricity generation for RE, Asia, 2019 – 2023(e)



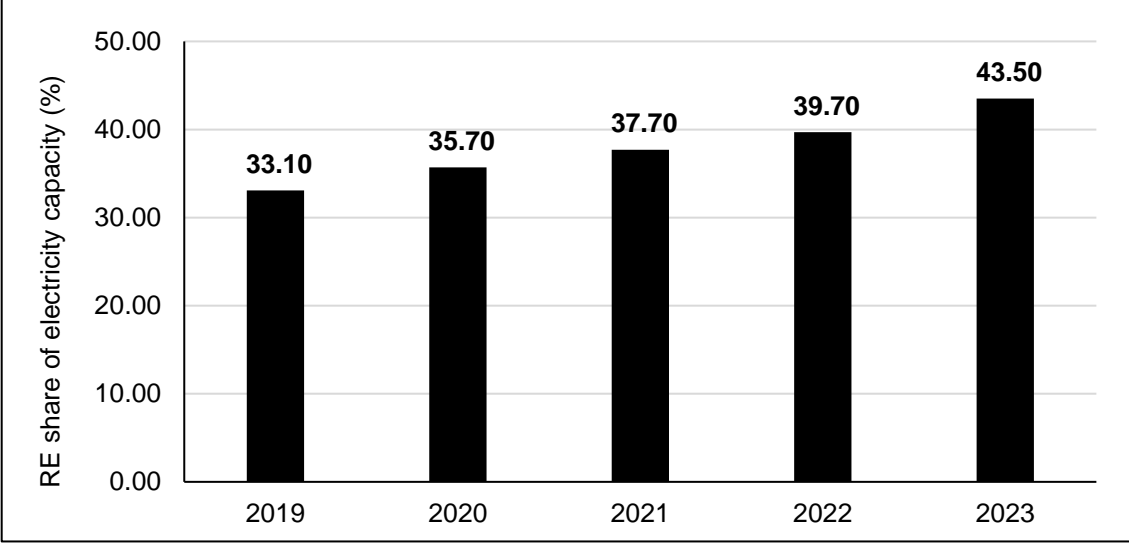
Note:

* (e) – estimate. Estimated data is presented in the absence of actual data.

(Sources: Statista, SMITH ZANDER)

For 2024, SMITH ZANDER anticipates the cumulative electricity generation for RE in Asia in expand YOY by 10.09% to 4.91 PWh.

RE share of electricity capacity, Asia, 2019 – 2023



(Sources: Statista, SMITH ZANDER)

RE share of electricity capacity has been demonstrating continuous positive growth, from 33.10% in 2019 to 43.50% in 2023. For 2024, SMITH ZANDER expects the RE share of electricity capacity in Asia to increase to 45.76%, driven by global power consumption.

The growth of the RE industry in Asia will continue to be driven by growth in the economy as electricity is an integral infrastructural element for economic growth and a main input for commercial and production activities. Electricity underpins a wide range of products and services that improve the quality of life, increases productivity and promotes entrepreneurial activity. Continued economic development of a country as well as population growth generally lead to increased power consumption. To encourage investments and growth in the RE industry, the governments of countries across Asia have introduced various initiatives and measures, amongst others, the following:

- (i) the New Enhanced Dispatch Arrangement (NEDA) programme, Net Energy Metering (NEM) programme and Green Technology Tax Incentives in Malaysia;
- (ii) the fiscal incentives, release of the Electricity Business Plan 2021 – 2030 and the implementation of the Presidential Regulation 112/2022 for the acceleration of the development of RE for electric power supply in Indonesia; and
- (iii) the opening of renewable sector by the government of The Philippines for 100% foreign ownership to allow faster entry of RE investments.

These governments' efforts to promote RE aim at ensuring energy security for their countries. This will lead to a lower dependency on fossil fuels while increasing these nations' power generation capacities as well as ensuring that their energy future is green, sustainable and diverse, which will bode well for the RE industry in Asia as a whole.

(Source: Independent Market Research Report, SMITH ZANDER)

5.3 Prospects of the Group

The Group is principally involved in 2 main business segments comprising of the M&E and SES segments.

The Group was initially involved in M&E segment. With their experience in engineering services which require the Group to deal with diverse clientele and knowing the emerging needs for energy savings and operational optimisation from their customers, the Group had ventured into the SES segment since 2019 as part of KAB's long-term strategy to become a one-stop energy and engineering solutions provider. As part of the Group's initiative to redefine the Group from an engineering entity to an energy-focuses entity, the Group is exploring opportunities to expand its SES segment.

In 2023, KAB had made 3 strategic acquisitions to enhance its SES portfolio and expanded its geographical presence in the Southeast Asia, namely Thailand and Indonesia. For information, the Group recorded over a 400% increase in revenue from its SES segment, from RM11.19 million in the financial year ended ("FYE") 31 December 2022 to RM58.99 million in FYE 31 December 2023.

Moving forward, the Group will continue to focus on the expansion opportunities within the SES segment as well as expand its footprints in Southeast Asia. As at LPD, the Group has 27 projects with total contract and concession value of RM755 million and the Group is in the midst of procuring 4 projects with total estimated contract value of RM838 million which spread across Malaysia, Indonesia and Philippines.

Premised on the above and coupled with the positive outlook of the RE industry in Asia region as set out in Section 5.2 of this Announcement, the Board is optimistic that they will be sustainable in the RE segment.

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:-

	Number of KAB Shares	RM
Issued shares as at LPD	1,986,431,781	164,547,295
Less: Treasury shares	(88,898)	(4,231)
	<u>1,986,342,883</u>	<u>164,543,064</u>
Placement Shares to be issued pursuant to the Proposed Private Placement	198,634,288	^(a) 66,224,672
Enlarged issued share capital after the Proposed Private Placement	<u>2,184,977,171</u>	<u>230,767,736</u>

Note:-

- (a) Assuming the issuance of all the Placement Shares at an illustrative issue price of RM0.3334 per Placement Share, derived based on the 5-day VWAP of KAB Shares up to and including LPD of RM0.3704 less an approximate 9.99% discount.

6.2 Net assets (“NA”), NA per Share and gearing

The pro forma effects of the Proposed Private Placement on the NA per Share and gearing of the Group based on the latest audited consolidated financial statements of the Group for the FYE 31 December 2023 are set out as follows:-

	(I)	(II)	
	Audited as at 31 December 2023	Subsequent event ^(a)	After (I) and the Proposed Private Placement
	RM'000	RM'000	RM'000
Share capital	148,847	164,547	^(b) 230,772
Foreign currency translation reserve	(514)	(514)	(514)
Treasury shares	(4)	(4)	(4)
Retained profits	60,657	60,657	^(c) 60,357
Shareholders' fund/ NA	208,986	224,686	290,611
Non-controlling interest	3,034	3,034	3,034
Total equity	212,020	227,720	293,645
Number of issued Shares (excluding treasury shares) ('000)	1,945,027	1,986,343	2,184,977
NA per Share (RM)	0.11	0.11	0.13
Total borrowings (RM'000)	125,744	125,744	^(d) 95,744
Gearing ratio (times)	0.60	0.56	0.33

Notes:-

- (a) After taking into consideration the issuance and allotment of 41,315,900 Placement Shares 2022 at the issue price of RM0.38 each on 29 January 2024 pursuant to the Private Placement 2022.
- (b) Assuming the issuance of all the Placement Shares at an illustrative issue price of RM0.3334 per Placement Share, derived based on the 5-day VWAP of KAB Shares up to and including LPD of RM0.3704 less an approximate 9.99% discount.
- (c) After deducting estimated expenses for the Proposed Private Placement of RM0.30 million.
- (d) Assuming repayment of bank borrowings of RM30.00 million from the proceeds of the Proposed Private Placement.

6.3 Earnings and earnings per Share (“EPS”)

The pro forma effects of the Proposed Private Placement on the earnings and EPS of KAB Group are as follows:-

	Audited FYE 31 December 2023	After the Proposed Private Placement
	RM'000	RM'000
Profit after tax (“PAT”) attributable to owners of the Company	27,405	27,405
Estimated expenses for the Proposed Private Placement	-	(300)
Proforma PAT	27,405	27,105
Number of issued Shares (excluding treasury shares) ('000)	1,945,027	(a) 2,184,977
EPS (sen)	1.41	1.24

Note:-

(a) After taking into consideration the following:

- issuance and allotment of 41,315,900 Placement Shares 2022 at the issue price of RM0.38 each on 29 January 2024 pursuant to the Private Placement 2022.
- assuming the issuance of all the Placement Shares at an illustrative issue price of RM0.3334 per Placement Share, derived based on the 5-day VWAP of KAB Shares up to and including LPD of RM0.3704 less an approximate 9.99% discount.

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6.4 Substantial shareholding structure

The proforma effects of the Proposed Private Placement on the substantial shareholders' shareholdings of the Company are as follows:-

Substantial shareholders	As at LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(a) %	No. of Shares	(a) %	No. of Shares	(b) %	No. of Shares	(b) %
Dato' Lai Keng Onn	388,096,525	19.54	^(c) 183,400,000	9.23	388,096,525	17.76	^(c) 183,400,000	8.39
Stocqtech Sdn. Bhd.	160,000,000	8.06	-	-	160,000,000	7.32	-	-
Kington Tong Kum Loong	179,403,866	9.03	^(d) 31,485,003	1.59	179,403,866	8.21	^(d) 31,485,003	1.44

Notes:-

- (a) Based on 1,986,342,883 issued Shares as at LPD (excluding treasury shares).
- (b) Based on the enlarged number of 2,184,977,171 KAB Shares after the Proposed Private Placement (excluding treasury shares).
- (c) Deemed interest by virtue of his interest in Fastrans Ventures Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.
- (d) Deemed interest by virtue of his interest in Regalis Investment Ltd and Gemini Bliss Sdn. Bhd. pursuant to Section 8 of the Act.

6.5 Convertible securities

As at LPD, the Company does not have any outstanding convertible securities.

7. APPROVALS REQUIRED AND CONDITIONALITY

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

- (i) Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and
- (ii) any other relevant authority and/or party, if any.

As set out in Section 2 of this Announcement, the General Mandate was obtained by the Company from its shareholders at the 27th AGM convened on 31 May 2024 and such authority shall continue to be in force until the Company's next AGM (unless revoked or varied by the shareholders at a general meeting prior to the next AGM). As such, the Proposed Private Placement will not require the approval of the Company's shareholders.

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

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

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

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Private Placement, including but not limited to the utilisation of proceeds, rationale and effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

10. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities for the Proposed Private Placement is expected to be submitted within 2 months from the date of the Announcement.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the approvals/consents being obtained, the Proposed Private Placement is expected to be completed by the 4th quarter of 2024.

12. PRINCIPAL ADVISER AND PLACEMENT AGENT

Malacca Securities has been appointed as the Principal Adviser and Placement Agent for the Proposed Private Placement.