

## KEJURUTERAAN ASASTERA BERHAD (“KAB” OR THE “COMPANY”)

### PROPOSED TRANSFER OF THE LISTING AND QUOTATION OF THE ENTIRE ISSUED SHARE CAPITAL OF KAB FROM THE ACE MARKET TO THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

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#### 1. INTRODUCTION

On behalf of the Board of Directors of KAB (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**”) wishes to announce that the Company proposes to undertake the proposed transfer of the listing and quotation of the entire issued share capital of KAB from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”).

#### 2. DETAILS OF THE PROPOSED TRANSFER

The Proposed Transfer entails the transfer of the listing and quotation of the entire issued share capital of KAB from the ACE Market to the Main Market of Bursa Securities. As at 16 March 2020, being the latest practicable date prior to the date of this announcement (“**LPD**”), the issued share capital of KAB is RM48,299,419.00 comprising 922,757,748 ordinary shares of KAB (“**KAB Shares**” or “**Shares**”) (after excluding 2,817,250 KAB Shares which are held as treasury shares).

KAB has met the requirements for the Proposed Transfer as set out in the Equity Guidelines issued by the Securities Commission Malaysia (“**SC**”) (“**Equity Guidelines**”) and the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”), which include, amongst others, the following:-

##### (i) Profit requirements

KAB is seeking the transfer of its listing from the ACE Market to the Main Market of Bursa Securities based on the profit test pursuant to Paragraph 5.02(a) of the Equity Guidelines.

KAB and its subsidiaries (“**KAB Group**” or the “**Group**”) have achieved a consolidated profit after taxation attributable to owners of the Company (“**PATMI**”) of approximately RM10.4 million for the most recent financial year ended 31 December (“**FYE**”) 2019 and an aggregate consolidated PATMI of approximately RM25.8 million for the past 3 FYEs 2017 to 2019, as set out below:-

	Audited			
	FYE 2017	FYE 2018	FYE 2019	Total
	RM'000	RM'000	RM'000	RM'000
PATMI	6,776	8,563	10,437	25,776

There were no material profits or losses from non-recurring items or by activities or events outside the ordinary and usual course of business of the Group for the financial years under review.

Accordingly, the Group has satisfied the profit requirements for the Proposed Transfer prescribed under the Equity Guidelines, whereby the consolidated PATMI of the Group has exceeded:-

- (a) the prescribed minimum of aggregate after-tax profit of RM20.0 million for the past 3 full financial years; and
- (b) the prescribed minimum after-tax profit of RM6.0 million for the most recent financial year.

**(ii) Healthy financial position**

Based on the audited consolidated statement of financial position of the Group as at 31 December 2019, the Group has:-

- (a) no accumulated losses;
- (b) current assets and current liabilities of RM115.4 million and RM57.1 million respectively, representing a current ratio of 2.02 times; and
- (c) cash and bank balances of RM35.2 million.

As at the LPD, the Group has unutilised trade facilities of approximately RM44.3 million.

In addition, the Group recorded positive net cash from operating activities for the past 3 FYEs 2017 to 2019, as set out below:-

	<b>Audited</b>		
	<b>FYE 2017</b>	<b>FYE 2018</b>	<b>FYE 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	2,003	1,445	1,884

Accordingly, the Board confirms that the Group has met the healthy financial position requirements of the Equity Guidelines, which requires a corporation to have sufficient level of working capital for at least 12 months from the date of this announcement, positive cash flow from operating activities over the profit track record period and no accumulated losses based on its latest audited consolidated statement of financial position.

**(iii) Public shareholding spread**

Under the Listing Requirements, a company is required to meet a public shareholding spread of at least 25% of the total number of listed shares (excluding treasury shares) to be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 shares each.

Based on the Record of Depositors of KAB as at the LPD, approximately 27% of the total number of issued shares of the Company is held by 1,748 public shareholders holding not less than 100 Shares each.

**3. RATIONALE FOR THE PROPOSED TRANSFER**

Since KAB's listing on the ACE Market of Bursa Securities on 17 November 2017, the Group has grown in terms of its financial performance and has met the profit track record requirements for a transfer to the Main Market of Bursa Securities.

The Board believes that the Proposed Transfer will enhance the Group's prestige, credibility and reputation and accord the Group greater recognition from various stakeholders ranging from its customers, suppliers, business partners, financial institutions as well as investors.

Additionally, the nature of the Group's business involves demonstrating its financial strength and credibility in order to secure certain projects. Accordingly, completion of the Proposed Transfer is expected to provide the Group with a competitive edge when bidding for contracts.

#### **4. EFFECTS OF THE PROPOSED TRANSFER**

The Proposed Transfer will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company.

In addition, the Proposed Transfer will not have any material effect on the net assets, gearing, earnings and earnings per share of the Group.

#### **5. APPROVALS REQUIRED**

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

- (i) the SC for the Proposed Transfer;
- (ii) Bursa Securities for the Proposed Transfer; and
- (iii) any other relevant authority, if required.

The Proposed Transfer is conditional upon the approval of shareholders of KAB at the annual general meeting of the Company to be convened for the proposed amendments to the Company's Constitutions to facilitate the Proposed Transfer.

Save as disclosed above, the Proposed Transfer is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

#### **6. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED**

None of the directors and/or major shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the Proposed Transfer.

#### **7. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Transfer, is of the opinion that the Proposed Transfer is in the best interest of the Company.

#### **8. ADVISER**

Mercury Securities has been appointed as the Principal Adviser of the Company for the Proposed Transfer.

#### **9. ESTIMATED TIMEFRAME FOR COMPLETION**

Subject to all relevant approvals being obtained, the Proposed Transfer is expected to be completed by the 3rd quarter of 2020.

#### **10. APPLICATION TO THE RELEVANT AUTHORITIES**

The application in relation to the Proposed Transfer will be submitted within 1 week from the date of this announcement.

This announcement is dated 13 April 2020.