

KERJAYA PROSPEK GROUP BERHAD (“KERJAYA” OR THE “COMPANY”)

- PROPOSED BONUS ISSUE OF SHARES
 - PROPOSED BONUS ISSUE OF WARRANTS
-

1. INTRODUCTION

On behalf of the Board of Directors of Kerjaya (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that the Company proposes to undertake the following proposals:-

- (i) A proposed bonus issue of 677,437,658 new ordinary shares in the Company (“**Kerjaya Shares**” or “**Shares**”) (“**Bonus Shares**”) on the basis of 6 Bonus Shares for every 5 existing Kerjaya Shares held on an entitlement date to be determined later (“**Entitlement Date**”) (“**Proposed Bonus Issue of Shares**”); and
- (ii) A proposed bonus issue of 169,359,414 new warrants in Kerjaya (“**Bonus Warrants**”) on the basis of 6 Bonus Warrants for every 20 existing Kerjaya Shares held on the Entitlement Date (“**Proposed Bonus Issue of Warrants**”).

(The Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants are collectively referred to as the “**Proposals**”)

2. DETAILS OF THE PROPOSALS

The Proposed Bonus Issue of Shares will be implemented concurrently with the Proposed Bonus Issue of Warrants. The Proposals are not intended to be implemented in stages over a period of time.

As at 27 December 2017 (“**LPD**”), the share capital of Kerjaya stood at RM312,217,897 comprising 564,531,382 Kerjaya Shares.

2.1 Details of the Proposed Bonus Issue of Shares

2.1.1 Basis and number of Bonus Shares

The Proposed Bonus Issue of Shares entails the issuance of 677,437,658 Bonus Shares on the basis of 6 Bonus Shares for every 5 existing Kerjaya Shares held by the shareholders of Kerjaya whose names appear in the Record of Depositors of the Company on the Entitlement Date (“**Entitled Shareholders**”).

Fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue of Shares, if any, shall be dealt with by the Board in such manner as it may in their absolute discretion deem expedient and in the best interest of the Company.

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company’s reserves.

For illustrative purpose only, the theoretical ex-all price of Kerjaya Shares (“**TEAP**”) pursuant to the Proposals amounts to approximately RM1.77, calculated based on the five (5)-day volume weighted average market price (“**VWAP**”) of Kerjaya Shares up to and including the LPD of approximately RM3.95 per Kerjaya Share, which is in accordance with paragraph 6.30 (1A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

2.1.2 Ranking of Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Kerjaya Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of Kerjaya, the entitlement date of which precedes the date of allotment of the Bonus Shares.

2.1.3 Listing of and quotation for the Bonus Shares

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

2.2 Details of the Proposed Bonus Issue of Warrants

2.2.1 Basis and number of Bonus Warrants

The Proposed Bonus Issue of Warrants entails the issuance of 169,359,414 Bonus Warrants on the basis of 6 Bonus Warrants for every 20 existing Kerjaya Shares held by the Entitled Shareholders on the same Entitlement Date as the Proposed Bonus Issue of Shares. For avoidance of doubt, the Bonus Shares are not entitled to the Bonus Warrants.

Fractional entitlements of the Bonus Warrants arising from the Proposed Bonus Issue of Warrants, if any, shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and to be in the best interest of the Company.

Assuming all the Bonus Warrants are exercised, a total of 169,359,414 new Kerjaya Shares will be issued.

The Bonus Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company (“**Deed Poll**”). The indicative salient terms of the Bonus Warrants are set out in Section 2.2.5 of this announcement.

2.2.2 Basis of determining and justification for the exercise price of the Bonus Warrants

The Bonus Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Bonus Warrants will be determined and fixed by the Board at a later date after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration the following:-

- (a) the historical market prices of Kerjaya Shares for the past 12 months and the theoretical ex-bonus price of Kerjaya Shares based on the five (5)-day VWAP of Kerjaya Shares immediately preceding the price-fixing date; and
- (b) the future working capital requirements of Kerjaya and its subsidiaries (“**Kerjaya Group**” or the “**Group**”).

For illustrative purpose only, the exercise price of the Bonus Warrants is assumed to be at RM1.59, which represents a discount of approximately 10% to the TEAP of approximately RM1.77 calculated based on the 5-day VWAP of Kerjaya Shares up to and including the LPD of approximately RM3.95 per Kerjaya Share.

2.2.3 Ranking of the Bonus Warrants and new Kerjaya Shares to be issued arising from the exercise of the Bonus Warrants

The holders of the Bonus Warrants will not be entitled to any voting rights or participation in any form of distribution other than on winding-up, compromise or arrangement of Kerjaya to be set out in the Deed Poll and/or any offer of further securities in Kerjaya until and unless such holders of the Bonus Warrants exercise their Bonus Warrants into new Kerjaya Shares.

The new Kerjaya Shares to be issued arising from the exercise of the Bonus Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Kerjaya Shares, save and except that the new Kerjaya Shares to be issued arising from the exercise of the Bonus Warrants will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders the entitlement date of which precedes the date of allotment and issuance of the said new Kerjaya Shares arising from the exercise of the Bonus Warrants.

2.2.4 Listing of and quotation for the Bonus Warrants and new Kerjaya Shares to be issued arising from the exercise of the Bonus Warrants

An application will be made to Bursa Securities for the listing of and quotation for the admission of the Bonus Warrants to the official list of Bursa Securities, as well as the listing of and quotation for the Bonus Warrants and the new Kerjaya Shares to be issued arising from the exercise of the Bonus Warrants on the Main Market of Bursa Securities.

2.2.5 Indicative salient terms of the Bonus Warrants

Issuer	:	Kerjaya
Issue size	:	169,359,414 Bonus Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants.
Form	:	The Bonus Warrants will be issued in registered form and constituted by the Deed Poll.
Tenure of the Bonus Warrants	:	5 years commencing on and including the date of issuance of the Bonus Warrants.
Exercise Period	:	The Bonus Warrants may be exercised at any time during the tenure of the Bonus Warrants, commencing from and including the date of issuance of the Bonus Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5 th anniversary from the date of issuance of the Bonus Warrants (“ Exercise Period ”). Any Bonus Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	The exercise price of the Bonus Warrants (“ Exercise Price ”) shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Entitlement Date. The Exercise Price and/or the number of Bonus Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.

- Subscription rights : Each Bonus Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
- Adjustments to the Exercise Price and/or the number of Bonus Warrants : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Bonus Warrants in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditor in the event of any alteration in the share capital of the Company at any time during the tenure of the Bonus Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll.
- Rights of the Bonus Warrants holders : The Bonus Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Bonus Warrants exercise their Bonus Warrants for new Kerjaya Shares in accordance with the provisions of the Deed Poll and such new Kerjaya Shares have been allotted and issued to such holders.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Bonus Warrants (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Bonus Warrants; and
 - (ii) in any other cases, every Bonus Warrants holder shall be entitled to exercise his/her Bonus Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Kerjaya Shares to the Bonus Warrants holder credited as fully paid subject to the prevailing laws, and such Bonus Warrants holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he/she had on such date been the holder of the new Kerjaya Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Bonus Warrants shall lapse and cease to be valid for any purpose.
- Deed Poll : The Bonus Warrants shall be constituted by the Deed Poll to be executed by the Company.
- Governing laws : The Bonus Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

2.2.6 Utilisation of proceeds

The Proposed Bonus Issue of Warrants is not expected to raise immediate funds for Kerjaya as the Bonus Warrants will be issued at no cost to the Entitled Shareholders.

The gross proceeds to be raised from the exercise of the Bonus Warrants is dependent on the total number of Bonus Warrants exercised during the tenure of the Bonus Warrants, as well as the exercise price of the Bonus Warrants, which will be determined and fixed at a later date. As such, the exact time frame for utilisation of the proceeds is not determinable at this juncture.

For illustrative purpose, the gross proceeds expected to be raised upon full exercise of the Bonus Warrants based on the indicative exercise price of RM1.59 per Bonus Warrant is approximately RM269.3 million. The gross proceeds to be raised from the exercise of the Bonus Warrants will be utilised as additional working capital for Kerjaya Group. The proceeds may be utilised to finance, amongst others, payment to trade and other payables, staff costs and other operating expenses such as rental and utilities. The proceeds to be utilised for each component of working capital are subject to the Kerjaya Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

The Board intends to undertake the Proposals to reward the Company's shareholders in the form of Bonus Shares and Bonus Warrants which will enable the Company's shareholders to have greater participation in the equity of Kerjaya in terms of number of shares while retaining their percentage of equity interest held. Additionally, the Proposals are also expected to improve the trading liquidity and marketability of Kerjaya Shares on the Main Market of Bursa Securities whilst increasing the capital base of the Company.

Furthermore, in view of the expiry of the previous Kerjaya warrants on 20th December 2017, the Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for rewarding the existing shareholders of Kerjaya after taking into consideration, amongst others, the following factors:-

- (a) the issuance of Bonus Warrants will provide an opportunity to the Entitled Shareholders to further increase their equity participation in the Company by exercising the Bonus Warrants at a pre-determined price over the tenure of the Bonus Warrants. The Company's shareholders who are entitled to the Bonus Warrants may also benefit from any potential capital appreciation arising from the exercise of the Bonus Warrants; and
- (b) the Bonus Warrants will enable the Company to raise future proceeds, as and when the Bonus Warrants are exercised, for working capital requirement of the Group.

4. EFFECT OF THE PROPOSALS

4.1 Share capital

For illustrative purposes, the proforma effect of the Proposals on the share capital of the Company as at the LPD is set out below:

	No. of Kerjaya Shares	RM
As at LPD	564,531,382	312,217,897
Transfer of share premium to share capital as per Companies Act, 2016	-	330,440,408
	564,531,382	642,658,305
To be issued pursuant to the Proposed Bonus Issue of Share	677,437,658	-
	1,241,969,040	642,658,305
To be issued pursuant to the full exercise of Bonus Warrants	169,359,414	269,281,468
Enlarged share capital	1,411,328,454	911,939,773

4.2 Earnings and earnings per Kerjaya Share (“EPS”)

The Proposals are not expected to have any material effect on the earnings of Kerjaya Group for the FYE 31 December 2018, save for the dilution in EPS as a result of the increase in the number of Kerjaya Shares pursuant to the Proposed Bonus Issue of Shares, and as and when the Bonus Warrants are exercised into new Kerjaya Shares.

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4.3 Substantial shareholders' shareholdings

For illustrative purposes, the proforma effect of the Proposals on the shareholdings of the substantial shareholders of Kerjaya as at the LPD is set out below:-

	As at LPD				After the Proposals			
	Direct		Indirect		Direct		Indirect	
	No. of Kerjaya Shares	%	No. of Kerjaya Shares	%	No. of Kerjaya Shares	%	No. of Kerjaya Shares	%
Amazing Parade Sdn Bhd	114,310,345	20.25	-	-	251,482,759	20.25	-	-
Egovision Sdn Bhd	282,352,267	50.02	-	-	621,174,987	50.02	-	-
Datuk Tee Eng Ho	-	-	399,357,755	70.74 ⁽¹⁾	-	-	878,587,061	70.74 ⁽¹⁾
Tee Eng Seng	-	-	396,662,612	70.26 ⁽²⁾	-	-	872,657,746	70.26 ⁽²⁾
Datin Toh Siew Chuon	2,695,143	0.48	396,662,612	70.26 ⁽²⁾	5,929,315	0.48	872,657,746	70.26 ⁽²⁾

	Assuming full exercise of the Bonus Warrants			
	Direct		Indirect	
	No. of Kerjaya Shares	%	No. of Kerjaya Shares	%
Amazing Parade Sdn Bhd	285,775,863	20.25	-	-
Egovision Sdn Bhd	705,880,668	50.02	-	-
Datuk Tee Eng Ho	-	-	998,394,389	70.74 ⁽¹⁾
Tee Eng Seng	-	-	991,656,531	70.26 ⁽²⁾
Datin Toh Siew Chuon	6,737,858	0.48	991,656,531	70.26 ⁽²⁾

Notes:-

- (1) Deemed interested by virtue of his spouse's direct shareholding and his interest in Egovision Sdn Bhd and Amazing Parade Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (2) Deemed interested by virtue of their interest in Egovision Sdn Bhd and Amazing Parade Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

4.4 Net assets (“NA”) and gearing

For illustrative purpose, the proforma effects of the Proposals on the audited consolidated NA and gearing of Kerjaya as at 31 December 2016 are set out below:-

	Audited as at 31 December 2016	Adjustment for subsequent events up to the LPD ⁽¹⁾	After the Proposals	Assuming full exercise of Bonus Warrants ⁽⁴⁾
	RM	RM	RM	RM
Share capital	254,532,782	312,217,897	642,658,305 ⁽²⁾	911,939,773
Redeemable convertible preference shares in the capital of Kerjaya (“RCPS”) – equity component	36,523,318	-	-	-
Reserves	330,333,440	330,764,680 ⁽²⁾	324,272 ⁽²⁾	324,272
Retained profit	140,444,288	140,444,288	140,194,288 ⁽³⁾	140,194,288
Shareholders’ fund / NA	761,833,828	783,426,865	783,176,865	1,052,458,333
No. of Kerjaya Shares in issue	509,065,564	564,531,382	1,241,969,040	1,411,328,454
NA per Share	1.50	1.39	0.63	0.75
Total borrowings	4,836,121	4,836,121	4,836,121	4,836,121
Gearing (times)	0.006	0.006	0.006	0.005

Notes:-

- (1) Being adjustment for the exercise of the 22,120,993 previous Kerjaya warrants at the exercise price of RM0.88 and conversion of 33,344,828 RCPS at the conversion price of RM1.16 from 1 January 2017 and up to the LPD.
- (2) Being amount credited to share premium account of the Company pursuant to the exercise of the previous Kerjaya warrants from 1 January 2017 up to 31 January 2017, prior to the enactment of the Companies Act, 2016. Post 31 January 2017, the amount is fully credited to share capital account in accordance with the Companies Act, 2016.
- (3) After deducting the estimated expenses of RM250,000.
- (4) After the full exercise of the Bonus Warrants at the indicate exercise price of RM1.59 per Bonus Warrant.

4.5 Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities for the following:
 - (a) admission of the Bonus Warrants to the official list of Bursa Securities as well as the listing of and quotation for 169,359,414 Bonus Warrants pursuant to the Proposed Bonus Issue of Warrants;
 - (b) listing of and quotation for 677,437,658 Bonus Shares on the Main Market of Bursa Securities;
 - (c) listing and quotation of up to 169,359,414 new Kerjaya Shares to be issued arising from the exercise of Bonus Warrants on the Main Market of Bursa Securities;
- (ii) shareholders of Kerjaya at an extraordinary general meeting (“**EGM**”) of the Company to be convened; and
- (iii) any other authorities/parties, if required.

The Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants are not inter-conditional upon each other. However, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

6. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of the Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposals, save for their respective entitlements as shareholders of Kerjaya under the Proposals, which other shareholders of Kerjaya are similarly entitled to.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals including but not limited to the rationale, as well as effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

8. ADVISER

AmInvestment Bank has been appointed as Principal Adviser to the Company for the Proposals.

9. APPLICATION TO THE AUTHORITY AND ESTIMATED TIMEFRAME FOR COMPLETION

The application to Bursa Securities in relation to the Proposals will be made within 1 month from the date of this announcement.

Barring unforeseen circumstances, the Proposals are expected to be completed by the 1st quarter of 2018.

This announcement is dated 3 January 2018.