

PESTECH INTERNATIONAL BERHAD
(“PESTECH” or “the Company”)
[Registration No. 201101019901 (948035-U)]
(Incorporated in Malaysia)

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY
KEC TOH YUEN VIP ROOM, GROUND FLOOR, KLANG EXECUTIVE CLUB,
PERSIARAN BUKIT RAJA 2, BANDAR BARU KLANG, 41150 KLANG, SELANGOR
DARUL EHSAN ON TUESDAY, 10 DECEMBER 2024 AT 10:00 A.M.**

DIRECTORS PRESENT

Mr. Lim Ah Hock (*Executive Chairman*)

Mr. Lim Pay Chuan (*Managing Director and Group Chief Executive Officer*)

Ms. Hoo Siew Lee (*Independent Non-Executive Director*)

Dato’ Harjit Singh A/L Gurdev Singh (*Non Independent Non-Executive Director*)

ABSENT WITH APOLOGIES

Ms. Helen Tan Miang Kieng (*Independent Non-Executive Director*)

IN ATTENDANCE

Ms. Teh Bee Choo (*Chief Financial Officer*)

Ms. Lynda Pan Seng Wee (*Company Secretary*)

REPRESENTATIVES OF PRINCIPAL ADVISER PRESENT

Mr. Stewart Lau (*Alliance Islamic Bank Berhad*)

Mr. Lee Chun Huen (*Alliance Islamic Bank Berhad*)

REPRESENTATIVE OF INDEPENDENT ADVISER PRESENT

Mr. Chris Lai (*Mercury Securities Sdn. Bhd.*)

Mr. Yip Kah Weng (*Mercury Securities Sdn. Bhd.*)

Mr. Eddie Soh (*Mercury Securities Sdn. Bhd.*)

REPRESENTATIVE OF LEGAL ADVISER PRESENT

Mr. Yoon Ming Sun (*Cheang & Ariff*)

MEMBERS, PROXY HODERS AND INVITEES

As per Attendance List

CHAIRMAN

Mr. Lim Ah Hock, the Chairman of the Company, was in the Chair.

WELCOME ADDRESS BY CHAIRMAN

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On behalf of the Board of Directors ("**Board**"), Mr. Lim Ah Hock, the Chairman welcomed and thanked all present in the Extraordinary General Meeting ("**EGM**" or "**Meeting**") of the Company.

The Chairman introduced members of the Board, Chief Financial Officer, Company Secretary and representatives from Alliance Islamic Bank Berhad (Principal Adviser), Mercury Securities Sdn. Bhd. (Independent Adviser) and Cheang & Ariff (Legal Adviser) who were physically present at the Broadcast Venue.

The Chairman then conveyed apologies on behalf of Ms. Helen Tan Miang Kieng, the Independent Non-Executive Director of the Company for not being able to attend the EGM.

QUORUM

Ms. Lynda Pan Seng Wee ("**Ms. Lynda Pan**"), the Company Secretary confirmed that a quorum was present in accordance with Clause 96 of the Company's Constitution.

With the requisite quorum being present, the Chairman declared the Meeting duly convened.

The Chairman advised the Meeting that the Company was using 3 December 2024 as the determinant date of the General Meeting Record of Depositors, being the cut-off date for determining who should be entitled to participate in the EGM.

NOTICE OF MEETING

The Notice convening the Meeting dated 25 November 2024 having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

PROCEEDINGS OF MEETING AND VOTING PROCEDURES

The Chairman and Ms. Lynda Pan briefed an overview of the meeting procedures at this Meeting, as below:-

- (i) In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the proposed resolutions set out in the Notice convening the Meeting would be voted by poll.
- (ii) Since there was no legal requirement for a proposed resolution to be seconded, the Chairman would take the Meeting through each item on the Agenda.
- (iii) Shareholders and proxies may proceed to cast and submit their votes from the start of the Meeting, should they wish to, until the closure of the voting session to be announced. Alternatively, shareholders may also cast and submit their votes after all the resolutions were being read out.

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Ms. Lynda Pan further informed that the Chairman of the Meeting had been appointed as proxy by some shareholders who were unable to participate in the Meeting. Accordingly, the Chairman would be voting as their proxy in accordance with their voting instructions, where indicated.

Ms. Lynda Pan reminded the Meeting to ask questions that were relevant to the Agenda items of the Meeting. For smooth running of the proceedings of the Meeting, the question and answer session would be conducted, upon completion of the deliberations of the business to be transacted at the Meeting, prior to the poll voting session.

The Meeting was also informed that the Company had appointed Securities Services (Holdings) Sdn. Bhd. as the Poll Administrator for the Meeting. Aldpro Corporate Services Sdn. Bhd. would act as the Independent Scrutineers to verify the results of the poll.

PRESENTATION BY THE PRINCIPAL ADVISER – ALLIANCE ISLAMIC BANK BERHAD ON PROPOSED RESTRICTED ISSUE

The Chairman invited Mr. Stewart Lau, the representative from Alliance Islamic Bank Berhad, the Principal Adviser, to give shareholders a presentation on the Proposed Restricted Issue.

PRESENTATION BY THE INDEPENDENT ADVISER – MERCURY SECURITIES SDN. BHD. ON PROPOSED EXEMPTION

The Chairman thanked Mr. Stewart Lau and further invited Mr. Yip Kah Weng, the representative from Mercury Securities Sdn. Bhd., the Independent Adviser to present their independent advice on the Proposed Exemption.

LETTER RECEIVED FROM THE MINORITY SHAREHOLDERS WATCH GROUP

The Chairman informed that the Company had received questions from the Minority Shareholders Watch Group ("**MSWG**") via its letter dated 6 December 2024 and a Shareholder, raising a few questions about the proposal to be transacted at the EGM.

The Chairman invited Mr. Paul Lim Pay Chuan ("**Mr. Paul Lim**"), the Managing Director and Group Executive Officer ("**MD & Group CEO**") to present the responses to the questions raised by MSWG and a Shareholder. The list of questions from MSWG and a Shareholder was presented on the screen whilst Mr. Paul Lim read out the Company's replies, details as set out in **Annexure "A" and "B"** attached to this Minutes.

The Chairman thanked Mr. Paul Lim for his presentation and continued with the proceedings of the Meeting.

1. ORDINARY RESOLUTION 1

- **PROPOSED RESTRICTED ISSUE OF 1,333,335,000 NEW ORDINARY SHARES IN PESTECH ("PESTECH SHARE(S)" OR "SHARE(S)") ("RESTRICTED SHARE(S)") REPRESENTING APPROXIMATELY 135.43% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) TO DHAYA MAJU INFRASTRUCTURE (ASIA) SDN BERHAD ("DMIA" OR "THE**

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SUBSCRIBER") FOR A TOTAL SUBSCRIPTION PRICE OF RM160,000,200 AT AN ISSUE PRICE OF RM0.12 PER RESTRICTED SHARE ("SUBSCRIPTION PRICE") ("PROPOSED RESTRICTED ISSUE")

The Chairman informed the Meeting that the first item on the Agenda was in respect of the Proposed Restricted Issue, an issuance of 1,333,335,000 Restricted Shares representing approximately 135.43% of the existing total number of issued shares of the Company (excluding treasury shares) to DMIA at an issue price of RM0.120 per Restricted Share.

The Proposed Restricted Issue provides the most appropriate avenue to raise funds expeditiously in a cost effective manner. The Proposed Restricted issue will also improve the financial flexibility of the Group by increasing the size and strength of the Company's capital base and shareholders' funds to support the continuous business requirements of PESTECH Group.

The Chairman informed that full details of the Proposed Restricted Issue were provided in the Circular to Shareholders ("**Circular**") dated 25 November 2024 which had been circulated to all shareholders earlier.

2. ORDINARY RESOLUTION 2

- PROPOSED CAPITALISATION OF THE DEPOSIT OF RM16,000,020, BEING 10% OF THE SUBSCRIPTION PRICE ("DEPOSIT") PAID BY THE SUBSCRIBER TO THE COMPANY UPON EXECUTION OF THE SUBSCRIPTION AGREEMENT FOR THE PROPOSED RESTRICTED ISSUE, THROUGH THE ISSUANCE OF 133,333,500 NEW SHARES ("CAPITALISATION SHARE(S)") AT AN ISSUE PRICE OF RM0.12 PER CAPITALISATION SHARE ("CAPITALISATION ISSUE PRICE"), IF REQUIRED PURSUANT TO THE TERMS OF THE SUBSCRIPTION AGREEMENT ("PROPOSED CAPITALISATION")**
-

The Chairman advised the Meeting that the next item on the Agenda was in relation to the Proposed Capitalisation.

Pursuant to the terms of the Subscription Agreement, the Proposed Capitalisation will only be implemented if any of the conditions precedent of the Subscription Agreement is not fulfilled or waived within the stipulated timeframe, or that either the Company or DMIA terminates the Subscription Agreement, in accordance with the terms of the Subscription Agreement. If the Subscription Agreement is completed, the Company will not undertake the Proposed Capitalisation.

The Proposed Capitalisation involves the Company capitalising the Deposit paid by DMIA to the Company for the Proposed Restricted Issue, through the issuance of the 133,333,500 Capitalisation Shares by the Company to DMIA at the Capitalisation Issue Price of RM0.12 per Capitalisation Share, if required pursuant to the terms of the Subscription Agreement.

The Capitalisation Shares represent approximately 11.93% of the enlarged total number of issued Shares of the Company upon completion of the Proposed Capitalisation (excluding treasury shares and assuming none of the Warrants are

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exercised and no Employees' Share Option Scheme ("**ESOS**") Options are granted).

The Chairman informed that full details of the Proposed Capitalisation were provided in the Circular dated 25 November 2024 which had been circulated to all shareholders earlier.

3. ORDINARY RESOLUTION 3

- PROPOSED EXEMPTION FROM THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SUBPARAGRAPH 4.08(1) (B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") TO THE SUBSCRIBER AND ITS PERSONS ACTING IN CONCERT ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKEOVER OFFER TO ACQUIRE ALL THE REMAINING SHARES AND OUTSTANDING WARRANTS 2021/2028 ("WARRANT(S)") IN THE COMPANY NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED RESTRICTED ISSUE ("MANDATORY OFFER") ("PROPOSED EXEMPTION")

The Chairman advised the Meeting that the next item on the Agenda was in relation to the Proposed Exemption.

Upon completion of the Proposed Restricted Issue, DMIA would hold 1,333,335,000 Shares and its shareholding in the Company will increase from nil to approximately 57.52% of the enlarged total number of issued shares of the Company.

As a result of the Proposed Restricted Issue, DMIA would be obliged to extend the Mandatory Offer pursuant to subsection 218(2) of the Capital Markets and Services Act 2007 and subparagraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**").

As DMIA has no intention of undertaking the Mandatory Offer, DMIA and its Persons Acting In Concerts will seek an exemption from the Securities Commission Malaysia ("**SC**") pursuant to subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the Mandatory Offer after obtaining the approval from the shareholders of the Company for the Proposed Exemption, by way of poll at this Meeting.

However, if the shareholders of the Company approve the Proposed Exemption but the SC does not approve the Proposed Exemption, DMIA will undertake the Mandatory Offer in accordance with the Rules.

The Company will proceed with the Proposed Restricted Issue irrespective of whether the SC approves or rejects the Proposed Exemption.

The Chairman informed that full details of the Proposed Exemption were provided in the Circular dated 25 November 2024 which had been circulated to all shareholders earlier.

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QUESTION AND ANSWER ("Q&A") SESSION

After tabling all the resolutions, the Chairman announced that the Meeting was opened for Q&A session. The details on the Q&A are set out in **Annexure "B"** attached to this minutes.

After having addressed all the questions raised, the Chairman announced the closure of registration for attendance at this EGM and the Q&A session, and moved on to the polling session.

POLL VOTING

Ms. Lynda Pan briefed the voting and polling procedures at this Meeting, as below:-

- a) Shareholders attending in person, as proxies or as corporate representatives have been given a poll form during registration this morning.
- b) For those attending in their capacity as proxies, the votes cast by their appointing shareholder in the proxy forms will already be indicated on the poll forms. Therefore, the proxy only needs to sign the poll form. However, for proxy forms that have not indicated how the votes will be cast, the proxies shall cast their votes at their discretion.
- c) Shareholders and proxies must cast their votes by marking "X" at the indicated places and sign the poll forms.
- d) Any amendment to the manner of voting, Shareholders and proxies may countersign by the side of their amendment.
- e) Should there be any additional comments marked on the polling forms, the votes shall be considered "SPOILT". Spoilt votes and incomplete and unsigned polling forms would be deemed null and void.

The Meeting proceeded with the completion of the casting and submission of votes for another fifteen (15) minutes. Upon completion of the poll voting, the Independent Scrutineer then proceeded to verify the poll results.

DECLARATION OF POLL RESULTS

The Meeting resumed at 11:15 a.m. for the declaration of the poll results which had been verified by the Independent Scrutineers.

Based on the report from the Independent Scrutineers, the Company Secretary, Ms. Lynda Pan read out the poll results as follows, which were shown on the screen:-

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Resolution	Voted For		Voted Against	
	No. of shares	%	No. of shares	%
Ordinary Resolution 1	419,246,995	99.9827%	72,650	0.0173%
Ordinary Resolution 2	419,246,995	99.9827%	72,650	0.0173%
Ordinary Resolution 3	408,923,330	97.5207%	10,396,315	2.4793%

Based on the results of the verified poll votes, the Chairman subsequently declared that the following Ordinary Resolutions 1 to 3 were **CARRIED**:

ORDINARY RESOLUTION 1

PROPOSED RESTRICTED ISSUE OF 1,333,335,000 NEW ORDINARY SHARES IN PESTECH ("PESTECH SHARE(S)" OR "SHARE(S)") ("RESTRICTED SHARE(S)") REPRESENTING APPROXIMATELY 135.43% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) TO DHAYA MAJU INFRASTRUCTURE (ASIA) SDN BERHAD ("DMIA" OR THE "SUBSCRIBER") FOR A TOTAL SUBSCRIPTION PRICE OF RM160,000,200 AT AN ISSUE PRICE OF RM0.12 PER RESTRICTED SHARE ("SUBSCRIPTION PRICE") ("PROPOSED RESTRICTED ISSUE")

"THAT, subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of the Company ("Board") to allot and issue 1,333,335,000 Restricted Shares at the Subscription Price of RM0.12 per Restricted Share to the Subscriber in a single tranche subject always to the terms and conditions of the subscription agreement dated 4 October 2024 ("Subscription Agreement");

THAT the Restricted Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Restricted Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of the Restricted Shares;

THAT, pursuant to subsection 85(1) of the Companies Act 2016 ("Act") read together with Clause 14 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be first offered any new Shares ranking equally to the existing issued shares arising from the allotment and issuance of the new Shares pursuant to the Proposed Restricted Issue and that the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of the Restricted Shares to the Subscriber pursuant to the Proposed Restricted Issue, which will consequently result in a dilution of the shareholders' shareholdings percentage in the Company;

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Restricted Issue for such purposes as set out in the circular to shareholders of the Company dated 25 November 2024 and that the Board be and is hereby

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authorised with full power to vary the manner and/or purposes of the utilisation of such proceeds from the Proposed Restricted Issue in the manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant authorities (where required);

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things as they may consider necessary or expedient in the best interest of the Company with the full powers to amend and/or assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities, and to take all steps and to enter into and execute all agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to finalise, implement and give full effect to the Proposed Restricted Issue."

ORDINARY RESOLUTION 2

PROPOSED CAPITALISATION OF THE DEPOSIT OF RM16,000,020, BEING 10% OF THE SUBSCRIPTION PRICE ("DEPOSIT") PAID BY THE SUBSCRIBER TO THE COMPANY UPON EXECUTION OF THE SUBSCRIPTION AGREEMENT FOR THE PROPOSED RESTRICTED ISSUE, THROUGH THE ISSUANCE OF 133,333,500 NEW SHARES ("CAPITALISATION SHARE(S)") AT AN ISSUE PRICE OF RM0.12 PER CAPITALISATION SHARE ("CAPITALISATION ISSUE PRICE"), IF REQUIRED PURSUANT TO THE TERMS OF THE SUBSCRIPTION AGREEMENT ("PROPOSED CAPITALISATION")

"THAT, subject to approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to capitalise the Deposit paid by the Subscriber to the Company upon execution of the Subscription Agreement for the Proposed Restricted Issue;

THAT the Deposit shall be fully capitalised through the issuance of 133,333,500 Capitalisation Shares at the Capitalisation Issue Price of RM0.12 per Capitalisation Share to the Subscriber;

THAT the Capitalisation Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Capitalisation Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of the Capitalisation Shares;

THAT, pursuant to subsection 85(1) of the Act read together with Clause 14 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be first offered any new Shares ranking equally to the existing issued shares arising from the allotment and issuance of the new Shares pursuant to the Proposed Capitalisation and that the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of the Capitalisation Shares to the Subscriber pursuant to the Proposed Capitalisation, which will consequently result in a dilution of the shareholders' shareholdings percentage in the Company;

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THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Capitalisation for such purposes as set out in the circular to shareholders of the Company dated 25 November 2024 and that the Board be and is hereby authorised with full power to vary the manner and/or purposes of the utilisation of such proceeds from the Proposed Capitalisation in the manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject to the compliance with the Listing Requirements and the approval of the relevant authorities (where required);

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things as they may consider necessary or expedient in the best interest of the Company with the full powers to amend and/or assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities, and to take all steps and to enter into and execute all agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to finalise, implement and give full effect to the Proposed Capitalisation."

ORDINARY RESOLUTION 3

PROPOSED EXEMPTION FROM THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") TO THE SUBSCRIBER AND ITS PERSONS ACTING IN CONCERT ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE ALL THE REMAINING SHARES AND OUTSTANDING WARRANTS 2021/2028 ("WARRANT(S)") IN THE COMPANY NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED RESTRICTED ISSUE ("MANDATORY OFFER") ("PROPOSED EXEMPTION")

"THAT subject to the passing of the Ordinary Resolution 1 and the approvals from the Securities Commission Malaysia ("SC") and/or other relevant authorities or parties being obtained including such conditions as may be imposed by the SC, approval be and is hereby given for the Subscriber and its PACs to be exempted from the obligation to undertake a mandatory take-over offer to acquire all the remaining Shares and outstanding Warrants not already owned by them upon completion of the Proposed Restricted Issue;

AND THAT the Board of the Company be and are hereby empowered and authorised to do all acts, deeds and things as they may consider necessary or expedient in the best interest of the Company with the full powers to amend and/or assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities, and to take all steps and to enter into and execute all agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to finalise, implement and give full effect to the Proposed Exemption."

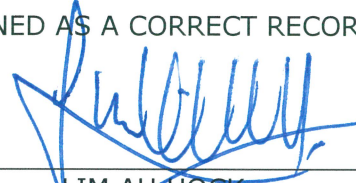
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TERMINATION

There being no other business to be transacted, the Meeting terminated at 11:30 a.m with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD



LIM AH HOCK
CHAIRMAN

Dated: 10 December 2024

PESTECH INTERNATIONAL BERHAD (“PESTECH” OR THE “COMPANY”)

- (i) PROPOSED RESTRICTED ISSUE;
- (ii) PROPOSED CAPITALISATION; AND
- (iii) PROPOSED EXEMPTION

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) Q&A**

Unless otherwise defined, the terms used herein shall carry the same meaning as those defined in the Circular dated 25 November 2024.

No.	Questions	Response
1.	<p><i>“Based on the latest unaudited financial statements of the Group for the nine (9)-month FPE 30 June 2024, the Group has a negative cash and cash equivalents of approximately RM14.42 million as at 30 June 2024.”</i></p> <p><i>“Additionally, the Group has a high debt position of approximately RM1.09 billion and gearing ratio of 3.60 times as at 30 June 2024.”</i></p> <p>In view of the Group’s high debt position of RM1.09 billion and gearing ratio of 3.60 times as at 30 June 2024, how does the Board assess the adequacy of the RM160 million to be raised through the Proposed Restricted Issue in improving the Company’s financial health?</p>	<p>The Proposed Restricted Issue is aimed to serve as an immediate step to assist the Group to improve its current financial position and address the immediate funding requirements. The Group will allocate RM60.00 million of the gross proceeds raised from the Proposed Restricted Issue to partially repay the bank borrowings which will provide financial flexibility and interest saving to the Group. Further, another RM82.00 million of the gross proceeds will be earmarked mainly to cater for the immediate working capital requirements for the Group’s projects to ensure smooth business operations and deliver its projects on a timely basis.</p> <p>Barring any unforeseen circumstances, the Board is of the view that the Proposed Restricted Issue is adequate to address the Group’s current financial concerns and would help to reposition the Group in a better financial footing moving forward. Nevertheless, the Board will continue to monitor the Group’s funding requirements and will explore, assess and evaluate other suitable proposals to address its financial position as and when required.</p>

No.	Questions	Response
2.	<p><i>“The Group intends to utilise proceeds of approximately RM60.00 million raised from the Proposed Restrictred Issue to partially repay the bank borrowings. Such repayment of bank borrowings is expected to result in annual interest savings of approximately RM3.35 million calculated based on the tenure of the bank borrowings of up to 12 months and the effective interest rate of 5.59% per annum.”</i></p> <p>Based on the unaudited financial statements for the financial period ended 30 September 2024, the Group’s total interest expenses amounted to RM78.93 million.</p> <p>With only RM60 million allocated for the repayment of bank borrowings, is this amount sufficient to meaningfully improve the Company’s debt structure, or will debt restructuring be required in the near future? Please explain the reasoning behind the response.</p>	<p>There will be immediate improvement of the Company’s debt structure upon the completion of the Proposed Restricted Issue.</p> <p>In addition, the Board is of the view that the Proposed Restricted Issue enable the Company to introduce strategic investor (i.e. DMIA) into the Company’s current shareholding mix while raising the funds required to provide the Group with immediate cash relief to ease the Group’s overall cash flow position.</p> <p>The entry of DMIA as a strategic investor into the Company will bring in various synergistic benefits to the Company and eventually improve the Company’s financial health due to the following:</p> <ul style="list-style-type: none"> (i) DMIA will work together with the Company in adopting new technological and commercial developments under each of its major business segments; (ii) DMIA will assist the Company to expand its current businesses with new execution capabilities and assist the Company to grow both horizontally and vertically in terms of existing and new opportunities; and (iii) the experience senior management of DMIA will provide guidance to the Company to be more efficient with the aim of reducing expenditure and improving financial performance. <p>Given time, with the entry of DMIA, the Group will continue to strengthen its debt structure and may assess other suitable corporate exercises in the future if the need arises.</p>

No.	Questions	Response
3.	<p><i>“As at the LPD, the Group has 14 on-going projects located in Malaysia, Cambodia, Phillipines and Papua New Guinea.”</i></p> <p><i>“In addition to allocating the gross proceeds to the above on-going projects, the Group may also utilise such gross proceeds for tender bonds and/or performance bonds for the purpose of bidding/entering into new projects or new contracts.”</i></p> <p>Based on the above, please clarify how the proposed funding allocation of RM75.80 million will directly contribute to timely and successful project completion?</p>	<p>Currently, the ongoing projects are at various stages of completion. The allocation of funds to the ongoing projects are expected to ensure successful completion of these projects and the Group does not foresee any additional financial commitment required to complete the on-going projects.</p> <p>Upon completion of the Proposed Restricted Issue, the Board or the committee(s) as the case may be, will assess the requirements of the on-going projects and new projects, if required, and to ensure efficient disbursement of the gross proceeds to facilitate completion of the projects.</p>
4.	<p>If the proceeds from the Proposed Restricted Issue are insufficient to stabilise the Company’s financial position, what contingency plans does the Company have to secure additional funding or mitigate liquidity risks?</p>	<p>We wish to highlight that the Proposed Restricted Issue is mainly to address the immediate funding requirements of the Group and at the same time improve its financial position.</p> <p>In the event the Group requires additional funding, the Group may consider other suitable proposals to address its financial requirements as and when required.</p>
5.	<p>Based on the Company’s current financial position and the pro forma financial effects upon completion of the Proposed Restricted Issue, how do the potential benefits (for eg. lower gearing ratio, better cash position and interest savings) compare to the Company’s long-term financial targets?</p>	<p>Besides that the Company will have a lower gearing ratio, better cash position and interest savings upon completion of the Proposed Restricted Issue, the entry of DMIA as a strategic investor into the Company will also bring in various synergistic benefits to the Company, in which these benefits is also aligned with the Company’s long term financial targets to strengthen its financial position.</p> <p>The Group intends to focus on projects with progressive payments in the future, rather than long term deferred payments scheme, as to minimise the project funding requirements.</p>

PESTECH INTERNATIONAL BERHAD (“PESTECH” OR THE “COMPANY”)

- (i) PROPOSED RESTRICTED ISSUE;
- (ii) PROPOSED CAPITALISATION; AND
- (iii) PROPOSED EXEMPTION

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

CHAN FUNG HAN’s Q&A

Unless otherwise defined, the terms used herein shall carry the same meaning as those defined in the Circular dated 25 November 2024.

No.	Questions	Response
1.	As the Group has a high debt position and high gearing ratio even after the Proposed Restricted Issue. What is the plan by the Board and Management to gradually pare down the borrowings and to increase the overall liquidity and equity of the Group?	<p>The Board is of the view that the entry of Dhaya Maju Infrastructure (Asia) Sdn. Bhd. (“DMIA”) as a strategic investor into the Company with strong networks and financial backing will bring in various synergistic benefits to the Company and eventually improve the Company’s financial health due to the following:</p> <ul style="list-style-type: none"> (i) PESTECH will be able to leverage on DMIA’s expertise in civil infrastructure development and rail electrification industry to expands its market reach by forming strong joint-venture collaboration between DMIA and PESTECH; and (ii) PESTECH will be able to tap into the experience and networking of an expanded Board to increase its market shares within the current industry and establish new collaboration with new technology partners. <p>Moving forward, the Group intends to focus on projects with progressive payments, rather than long-term deferred payments scheme, to minimise project funding requirements. This strategy aims to improve the Group’s capital structure and ensure sustainable growth.</p>

No.	Questions	Response										
2.	Please provide the breakdown of RM504.33 million outstanding order book for respective on-going projects.	<p>We are pleased to share the breakdown information of the RM504.33 million order book as follows:-</p> <table border="1" data-bbox="808 284 1697 512"> <thead> <tr> <th data-bbox="808 284 1319 368">Business Segment</th> <th data-bbox="1319 284 1697 368">Order book as at the LPD (RM million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="808 368 1319 403">Transmission line and substation</td> <td data-bbox="1319 368 1697 403">351.60</td> </tr> <tr> <td data-bbox="808 403 1319 438">Rail Electrification</td> <td data-bbox="1319 403 1697 438">115.73</td> </tr> <tr> <td data-bbox="808 438 1319 474">Others, RE and etc</td> <td data-bbox="1319 438 1697 474">37.00</td> </tr> <tr> <td data-bbox="808 474 1319 512" style="text-align: right;">Total</td> <td data-bbox="1319 474 1697 512">504.33</td> </tr> </tbody> </table>	Business Segment	Order book as at the LPD (RM million)	Transmission line and substation	351.60	Rail Electrification	115.73	Others, RE and etc	37.00	Total	504.33
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3.	Which were the conditions precedent that not fulfilled in the aborted Proposed Restricted Issue 2023? What measures had been taken or to be taken by the Board and Management to avoid the same to happen in this Proposed Restricted Issue to DMIA?	<p>The Proposed Restricted Issue 2023 was aborted due to the delay in obtaining the approval(s) or consent(s) from the financiers of the Group for favourable revisions of the Group's existing bank borrowings with terms and conditions acceptable to IJM and PESTECH.</p> <p>To avoid the same incident, the Board has been working closely with DMIA to ensure the successful implementation of the Proposed Restricted Issue. We are confident that similar challenges will not be a hindrance for the completion of the subscription.</p>										
4.	What is the rationale of disclosing the undertaking by two Directors that they will vote in favour for all the resolutions? Is it a requirement by the Bursa Malaysia MMLR? Such disclosure will place undue influence to the voting decision of the minority shareholders. Please explain the rationale.	The disclosure of the undertakings by the two (2) Directors in the Circular is considered material which is required to be disclosed as an additional information under Appendix 6B, Part A (34) of the Listing Requirements.										
5.	Given all the potential disadvantages to the shareholders shall the proposed resolutions are approved and there is no assurance that the mid-term and long-term benefits will materialise, what are the benefits that minority shareholders will gain in the short-term?	The subscription offer has been recommended as fair and reasonable for shareholders to consider when voting on the proposals where the merits derived from the proposals outweigh the disadvantages. Upon successful exercise of the subscription, the minority shareholders are assured that the cash injection will enable the Company to address its current needs and position itself for future growth in the industry that is still fundamentally required in the modernization of the region.										

No.	Questions	Response
6.	Please explain further in details for all the one-off expenses that caused the huge net losses in the 9-month FPE 30 June 2024.	Over the 9 months of the financial period ended 30 June 2024, as the Board and Management navigated the interim period while awaiting and identifying avenue for potential fund injections, various measures were undertaken to reduce financial commitments and minimize losses. Among these were the decision to annul a deferred payment project in Cambodia which demand high equity injection/investment before completion. Other one-off expense include a fair value loss adjustment based on accounting standards from contract modification arising from the deferment of collection for a deferred payment project.
7.	How will the Subscribers fund the purchase consideration whereby DMIA is also having high gearing and the cash and bank balances is lesser the purchase consideration?	DMIA had paid for a 10% deposit of the subscription price pursuant to the Subscription Agreement and our Principal Adviser together with representative from PESTECH had sighted their proof of fund to complete the subscription.
8.	DMIA will nominate three Directors and the Company is required to appoint at least one Director to fulfill the MMLR and MCCG. Will the then Board of Directors too huge in size and inefficient? Had Nomination Committee considered such instance? What is the maximum number of Directors allowed as per Constitution?	<p>The Board is aware of the requirements as set out in paragraph 15.02(1) of the Listing Requirements and Malaysian Code on Corporate Governance 2021.</p> <p>Any plan to restructure the Board will be after the completion of the Proposed Restricted Issue, as the Board will work together with DMIA as well as the Nomination Committee to re-assess the optimal size/number of Directors, with the maximum of 12 directors as per the Constitution, to sit on the Board in the near future.</p>

MOHAMED AMIN MAHMUD's Q&A

9.	Many listed issuers have undertaken placement of new shares post Covid-19. It was unfair for not giving the first right of refusal to all existing shareholders for new issuance of shares.	Shareholders possess pre-emption rights for any new issuance of shares. However, the Board had considered other options, such as a rights issue, but it would require more time compared to a restricted issue. In the case of a rights issue, major shareholders would need to provide the necessary funding, which may not be feasible given the urgent funding requirements of the Company. Considering the size of the issuance and the time constraints, a restricted issue is deemed the most suitable option.
10.	Compared to the Company's book value and market share price, the issue price of RM0.12 per share offered to DMIA appears to be undervalued.	Certain benchmarks must be considered by the Company during discussions with DMIA to determine the offer price. Among these benchmarks are the offer size, the continued commitment of current major shareholders to management, and the market factors influencing the share price, were considered in arriving to RM0.12 per share.