

Company Name : Destini Berhad
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Destini proposes private placement exercise to repay borrowings

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KUALA LUMPUR: Destini Bhd has proposed a private placement to raise approximately RM49.67 million in funds for the repayment of bank borrowings and working capital purposes.

Based on its filing with the bourse yesterday, the engineering group intends to issue up to 231.05 million shares for the placement exercise, representing up to 20% of the total number of issued shares in Destini.

Based on an indicative issue price of 21.5 sen per placement share, the exercise is expected to raise RM49.67 million in proceeds, out of which RM21 million will be used to repay bank borrowings.

Meanwhile, RM22 million will go towards funding its existing

projects, RM5 million for new projects, while RM1.39 million has been earmarked for general requirements.

The balance of the proceeds will be used to cover the estimated expenses for the private placement.

Destini said its cash and cash equivalents had fallen to RM6.46 million as at the end of June 30, 2019, compared with RM52.36 billion as at Dec 31, 2016.

"The group has been using its internally generated funds and bank borrowings to fund the capital expenditure and other related costs of its existing projects.

The proceeds raised from the proposed private placement will provide additional funds or the group to continue to fund those projects, which are generally capital intensive in nature," it added.

Upon completion of the exercise, the group's total share base will increase to 1.39 billion shares from 1.16 billion. In line with the increase in shares, its share capital will increase to RM432.48 million from RM382.81 million.

Its total borrowings are expected to be reduced to RM115.1 million after the repayment of its bank borrowings, from RM136.1 million, translating to a lower gearing ratio of 0.21 times versus 0.27 times as at Dec 31, 2018.

"Barring any unforeseen circumstances, the proposed private placement is expected to be completed by the fourth quarter of 2019," it said.

Destini fell 0.5 sen or 2.27% to 21.5 sen with 1.29 million shares traded yesterday, giving it a market capitalisation of RM248.37 million.