

PESONA METRO HOLDINGS BERHAD
(201101029741) (957876-T)
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF PESONA METRO HOLDINGS BERHAD (“PESONA METRO” OR “THE COMPANY”) HELD AT THE VERTICAL, CONNEXION CONFERENCE & EVENT CENTRE, THE ZENITH (LEVEL M1), BANGSAR SOUTH CITY, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA, ON TUESDAY, 8 OCTOBER 2024 AT 2.30 P.M.

- Present : Mr Wie Hock Kiong (Non-Independent Non-Executive Chairman) – Chairman
Mr Wie Hock Beng (Group Managing Director) – also a shareholder
Puan Salwa Binti Shamshuddin (Independent Non-Executive Director)
Mr Yeong Yok Hoong (Independent Non-Executive Director) (“Mr Yeong”)
Dr. Yong Mun Ching (Independent Non-Executive Director)
- In Attendance : Ms Te Hock Wee – Company Secretary
- By Invitation : Mr Chong Kien Eng – Chief Financial Officer (“CFO”)
Mr Phang Siew Loong } Representing Hong Leong Investment Bank Berhad,
Ms Wendy Teh } the Principal Adviser for the corporate proposals
Ms Lee Pui Yun } (“Principal Adviser”)
Mr Quek Jian Long }
Mr Ng Woon Lit } Representing Strategic Capital Advisory Sdn Bhd,
Mr Tan Dai Liang } the independent adviser

Ms Tan Ming-li } Representing Cheang & Ariff, the due diligence
Ms Loong Wai Teng } solicitors
Ms Chuah Wen Xuan }
Ms Tan Hooi See } Representing Raine & Horne International Zaki +
Encik Ahmad Aswady } Partners Sdn Bhd, the valuer
Awang }

The shareholders/corporate representatives/proxies who attended the EGM are as per the Summary of Attendance List.

1. CHAIRMAN

Mr Wie Hock Kiong, the Chairman, welcomed all shareholders, proxies and invitees present at the EGM of the Company.

He then introduced the members of the Board, the CFO, the Company Secretary and the Principal Adviser.

2. QUORUM

With the requisite quorum being present, the Chairman called the meeting to order at 2.30 p.m.

3. NOTICE OF MEETING

The notice of the EGM dated 19 September 2024 (“the Notice”), having been circulated to all the shareholders within the prescribed period, was taken as read.

4. POLLING PROCEDURE AND ADMINISTRATIVE MATTERS

The Chairman informed the meeting that all resolutions set out in the Notice must be voted by poll pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He further informed that the Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator to facilitate the poll voting process and Scrutineer Solutions

Sdn. Bhd as scrutineer to verify the poll results. The polling process was conducted after the deliberation on all the agenda items.

Since Mr Wie Hock Kiong was interested in the proposed motions, he passed the Chair to Mr Yeong to conduct the meeting.

Mr Yeong took the Chair and proceeded with the first motion set out in the Notice.

5. ORDINARY RESOLUTION 1

PROPOSED ACQUISITIONS OF 510,000 ORDINARY SHARES IN GAYA KUASA SDN BHD (“GAYA KUASA”) (“SALE SHARES”), REPRESENTING 51.0% EQUITY INTEREST IN GAYA KUASA, BY PESONA METRO FOR A TOTAL CASH CONSIDERATION OF RM40,800,000, SUBJECT TO ADJUSTMENT, TO BE SATISFIED WHOLLY VIA CASH (“PROPOSED ACQUISITIONS”)

Mr Yeong informed the meeting that the Proposed Acquisitions were related party transactions, and as such, the interested Directors, major shareholders and persons connected to them would abstain from voting, in respect of their direct and indirect shareholdings, on the motion.

He further informed that the Company had received some questions from a shareholder via email. The CFO presented the Company’s responses to the questions raised by the shareholder concerned, for the information of the shareholders present at the meeting. The details are annexed herein as Appendix A.

Thereafter, Mr Wie Hock Kiong and the CFO proceeded to address the questions posed by the shareholders or proxies, of which the details are annexed herein as Appendix B.

6. ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF PESONA METRO AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT (“PROPOSED DIVERSIFICATION”)

The meeting proceeded to consider the Proposed Diversification. There was no question raised.

7. ORDINARY RESOLUTION 3

PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RRPT”)

The meeting proceeded to consider the last item on the agenda – Proposed New Shareholders’ Mandate for RRPT.

The meeting was informed that the interested Directors, major shareholders and persons connected to them would abstain from voting, in respect of their direct and indirect shareholdings, on the motion.

There was no question raised.

8. POLL VOTING SESSION

After going through all the motions set out in the Notice, the shareholders and proxies were invited to cast their votes.

Thereafter, the meeting adjourned at 3.10 p.m. for the tabulation of the poll results.

9. ANNOUNCEMENT OF POLL RESULTS

The meeting resumed at 3.29 p.m. after obtaining the validated poll results from the independent scrutineer. The poll results were presented to the meeting and the Chairman declared that all resolutions set out in the Notice were duly passed by the shareholders of the Company, as follows:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITIONS OF 510,000 ORDINARY SHARES IN GAYA KUASA SDN BHD (“GAYA KUASA”) (“SALE SHARES”), REPRESENTING 51.0% EQUITY INTEREST IN GAYA KUASA, BY PESONA METRO FOR A TOTAL CASH CONSIDERATION OF RM40,800,000, SUBJECT TO ADJUSTMENT, TO BE SATISFIED WHOLLY VIA CASH (“PROPOSED ACQUISITIONS”)

By a vote of 17,549,125 shares (representing 99.9985%) voted for and 261 shares (representing 0.0015%) voted against the resolution, it was **RESOLVED:-**

THAT subject to the passing of Ordinary Resolution 2, the approvals of all relevant authorities and/or parties being obtained (if required) and the respective conditions precedent in the following:

- (i) conditional share sale agreement dated 11 July 2024 entered into between Pesona Metro and Chin May Yong; and
- (ii) conditional share sale agreement dated 11 July 2024 entered into between Pesona Metro and AM Anugerah Sdn Bhd (“AM Anugerah”),

for the Proposed Acquisitions (“SSAs”), being fulfilled or waived, as the case may be, approval be and is hereby given to the Company to acquire a total of 510,000 Sale Shares in Gaya Kuasa from Chin May Yong and AM Anugerah for a total cash consideration of RM40,800,000, subject to adjustments as set out in the SSAs (“Purchase Consideration”) upon the terms and conditions set out in the SSAs.

AND THAT the Board of Directors of the Company (“Board”) (save for Wie Hock Kiong and Wie Hock Beng) be and is hereby empowered and authorised to do all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company’s Common Seal in accordance with the Company’s Constitution) as may be necessary or expedient in order to implement, finalise, give full effect and complete the Proposed Acquisitions under the terms and conditions of the SSAs with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities including to enter into any supplemental agreement(s), if any, in connection with the Proposed Acquisitions, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board (save for Wie Hock Kiong and Wie Hock Beng) may deem necessary or expedient in the best interest of the Company.

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF PESONA METRO AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT (“PROPOSED DIVERSIFICATION”)

By a vote of 17,549,225 shares (representing 99.9991%) voted for and 161 shares (representing 0.0009%) voted against the resolution, it was **RESOLVED:-**

THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Company to diversify the existing business of Pesona Metro and its subsidiaries to include property development.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things as are necessary to give full effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be required or imposed or permitted by any relevant authorities in connection with the Proposed Diversification.

ORDINARY RESOLUTION 3

PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RRPT”)

By a vote of 17,549,225 shares (representing 99.9991%) voted for and 161 shares (representing 0.0009%) voted against the resolution, it was **RESOLVED:-**

THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries (“Pesona Metro Group”) to enter into the recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of Part C of the circular to the shareholders of Pesona Metro in relation to the Proposed Acquisitions, Proposed Diversification and Proposed New Shareholders’ Mandate for RRPT, which are necessary for the Pesona Metro Group’s day-to-day operations and are in the ordinary course of business and are carried out at arm’s length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the authority conferred by such mandate shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless by a resolution passed at the general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Board be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed New Shareholders’ Mandate for RRPT.

10. CLOSURE OF MEETING

The meeting concluded at 3.30 p.m.

SIGNED AS A CORRECT RECORD

CHAIRMAN

Dated:

EXTRAORDINARY GENERAL MEETING OF



PESONA METRO HOLDINGS BERHAD

- (I) PROPOSED ACQUISITIONS**
- (II) PROPOSED DIVERSIFICATION**

Questions & Answers

8 October 2024

Capitalised terms used

(Unless otherwise defined, capitalised terms used herein shall have the same meaning as those given in the circular to shareholders of Pesona Metro in relation to the Proposals dated 19 September 2024 (“Circular”).)



Questions & Answers

Question

Page A-7 to the Circular - Revaluation surplus of the Residensi Renaisans Development of RM98,935,000 - Why the revaluation surplus is compared based on the market value of the Residensi Renaisans Development against the net book value of the land only? Is this comparison appropriate given that the valuation of Independent Property Valuer reflects the fair market value of the Residensi Renaisans Development and not the land per se? Isn't the comparison should be made against the net assets of the project (ie. the relevant property development costs and receivables less payables)?

Answer

The revaluation surplus is computed based on the market value of the Residensi Renaisans Development less the net book value of the land.

The adjusted NA of Gaya Kuasa as at 31 March 2024 is calculated based on the following:

Adjusted NA of Gaya Kuasa as at 31 March 2024	=	NA of Gaya Kuasa as at 31 March 2024	-	Dividends to be declared and paid pursuant to the SSA	+	Revaluation surplus of the Residensi Renaisans Development	-	Deferred tax liabilities at 24.0%
		(1)		(2)		(3)		(4)

For item (1) above, the NA of Gaya Kuasa as at 31 March 2024 is equivalent to **total assets less total liabilities**.

For item (3) above, the revaluation surplus of the development is calculated based on **market value of the Residensi Renaisans Development less the net book value of the land**.

Given that the relevant property development costs (asset), receivables (asset) and payables (liability) up to 31 March 2024 have been accounted for in Gaya Kuasa's statement of financial position as at 31 March 2024, it would be inappropriate to deduct again the property development costs and receivables less payables **up to 31 March 2024** in the calculation of the revaluation surplus of the Residensi Renaisans Development.

The market value of the Residensi Renaisans Development thereafter is calculated based on unsold units, amount unbilled for units sold, and costs to be incurred **after 31 March 2024**.

For the avoidance of doubt, the market value of the Residensi Renaisans Development is inclusive of the net book value of the land of approximately RM10.2 million and the non-deduction of the net book value of the land would result in double counting in calculating the revaluation surplus of the Residensi Renaisans Development.

Questions & Answers

Question

Based on the indicative valuation, how much goodwill will be recognised arising from this Proposed Acquisition as the adjusted audited NA is way above the audited NA as per Gaya Kuasa's financial statements?

Answer

The difference between the adjusted audited NA and the audited NA is likely to be recognised as revaluation surplus with corresponding higher carrying amount for Residensi Renaisans Development. However considering that the purchase consideration is lower than the corresponding percentage of adjusted audited NA, the difference is likely to be recognised as gain from bargain purchase.

Question

Page B-24 to the Circular - The Independent Adviser highlighted the risk of property overhang. Had the Independent Property Valuer considered such risks and uncertainties in deriving the Market Value, given that there are a significant portion of unsold units/units to be launched being included in the GDV?

Answer

Yes. The Independent Property Valuer has noted that the subsale prices of apartment/condominium units within the locality is stagnant and some of the developments show an upward trend. As such, the Independent Property Valuer has adopted RM602.60 per sq ft for the unsold units, which is after 8% rebate from the developer.

Reference: *Appendix IV (Page App IV-5)*

Questions & Answers

Question

As per App IV-4 to the Circular, the sales status of the Residensi Renaisans Development is lackluster at 0.63% for Block A and 38.10% for Block B (after launched for one year)? What is the latest sales status of the Residensi Renaisans Development for Block A and Block B respectively?

Answer

It is not accurate to take the figures at App IV-4 of the Circular as an accurate representation of the reception towards the Residensi Renaisans Development, since the information set out therein is as at 31 March 2024.

Information on the sales of units as at 30 August 2024, being the LPD:

	<u>No. of units</u>	<u>%</u>
Total units listed	861	-
Total Bumiputera units	259	-
Total units listed (excl Bumiputera units)	602	-
Balance units yet to be listed	399	-
Total units sold	360	41.8%
		(360 units/861 units)
Total Bumiputera units sold	0	-
Total units sold (excl Bumiputera units)	360	59.8%
		(360 units/602 units)

The balance 399 units yet to be listed are expected to be listed for sale in the 1st quarter of 2025.

Reference: Section 4.3 of Part A (Page A-21)

Questions & Answers

Question

When is the Completion Date of the SSAs? How is the purchase consideration to be paid to the Vendors? Is it on a staggered basis?

- If it is on a staggered basis, please disclose the timeline and amount.
- If it is not on a staggered basis, please explain the rationale of making the one lump-sum payment to Vendors

Answer

The Completion Date means the date which shall take place within 10 days from the fulfilment of the last condition precedent or such other date which may be mutually agreed upon in writing between AM Anugerah and Chin May Yong, and our Company respectively.

The purchase consideration will be satisfied fully by cash on the Completion Date. In accordance with the SSAs, no deposit is required to be paid. This is beneficial to the Company given that there is no upfront cash outflow, pending the completion of the SSAs.

Reference: Section 2.1.8 of Part A (Page A-9) and Section 5.2.2 of Part B (Page B-18)

Questions & Answers

Question

Why the Vendors shall be removed from the Board of Directors of Gaya Kuasa Sdn Bhd upon completion of the Proposed Acquisitions? Is there any profit guarantee by the Vendors or any clause to claw-back the Purchase Considerations if certain profits target is not met?

Answer

As set out in the AM Anugerah SSA, Rozana Binti Mohamed Khalid and her alternate director Nasaruddin Bin Ahmad Tajuddin are to resign.

Reference: *Section 2.2 of Part A (Pages A-16 – A-18)*

In so far as Chin May Yong is concerned, she has decided to voluntarily resign to pursue other interests outside of Gaya Kuasa. For the avoidance of doubt, no profit guarantee has been executed and the respective SSAs have no claw-back clauses.

Nevertheless, our Board is confident that there is no cause for concern since the management of Gaya Kuasa will be spearheaded by the key management personnel identified in Section 2.2 of Part A of the Circular, of which it must be highlighted that Mr Lai Soon Ming and Mr Lee Sooi Leong each have more than 25 years in the property development sector.

Reference: *Sections 2.2 and 5.1 of Part B (Page B-13)*

Further, the key management personnel can expect to leverage on Mr Wie Hock Kiong's experience in the construction and property development sector as he will be appointed as Director of Gaya Kuasa.

Questions & Answers

Question

Could the Board please provide the latest update of the Proposed Issuance of Sukuk? Is the proceeds to finance this Proposed Acquisition?

Answer

The Proposed Issuance of Sukuk, with a total issue amount of RM185.0 million, has been successfully issued on 26 September 2024.

The proceeds from the Proposed Issuance of Sukuk will not be used to finance the Proposed Acquisitions. The Proposed Acquisitions will be financed by bank borrowings and internally generated funds.

Reference: Section 2.1.8 of Part A (Page A-9)

Question

Why the second tranche of dividend of RM9.45 million is to be paid wholly to Chin May Yong? How about another Vendor (AM Anugerah)?

Answer

The 2nd tranche of dividend of RM9.45 million is to be paid wholly to Chin May Yong because AM Anugerah will sell down their entire 32.0% equity interest before the 2nd tranche dividend is to be declared. In this regard, since AM Anugerah has ceased to be a shareholder of Gaya Kuasa, AM Anugerah will not be entitled to receive the 2nd tranche dividend.

Questions & Answers

Question

Page A-25 to the Circular - Why is it stated that the revenue from the construction of the Residensi Renaisans Development can continue to be recognised? Isn't the intercompany transactions within the Group shall be eliminated in the consolidated financial statements?

Answer

The statement should read as:

'Notwithstanding that our subsidiary, Pesona SB, is the appointed main contractor for Gaya Kuasa for the Residensi Renaisans Development whereby the company, being Pesona SB, will be able to recognise the revenue from the construction of the Residensi Renaisans Development, our Company will also be able to recognise the profits accruable to our Company based on our 51.0% equity interest in Gaya Kuasa from property development activities upon the completion of the Proposed Acquisitions.'

Reference: Section 10 of Part A (Page A-25)

Questions & Answers

Question

Why Gaya Kuasa Sdn Bhd is regarded as a Related Party even before the Proposed Acquisition is approved through this EGM? If Gaya Kuasa is existingly a Related Party due to the Person Connected with the Directors and Major Shareholders, why the RRPT mandate was not sought in the recent AGM on 28/6/2024 whereby the Letter of Award from Gaya Kuasa has been accepted on 27/5/2024? How robust is the Audit Committee in reviewing the completeness of related party transactions of the Group and the Company?

Answer

Chin May Yong, the spouse of Wie Hock Kiong, a Chairman/Non-Independent Non-Executive Director and a major shareholder of the Company (by virtue of his indirect interest the Company via Kombinasi Emas Sdn Bhd) holds 680,000 ordinary shares in Gaya Kuasa Sdn Bhd, representing 68% equity interest before the Proposed Acquisition. She is also a Director of Gaya Kuasa Sdn Bhd.

The RRPT with Gaya Kuasa Sdn Bhd was not sought at the 13th Annual General Meeting (“**13th AGM**”) held on 28 June 2024 as the contract was only awarded to and accepted by Pesona Metro Sdn Bhd on 27 May 2024 i.e. after the issuance of the notice of the 13th AGM. For the information of the shareholders, the Company had on 30 April 2024 issued the Annual Report for the financial year ended 31 December 2023 together with the Notice of 13th AGM.

Further, the RRPT mandate with Gaya Kuasa Sdn Bhd is a new mandate. Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the circular to shareholders to obtain shareholders’ mandate for new RRPT is subject to a limited review by the Exchange. A limited review circular cannot be issued by a listed issuer until and unless the Exchange confirms in writing that it has no further comments on the document.

Reference: Section 2.4 of Part C (Page C-6)

Nevertheless, the Company has in place adequate procedures and processes to monitor, track and identify related party transactions (“RPT”) and RRPT in a timely and orderly manner. The RPT/RRPT will first be tabled to the Audit Committee (“AC”) for deliberation and consideration before it is recommended to the Board for approval and subsequently to the shareholders for approval. The AC will, among others, review the procedures to ensure that the RPT/RRPT are conducted at arm’s length basis, on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

Reference: Section 2.6 of Part C (Page C-6)

THANK YOU

PESONA METRO HOLDINGS BERHAD (201101029741) (957876-T)
QUESTIONS AND ANSWERS ON EXTRAORDINARY GENERAL MEETING HELD ON
8 OCTOBER 2024

	QUESTION	ANSWER
1	Who will manage Gaya Kuasa Sdn Bhd (“Gaya Kuasa”) after the acquisition?	The existing management team of Gaya Kuasa remains unchanged. However, certain key decision making of the management will be guided by the Board of Directors of Pesona Metro after the acquisition.
2	Will the acquisition of Gaya Kuasa be value added to the Company?	The Company is optimistic about the positive impact arising from the acquisition, which is expected to achieve additional gross development profit of approximately RM140.46 million, solely attributed to Gaya Kuasa’s existing project, namely the “Residensi Renaisans Development”.
3	What is the expected return of the project and what is the timing of the returns throughout the project?	The project is expected to be completed by October 2027, with projected profits before tax estimated at approximately RM20 million per year over the next 3 ½ years.
4	What is the profit margin for the Residensi Renaisans Development?	The profit margin for the Residensi Renaisans Development is expected to be 15%, as advised by the independent valuer.
5	Did the minority shareholders of Gaya Kuasa request to have a representative in the Board of Pesona Metro?	No such request has been made to the Company as at to date.
6	What is the margin/return for the construction segment, and is the construction sector expected to remain sustainable in the coming years?	Based on the unaudited results for the second quarter ended 30 June 2024 announced on 23 August 2024, the Company’s profit margin has increased substantially to 5% from the preceding year’s corresponding period ended 30 June 2023. The Management is optimistic that the construction segment will continue to be sustainable over the next few years, supported by market stability, more favourable building material prices and labour availability.
7	What is the comparative advantage for Pesona Metro?	Pesona Metro is an established construction company. The Company has cultivated a highly skilled team, bolstered by the support of a network of reliable bankers and suppliers. Additionally, the Company has developed a strong relationship with prominent clients, who provide a steady stream of business opportunities.

PESONA METRO HOLDINGS BERHAD (201101029741) (957876-T)
QUESTIONS AND ANSWERS ON EXTRAORDINARY GENERAL MEETING HELD ON
8 OCTOBER 2024

	QUESTION	ANSWER
		The Company believes that the new business would bring positive synergy to the group.
8	What is the reason for the low share price of the Company? Are there any plans to improve it?	The Board acknowledges the low share price of the Company over the years. Nevertheless, Pesona Metro has achieved a significant financial turnaround, transitioning from three consecutive years of losses to profitability. Besides that, the Company has decided to diversify into property development, which will provide an additional source of income to further enhance the growth of the Company. The Board believes these efforts would contribute to a higher share price in the long term.