

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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# **DESTINI**

**DESTINI BERHAD**

(Registration No. 200301030845 (633265-K))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 3,327,063,258 NEW ORDINARY SHARES IN DESTINI BERHAD ("DESTINI" OR THE "COMPANY") ("DESTINI SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT THE ISSUE PRICE OF RM0.04 PER RIGHTS SHARE, ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING DESTINI SHARE HELD, TOGETHER WITH UP TO 1,663,531,629 FREE DETACHABLE WARRANTS IN DESTINI ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

## **UOBKayHian**

**UOB Kay Hian Securities (M) Sdn Bhd**

(Registration No.: 199001003423 (194990-K))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Destini will be held Meeting Room, 1st Floor, Destini Berhad, No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor on Thursday, 23 November 2023. The Notice of EGM, together with the Proxy Form for the EGM are enclosed herewith.

A member of Destini entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the Company's Share Registrar office (Insurban Corporate Services Sdn Bhd), situated at 149 Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 21 November 2023 at 10.00 a.m.

Date and time of the EGM : Thursday, 23 November 2023 at 10.00 a.m.

This Circular is dated 8 November 2023

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"Additional Undertaking"	:	The irrevocable and unconditional additional undertaking provided by Dayanine vide its letter dated 28 August 2023 to subscribe for additional 300,000,000 Rights Shares not subscribed by Entitled Shareholders and/ or their renouncee(s) via the excess Rights Shares application, subject to the allocation criteria which will be set out in the abridged prospectus to be issued for the Proposed Rights Issue with Warrants
"Board"	:	The Board of Directors of Destini
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular to shareholders of Destini dated 8 November 2023 in relation to the Proposed Rights Issue with Warrants
"Dato' Aziz"	:	Dato' Abd Aziz bin Haji Sheikh Fadzir
"Dayanine"	:	Dayanine Equity Sdn Bhd
"Dayatahan"	:	Dayatahan Sdn Bhd
"Deed Poll"	:	The draft deed poll to be executed by the Company constituting the Warrants (to be issued in conjunction with the Proposed Rights Issue with Warrants), as may be supplemented from time to time
"Destini" or the "Company"	:	Destini Berhad
"Destini Group" or the "Group"	:	Destini and its subsidiaries, collectively
"Destini Share(s)" or "Share(s)"	:	Ordinary share(s) in Destini
"Director(s)"	:	The director(s) of Destini and shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholders"	:	Shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on the Entitlement Date
"Entitlement Date"	:	A date to be determined and announced later by the Board after procuring shareholders' approval at the EGM, on which the names of the shareholders of the Company must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue with Warrants

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**DEFINITIONS (CONT'D)**

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"Entitlement Undertakings"	:	The irrevocable and unconditional undertakings provided by the Undertaking Shareholders vide their letters dated 28 August 2023 to subscribe in full for their Rights Shares entitlements based on their shareholdings as at the Entitlement Date
"EPS/ (LPS)"	:	Earnings per share/ (Loss) per share
"ESG"	:	Environmental, social and governance
"FPE"	:	Financial period ended/ ending 30 June
"FYE"	:	Financial year ended/ ending 31 December
"GDP"	:	Gross domestic product
"Issue Price"	:	The issue price of RM0.04 per Right Share
"IWK"	:	Indah Water Konsortium Sdn Bhd
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	31 October 2023, being the latest practicable date prior to the printing and despatch of this Circular
"LTD"	:	25 August 2023, being the last traded day of Destini Shares prior to the date of the announcement of the Proposed Rights Issue with Warrants
"Maximum Scenario"	:	Assuming all of the Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants
"MCO"	:	Movement Control Order
"MGO"	:	Mandatory take-over offer
"Minimum Scenario"	:	Assuming the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level (i.e. only the Undertaking Shareholders subscribe for their respective Rights Shares pursuant to the Entitlement Undertakings (collectively totalling 246,600,000 Rights Shares as at the LPD) and Additional Undertaking (300,000,000 Rights Shares) and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue with Warrants)
"Minimum Subscription Level"	:	Minimum subscription level of 546,600,000 Rights Shares by the Undertaking Shareholders, comprising Entitlement Undertakings (collectively totalling 246,600,000 Rights Shares as at the LPD) and Additional Undertaking (300,000,000 Rights Shares) based on the Issue Price, in order to meet the minimum level of funds intended to be raised by the Company amounting to RM21.86 million through the Proposed Rights Issue with Warrants
"MM"	:	Milimetre(s)
"MRO"	:	Maintenance, repair and overhaul
"MW"	:	Megawatt(s)

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## DEFINITIONS (CONT'D)

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"NA"	: Net assets attributable to owners of the Company
"PAT/ (LAT)"	: Profit/ (Loss) after taxation
"PBT/ (LBT)"	: Profit/ (Loss) before taxation
"Proposed Rights Issue with Warrants"	: Proposed renounceable rights issue of up to 3,327,063,258 Rights Shares at the issue price of RM0.04, on the basis of 2 Rights Shares for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on the Entitlement Date
"RE"	: Renewable energy
"Record of Depositors"	: A record consisting of names of depositors established and maintained by Bursa Depository under the rules of Bursa Depository
"Rights Share(s)"	: Up to 3,327,063,258 new Destini Shares to be issued pursuant to the Proposed Rights Issue with Warrants
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"Rules"	: Rules on Take-overs, Mergers and Compulsory Acquisitions
"TERP"	: Theoretical ex-rights price
"Undertaking Shareholders"	: Dato' Aziz, Dayanine and Dayatahan, collectively
"Undertakings"	: Entitlement Undertakings and Additional Undertaking, collectively
"Undertaking Letters"	: Letters by the Undertaking Shareholders to provide their irrevocable and unconditional undertaking to subscribe in full of their respective full entitlements to the Rights Shares and additional undertaking by Dayanine to subscribe additional 300,000,000 Rights Shares not subscribed by Entitled Shareholders and/ or their renounee(s) via the excess Rights Shares application
"UOBKH" or the "Adviser"	: UOB Kay Hian Securities (M) Sdn Bhd
"VWAP"	: Volume weighted average market price
"Warrant(s)"	: Up to 1,663,531,629 free detachable warrants in Destini to be issued pursuant to the Proposed Rights Issue with Warrants

All references to "**we**", "**us**", "**our**" and "**ourselves**" are made to Destini, and where the context requires, shall include subsidiaries of Destini.

All references to "**you**" or "**your(s)**" in this Circular are made to shareholders, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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## EXECUTIVE SUMMARY

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This Executive Summary highlights only the salient information of the Proposed Rights Issue with Warrants. Shareholders of the Company are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Rights Issue with Warrants before voting at the EGM.

Key information	Description	Reference to Circular
<b>Summary of the Proposed Rights Issue with Warrants</b>	<p>The Proposed Rights Issue with Warrants entails an issuance of up to 3,327,063,258 Rights Shares at the issue price of RM0.04 per Rights Share, on the basis of 2 Rights Shares for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for by the Entitled Shareholders.</p> <p>The Proposed Rights Issue with Warrants will be undertaken on a minimum subscription level basis, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants amounting to RM21.86 million, which would entail a minimum subscription of 546,600,000 Rights Shares based on the issue price of RM0.04 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in <b>Section 2.8</b> of this Circular.</p> <p>To meet the Minimum Subscription Level, certain shareholders of Destini, namely Dato' Aziz, Dayanine and Dayatahan, had vide their Undertaking Letters dated 28 August 2023 provided their irrevocable and unconditional undertakings to subscribe in full of their respective full entitlements to the Rights Shares (collectively totalling 246,600,000 Rights Shares as at the LPD) based on their shareholdings as at the Entitlement Date and in addition, Dayanine has given an additional undertaking to subscribe for additional 300,000,000 Rights Shares that remain unsubscribed by the Entitled Shareholders and/ or their renouncee(s) via the excess Rights Shares application. Further details of the Undertakings are set out in <b>Section 2.6</b> of this Circular.</p>	<b>Section 2</b>
<b>Basis of determining and justifications for the issue price of the Rights Shares</b>	<p>The issue price of RM0.04 per Rights Share has been fixed by the Board after taking into consideration, amongst others, the following:-</p> <ul style="list-style-type: none"> <li>(i) the minimum gross proceeds of RM21.86 million to be raised from the Proposed Rights Issue with Warrants, which will be channelled towards the proposed utilisation of proceeds as set out in <b>Section 2.8</b> of this Circular;</li> <li>(ii) the prevailing market conditions and market price of Destini Shares. The Issue Price represents a discount of approximately 26.47% to the TERP of RM0.0544, calculated based on the 5-day VWAP of Destini Shares up to and including the LTD of RM0.0831 per Share;</li> <li>(iii) the rationale for the Proposed Rights Issue with Warrants as set out in <b>Section 3</b> of this Circular.</li> </ul>	<b>Section 2.2</b>

## EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular																																														
Utilisation of proceeds	Based on the Issue Price, the gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised in the following manner:- <table><tr><th rowspan="2">Details utilisation</th><th rowspan="2">of</th><th rowspan="2">Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants</th><th colspan="4">Amount of proceeds</th></tr><tr><th colspan="2">Minimum Scenario</th><th colspan="2">Maximum Scenario</th></tr><tr><th></th><th></th><th></th><th>RM'000</th><th>%</th><th>RM'000</th><th>%</th></tr><tr><td>Working capital<sup>1</sup></td><td></td><td>Within 24 months</td><td>18,675</td><td>85.41</td><td>129,478</td><td>97.29</td></tr><tr><td>Repayment of bank borrowings<sup>2</sup></td><td></td><td>Within 12 months</td><td>2,479</td><td>11.34</td><td>2,895</td><td>2.18</td></tr><tr><td>Estimated expenses<sup>3</sup></td><td></td><td>Upon completion</td><td>710</td><td>3.25</td><td>710</td><td>0.53</td></tr><tr><td colspan="3">Total</td><td>21,864</td><td>100.00</td><td>133,083</td><td>100.00</td></tr></table>	Details utilisation	of	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Amount of proceeds				Minimum Scenario		Maximum Scenario					RM'000	%	RM'000	%	Working capital <sup>1</sup>		Within 24 months	18,675	85.41	129,478	97.29	Repayment of bank borrowings <sup>2</sup>		Within 12 months	2,479	11.34	2,895	2.18	Estimated expenses <sup>3</sup>		Upon completion	710	3.25	710	0.53	Total			21,864	100.00	133,083	100.00	Section 2.8
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Total			21,864	100.00	133,083	100.00																																										
Rationale	(i) the Proposed Rights Issue with Warrants will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in <b>Section 5.2</b> of this Circular;  (ii) the Proposed Rights Issue with Warrants will enable the issuance of new Destini Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants;  (iii) the Proposed Rights Issue with Warrants will provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of the Group on a pro-rata basis; and  (iv) the Proposed Rights Issue with Warrants will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.	Section 3																																														
Approvals required	The Proposed Rights Issue with Warrants are subject to the following approvals being obtained:-  (i) Bursa Securities, which was obtained on 31 October 2023;  (ii) shareholders of the Company at the EGM;  (iii) Securities Commission Malaysia; and  (iv) any other relevant authorities and/ or parties, if required.	Section 7																																														
Interests of directors, major shareholders, chief executive and/ or persons connected to them	None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements under the Proposed Rights Issue with Warrants, to which all Entitled Shareholders are similarly entitled.	Section 8																																														
Directors' statement and recommendation	The Board, having considered all aspects of the Proposed Rights Issue with Warrants including but not limited to the rationale and effects of the Proposed Rights Issue with Warrants as well as the utilisation of the proceeds raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interests of the Company.  Accordingly, the Board recommends that you <b>vote in favour</b> of the resolution pertaining to the Proposed Rights Issue with Warrants at the forthcoming EGM.	Section 9																																														

# DESTINI

## DESTINI BERHAD

(Registration No. 200301030845 (633265-K))  
(Incorporated in Malaysia)

### Registered Office

No. 10 Jalan Jurunilai U1/20  
Hicom Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan

8 November 2023

### Board of Directors

Tan Sri Datuk Azhar bin Azizan @ Harun (*Independent and Non-Executive Chairman*)  
Dato' Ahmad Suhaimi bin Endut (*Non-Independent and Non-Executive Director*)  
Dato' Abd Aziz bin Haji Sheikh Fadzir (*Non-Independent and Non-Executive Director*)  
Dato' Bahudin bin Mansor (*Independent and Non-Executive Director*)  
Datuk Kabil Bin Surat (*Executive Director*)  
Syed Jabed Islam (*Independent and Non-Executive Director*)  
Ismail Bin Mustaffa (*Executive Director*)  
Farah Nadia Binti Fazaruddin (*Independent and Non-Executive Director*)

### To: The shareholders of Destini Berhad

Dear Sir/ Madam,

### PROPOSED RIGHTS ISSUE WITH WARRANTS

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#### 1. INTRODUCTION

On 17 July 2023, UOBKH had, on behalf of the Board announced that the Company proposed to undertake a renounceable rights issue of up to 1,663,531,629 new Destini Shares at the issue price of RM0.04 per Rights Share, on the basis of 1 Rights Share for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date ("**Previous Proposed Rights Issue with Warrants**").

After taking into consideration the increase in working capital requirements and the contracts secured as set out in **Section 2.8** of this Circular, subsequently on 28 August 2023, the Board through UOBKH announced that the Company proposes to undertake a revised renounceable rights issue of up to 3,327,063,258 new Destini Shares at the issue price of RM0.04 per Rights Share, on the basis of 2 Rights Shares for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on the Entitlement Date.

On 31 October 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 31 October 2023, resolved to approve the following, subject to the conditions as disclosed in **Section 7** of this Circular:-

- (i) admission to the official list of Bursa Securities and listing and quotation of up to 1,663,531,629 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) listing and quotation of up to 3,327,063,258 new ordinary shares to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) listing and quotation of up to 1,663,531,629 new ordinary shares to be issued pursuant to the exercise of the Warrants.



THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RIGHTS ISSUE WITH WARRANTS AND TO SEEK YOUR APPROVAL BY WAY OF POLL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AS SET OUT IN THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT THE FORTHCOMING EGM.

## 2. PROPOSED RIGHTS ISSUE WITH WARRANTS

### 2.1 Details of the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants entails an issuance of up to 3,327,063,258 Rights Shares at the issue price of RM0.04 per Rights Share, on the basis of 2 Rights Shares for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for by the Entitled Shareholders.

As at the LPD, Destini has an issued share capital of RM479,828,496 comprising 1,663,531,629 Destini Shares and does not retain any treasury shares. Accordingly, a total of up to 3,327,063,258 Rights Shares together with up to 1,663,531,629 Warrants may be issued pursuant to the Proposed Rights Issue with Warrants. In addition, assuming the full exercise of the 1,663,531,629 Warrants, a further total of 1,663,531,629 new Shares may be issued arising therefrom.

The Proposed Rights Issue with Warrants will be undertaken on a minimum subscription level basis, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants amounting to RM21.86 million, which would entail a minimum subscription of 546,600,000 Rights Shares based on the issue price of RM0.04 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.8** of this Circular.

To meet the Minimum Subscription Level, certain shareholders of Destini, namely Dato' Aziz, Dayanine and Dayatahan, had vide their Undertaking Letters dated 28 August 2023 provided their irrevocable and unconditional undertakings to subscribe in full of their respective full entitlements to the Rights Shares (collectively totalling 246,600,000 Rights Shares as at the LPD) based on their shareholdings as at the Entitlement Date and in addition, Dayanine has given an additional undertaking to subscribe for additional 300,000,000 Rights Shares that remain unsubscribed by the Entitled Shareholders and/or their renouncee(s) via the excess Rights Shares application. Further details of the Undertakings are set out in **Section 2.6** of this Circular.

The actual number of Rights Shares with Warrants to be issued will depend on the total issued Shares of the Company as at the Entitlement Date and the eventual subscription rate of the Proposed Rights Issue with Warrants.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by the Company constituting the Warrants, as may be supplemented from time to time.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

In determining the entitlement of the Entitled Shareholders under the Proposed Rights Issue with Warrants, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as the Board in its sole and absolute discretion deem fit or expedient and in the best interests of the Company.

The Rights Shares together with Warrants which are not taken up or validly taken up, shall be made available for excess Rights Shares with Warrants application by the other Entitled Shareholders and/ or their renouncee(s). The Board intends to allocate the excess Rights Shares together with Warrants in a fair and equitable manner on a basis to be determined by the Board.

## 2.2 Basis and justification of arriving at the issue price of the Rights Shares

The issue price of RM0.04 per Rights Share has been fixed by the Board after taking into consideration, amongst others, the following:-

- (i) the minimum gross proceeds of RM21.86 million to be raised from the Proposed Rights Issue with Warrants, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.8** of this Circular;
- (ii) the prevailing market conditions and market price of Destini Shares. The Issue Price represents a discount of approximately 26.47% to the TERP of RM0.0544, calculated based on the 5-day VWAP of Destini Shares up to and including the LTD of RM0.0831 per Share.

The Issue Price also represents a discount to the respective TERPs based on the respective VWAPs of Destini Shares as follows:-

Up to and including the LTD	VWAP RM	TERP RM	Discount to the TERP RM	%
5-day VWAP of Destini Shares	0.0831	0.0544	0.0144	26.47
1-month VWAP of Destini Shares	0.0808	0.0536	0.0136	25.37
3-month VWAP of Destini Shares	0.0925	0.0575	0.0175	30.43
6-month VWAP of Destini Shares	0.0867	0.0556	0.0156	28.06
12-month VWAP of Destini Shares	0.0833	0.0544	0.0144	26.47

(Source: Bloomberg)

Based on the above, the Issue Price represents a discount ranging from approximately 25.37% to 30.43% to the TERP, calculated based on the 5-day VWAP, 1-month VWAP, 3-month VWAP, 6-month VWAP and 12-month VWAP up to and including the LTD; and

- (iii) the rationale for the Proposed Rights Issue with Warrants as set out in **Section 3** of this Circular.

## **2.3 Basis of determining and justification for the exercise price of the Warrants**

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) who subscribe for the Rights Shares.

The exercise price of the Warrants has been fixed at RM0.054 per Warrant by the Board, after taking into consideration, amongst others, the following:-

- (i) the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) who successfully subscribe for the Rights Shares; and
- (ii) the historical trading prices of Destini Shares for the past 12 months as set out in **Section 2.2(ii)** of this Circular.

The exercise price of RM0.054 per Warrant is equivalent to the TERP of Destini Share, calculated based on the 5-day VWAP of Destini Shares up to and including the LTD of RM0.0831 per Share.

## **2.4 Ranking of the Rights Shares and new Destini Shares to be issued arising from the exercise of the Warrants**

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing Destini Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new Destini Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing Destini Shares, save and except that the new Destini Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Destini Shares.

## **2.5 Listing and quotation of the Rights Shares, Warrants and new Destini Shares to be issued arising from the exercise of the Warrants**

Bursa Securities had, vide its letter dated 31 October 2023, approved the admission of the Warrants to the official list of Bursa Securities as well as the listing and quotation of Rights Shares and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants and new Destini Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions disclosed in **Section 7** of this Circular.

## **2.6 Minimum Subscription Level and Undertakings**

The Board has determined to undertake the Proposed Rights Issue with Warrants on the Minimum Subscription Level after taking into consideration the minimum level of funds that the Company intends to raise from the Proposed Rights Issue with Warrants amounting to RM21.86 million that will be channelled towards the proposed utilisation as set out in **Section 2.8** of this Circular.

In order to meet the Minimum Subscription Level, certain shareholders of the Company, namely Dato' Aziz, Dayanine and Dayatahan had vide their Undertaking Letters dated 28 August 2023 provided the following Undertakings:-

- (a) **Dato' Aziz, the Non-Independent and Non-Executive Director and a substantial shareholder of Destini**, has undertaken to subscribe in full for his Rights Shares entitlement at the Issue Price based on his shareholdings as at the Entitlement Date (which amounts to 39,000,000 Rights Shares as at the LPD).
- (b) **Dayanine, a substantial shareholder of Destini**, has undertaken to subscribe in full for its Rights Shares entitlement at the Issue Price based on its shareholdings as at the Entitlement Date (which amounts to 188,000,000 Rights Shares as at the LPD), as well as to subscribe for additional 300,000,000 Rights Shares not subscribed by other Entitled Shareholders and/ or their renouncee(s) by way of the excess Rights Shares application at the Issue Price (otherwise referred to as Additional Undertaking), subject to the allocation criteria which will be set out in the abridged prospectus to be issued for the Proposed Rights Issue with Warrants.

For information purpose, Dayanine was incorporated in Malaysia on 23 January 2018 as a private company limited by shares under the Act. It is principally involved in investment holding. As at the LPD, the directors and shareholder of Dayanine and their respective shareholdings in Dayanine are as follows:-

Shareholder/ Director	Designation	Nationality	<-----Direct----->		<-----Indirect----->	
			No of shares	%	No of shares	%
Dato' Aziz	Director/ Shareholder	Malaysian	1,000,000	100.00	-	-
Ahmad Razman bin Ahmad Zaki	Director	Malaysian	-	-	-	-
Adam Yusuff bin Abd Aziz	Director	Malaysian	-	-	-	-

- (c) **Dayatahan, a shareholder of Destini**, has undertaken to subscribe in full for its Rights Shares entitlement at the Issue Price based on its shareholdings as at the Entitlement Date (which amounts to 19,600,000 Rights Shares as at the LPD).

For information purpose, Dayatahan was incorporated in Malaysia on 19 May 2009 as a private company limited by shares under the Act. It is principally involved in investment holding. As at the LPD, the directors and shareholder of Dayanine and their respective shareholdings in Dayanine are as follows:-

Shareholder/ Director	Designation	Nationality	<-----Direct----->		<-----Indirect----->	
			No of shares	%	No of shares	%
Roslan bin Abdul Ghani	Director/ Shareholder	Malaysian	90,000	30.00	-	-
Ahmad Najmi bin Kamaruzaman	Shareholder	Malaysian	210,000	70.00	-	-
Dato' Aziz	Director	Malaysian	-	-	-	-

Further, pursuant to their Undertakings, the above Undertaking Shareholders have also undertaken not to sell or in any way dispose of or transfer their existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking Letters up to Entitlement Date.

The details of the Undertakings are set out below:-

Undertaking Shareholders <sup>*1</sup>	Direct shareholdings as at the LPD		Entitlement Undertakings		Additional Undertaking		Direct shareholdings after the Proposed Rights Issue with Warrants		Gross proceeds raised from Entitlement Undertakings	Additional Undertaking	Warrants entitlement No. of Warrants
	No. of Shares	% <sup>*2</sup>	No. of Shares	% <sup>*3</sup>	No. of Shares	% <sup>*3</sup>	No. of Shares	% <sup>*4</sup>	RM <sup>*5</sup>	RM <sup>*5</sup>	
Dato' Aziz	19,500,000	1.17	39,000,000	1.17	-	-	58,500,000	2.65	1,560,000	-	19,500,000
Dayanine	94,000,000	5.65	188,000,000	5.65	300,000,000	9.02	582,000,000	26.33	7,520,000	12,000,000	244,000,000
Dayatahan	9,800,000	0.59	19,600,000	0.59	-	-	29,400,000	1.33	784,000	-	9,800,000
<b>Total</b>	<b>123,300,000</b>	<b>7.41</b>	<b>246,600,000</b>	<b>7.41</b>	<b>300,000,000</b>	<b>9.02</b>	<b>669,900,000</b>	<b>30.31</b>	<b>9,864,000</b>	<b>12,000,000</b>	<b>273,300,000</b>

**Notes:-**

<sup>\*1</sup> For information purpose, Dato' Aziz is the director and shareholder of Dayanine as well as director of Dayatahan

<sup>\*2</sup> Based on the total issued shares of 1,663,531,629 of the Company as at the LPD

<sup>\*3</sup> Based on 3,327,063,258 Rights Shares available for subscription

<sup>\*4</sup> Based on the enlarged issued shares of 2,210,131,629 of the Company after the Proposed Rights Issue with Warrants under the Minimum Scenario

<sup>\*5</sup> Computed based on the Issue Price

As the Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, the Company does not intend to procure any underwriting arrangement for the remaining Rights Shares not taken up by other Entitled Shareholders and/ or their renounee(s). The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil their respective Undertakings and such confirmations have been verified by UOBKH, being the adviser for the Proposed Rights Issue with Warrants.

**MGO implication**

As illustrated in the table above, the collective shareholdings of the Undertaking Shareholders in Destini will increase from 7.41% to 30.31% pursuant to the completion of the Proposed Rights Issue with Warrants under the Minimum Scenario. As such, the subscription of the Rights Shares by the Undertaking Shareholders pursuant to the Undertakings (under the Minimum Scenario) will not give rise to any MGO obligation in Destini pursuant to the Rules.

Further thereto, strictly assuming the full exercise of Warrants by the Undertaking Shareholders under the same scenario, the collective shareholdings of the Undertaking Shareholders in Destini may further increase from 30.31% to 37.98%. Such exercise of the Warrants may potentially result in the shareholdings of the Undertaking Shareholders to collectively exceed 33% controlling threshold in Destini and pursuant to the Rules, the Undertaking Shareholders would in such event be obliged to extend a MGO in Destini. As it is not their intention to undertake the MGO, the Undertaking Shareholders will monitor at all times when dealing in the exercise of their Warrants to ensure compliance with the provisions of the Rules. However, if the need arises, the Undertaking Shareholders may make an application to the Securities Commission Malaysia to seek an exemption under paragraph 4.08 of the Rules from the obligation to extend the said MGO, the application of which may be made at a later date but prior to triggering the MGO obligation.

**Public shareholding spread**

The public shareholding spread of the Company is not expected to fall below the minimum public shareholding spread of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements pursuant to the implementation of the Proposed Rights Issue with Warrants under the Minimum Scenario, as illustrated in the following table:-

	As at the LPD		I After the Proposed Rights Issue with Warrants		II After I and assuming full exercise of the Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Share capital	1,663,531,629	100.00	2,210,131,629	100.00	2,483,431,629	100.00
Less: Directors'/ substantial shareholders'/ associates' shareholdings	600,784,100	36.11	1,147,384,100	51.91	1,420,684,100	57.21
<b>Public shareholdings</b>	<b>1,062,747,529</b>	<b>63.89</b>	<b>1,062,747,529</b>	<b>48.09</b>	<b>1,062,747,529</b>	<b>42.79</b>

For information, the effects under the Maximum Scenario are not illustrated hereinabove as the Proposed Rights Issue with Warrants under this scenario will not have any effect on the percentage of the shareholders' shareholdings pursuant to the Proposed Rights Issue with Warrants, as the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis.

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## 2.7 Indicative salient terms of the Warrants

Terms	Details
Issue size	: Up to 1,663,531,629 Warrants, each carrying the right to subscribe for one new Shares during the exercise period at the exercise price, subject to the terms and conditions of Deed Poll.
Issue price	: The Warrants will be issued at no cost to the Entitled Shareholders.
Form	: The Warrants will be issued in registered form and will be constituted by the Deed Poll.
Board lot	: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Destini Shares at any time during the exercise period or such other number of units as may be prescribed by Bursa Securities.
Exercise price	: RM0.054 per Warrant.
Exercise period	: Five (5) years commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00 p.m. in Kuala Lumpur, on the day preceding the fifth (5th) anniversary of the date of issuance, or if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.  A "Market Day" refers to a day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday.  A "Surprise Holiday" refers to a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year.
Rights of Warrant holders	: The holder of Warrants shall not be entitled to any voting rights or to participate in any dividends, rights, allotments and/ or other forms of distributions and/ or offer of further securities in the Company other than on winding-up, compromise or arrangement of the Company as provided in the Deed Poll until and unless such holders of the Warrants becomes a shareholder of Destini by exercising their Warrants into new Destini Shares or unless otherwise resolved by Destini in a general meeting.
Ranking of new Destini Shares	: The new Destini Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Destini Shares, save and except that the new Destini Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Destini Shares.
Listing of the Warrants	: The Warrants and new Destini Shares to be issued from the exercise of the Warrants will be listed on the Main Market of Bursa Securities.
Adjustment in the exercise price and/ or number of Warrants	: The Exercise Price and the number of Warrants held by each Warrant Holder shall from time to time be adjusted in the manner as provided in the Deed Poll in all or any of the following cases:  (i) alteration of the share capital of the Company by reason of the consolidation or subdivision (including if so permitted by the relevant authorities, a subdivision by way of a bonus issue by the Company of ordinary shares without capitalisation of profits or reserves) or conversion of shares;

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- (ii) issuance of ordinary shares by the Company to its ordinary shareholders for which no consideration is payable but which are to be credited as fully paid by way of capitalisation of profits or reserves (other than an issue of ordinary shares to its members who had an option to take cash or other dividend in lieu of the relevant ordinary shares);
- (iii) capital distribution including distribution in cash or in specie made by the Company to its ordinary shareholders whether on a reduction of capital (but excluding any cancellation of capital which is lost or unrepresented by available assets) or otherwise;
- (iv) offer or invitation made by the Company to its ordinary shareholders whereunder they may acquire or subscribe for new ordinary shares by way of rights; or
- (v) offer or invitation to its ordinary shareholders made by the Company by way of rights whereunder they may acquire or subscribe for securities convertible into new ordinary shares or rights to acquire or subscribe for new ordinary shares.

Notwithstanding any of the above, no adjustment to the Exercise Price and the number of Warrants will be required in respect of:

- (i) issuance of new ordinary shares upon the exercise of any conversion rights attached to securities convertible into ordinary shares or upon exercise of the Warrant; or
- (ii) issuance of new ordinary shares or other securities or rights to acquire or subscribe for new ordinary shares to officers, including directors, or employees of the Company or any of its subsidiaries pursuant to any purchase or option schemes approved by the ordinary shareholders in a general meeting; or
- (iii) issuance by the Company of new ordinary shares or of securities convertible into or rights to acquire or subscribe for new ordinary shares, in any such case as full consideration or part consideration for the acquisition of any other securities, assets or business; or
- (iv) purchase by the Company of its own ordinary shares in accordance with the Act and all other applicable laws and regulations; or
- (v) issuance of new ordinary shares by the Company (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) (or any other quantum as may be prescribed by the relevant regulatory authorities) of the current issued ordinary share capital; or
- (vi) issuance by the Company of new ordinary shares or other securities convertible into or rights to acquire or subscribe for new ordinary shares to Bumiputera investors pursuant to a special issue approved by the relevant authorities and the members of the Company at a general meeting of such members; or
- (vii) issuance by the Company of securities convertible into or rights to acquire or subscribe for new ordinary shares as replacement for existing securities convertible into or rights to acquire or subscribe for ordinary shares.



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In any circumstances where the directors of the Company consider that adjustments to the exercise price and/ or the number of the Warrants as provided for under the provisions of the Deed Poll should not be made or should be calculated on a different basis or different date or that an adjustment to the exercise price and/ or the number of the Warrants should be made notwithstanding that no adjustment is required under the provisions the Deed Poll, the Company may appoint an adviser or auditors to consider whether for any reason whatsoever the adjustment, calculation or determination to be made (or the absence of an adjustment, calculation or determination) is appropriate or inappropriate, as the case may be. If such adviser or auditors shall consider the adjustment, calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment, calculation or determination made even though not required to be made) in such manner as may be considered by such adviser or auditors to be in its opinion appropriate. The opinion shall be certified by the auditors or adviser.

Transferability : The Warrants shall be transferable in the manner in accordance with the Deed Poll subject always to the provisions of the Securities Industry (Central Depositories) Act, 1991, as amended and revised from time to time and the Rules of Bursa Depository and any appendices.

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 scheme of compromise or arrangement under Section 366 of the Act (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) if such winding up, compromise or arrangement to which the Warrant holders or some person designated by them for such purposes by special resolution shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant holders; and
- (ii) in any other case and to the extent permitted by law, every Warrant holder shall be entitled upon and subject to the conditions contained in Deed Poll 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 compromise or arrangement (but in both cases, not later than the end of the exercise period), by irrevocable surrender on a Market Day of his/ her Warrants to the Company by submitting the duly completed exercise form(s) authorising the debiting of his/her Warrants, together with payment of the relevant exercise price, to elect to be treated as if he/ she had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights represented by such Warrants to the extent specified in the exercise form and 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 Destini 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.

If the Company is wound up by way of members' voluntary winding up or an order has been granted for such compromise or arrangement, all exercise rights which have not been exercised within 6 weeks of either the passing of such a resolution for winding up or the granting of the court order for the approval of such compromise or arrangement, as the case may be, shall lapse and the Warrants will cease to be valid for any purpose.

Terms	Details
	If the Company is wound up (other than by way of a members' voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants will cease to be valid for any purpose.
Modifications	<p>: The Company may, from time to time, subject to the terms and conditions of the Deed Poll, without the consent or sanction of the Warrant holders, modify, amend or add to the Deed Poll, if such modification, amendment or addition made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia.</p> <p>Save for the above, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.</p>
Governing Laws	: Laws of Malaysia

## 2.8 Utilisation of proceeds

Based on the Issue Price, the gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Amount of proceeds			
		Minimum Scenario		Maximum Scenario	
		RM'000	%	RM'000	%
Working capital <sup>*1</sup>	Within 24 months	18,675	85.41	129,478	97.29
Repayment of bank borrowings <sup>*2</sup>	Within 12 months	2,479	11.34	2,895	2.18
Estimated expenses <sup>*3</sup>	Upon completion	710	3.25	710	0.53
<b>Total</b>		<b>21,864</b>	<b>100.00</b>	<b>133,083</b>	<b>100.00</b>

### Notes:-

<sup>\*1</sup> The proceeds earmarked for working capital is intended to be utilised mainly for the Group's on-going projects and other operational expenditure. The details of the projects are as follows:-

Project	Descriptions
Train Projects	<p>On 23 May 2022, the Board announced that M Rail Technics Sdn Bhd ("<b>M Rail</b>"), a 70% owned subsidiary of Destini had on the same date, accepted a contract, worth RM531.39 million from Ministry of Transport Malaysia, for Level 4 MRO on 35 units of Six Car Set Class 92 operated by Keretapi Tanah Melayu Berhad ("<b>KTMB</b>"). The tenure of the contract is 54 months starting from 20 May 2022 to 19 November 2026. The first unit of Six Car Set Class 92 is expected to be received from KTMB in December 2023 and M Rail will then commence MRO service on it.</p> <p>On 9 September 2022, the Board announced that M Rail had on 8 September 2022, accepted another contract, worth RM163.61 million from Ministry of Transport Malaysia, for Level 4 MRO on 10 Electric Train Set Class 93 operated by KTMB. The tenure of the contract is 36 months starting from 2 September 2022 to 1 September 2025. The first unit of Electric Train Set Class 93 is expected to be received from KTMB in December 2023 and M Rail will then commence MRO service on it.</p> <p>The trainsets are required to undergo Level 4 MRO to ensure its safety and reliability during service. For information purpose, Level 4 MRO is a scheduled maintenance activity for railway vehicles once it has been in operation for a set amount of time or mileage. It involves a heavy overhaul activity that comprises complete disassembly of major components, detailed inspections and replacement of parts as required.</p>

**Project****Descriptions**

For information purpose, Car Set Class 92 operates as the komuter service within Kuala Lumpur and the suburban areas within the Greater Klang Valley whereas Electric Train Set Class 93 are the ETS Service that operate within the electrified double track West Coast Line from Padang Besar to Gemas.

M Rail is required to purchase initial spare parts (i.e. mechanical and electrical components for major subsystems of the train) and has subcontracted several of the major subsystems (e.g. bogie system, propulsion system, air supply & brake system and other systems) to several service providers as well as enhancement of depot facilities.

**Rocket Project**

On 28 June 2023, Destini Prima Sdn Bhd ("DPSB"), a wholly-owned subsidiary of Destini had on 27 June 2023, accepted a contract, worth RM18.75 million from Ministry of Defence Malaysia for the procurement, supply and delivery of 70MM rockets (2.72 inch) to the Malaysian Army. The tenure of the contract is 2 years starting from 27 June 2023 to 26 June 2025. The first delivery of 70MM rockets is expected to be received from the supplier by June 2024 and is expected to be subsequently delivered to the Malaysian Army by July 2024.

For information purpose, other than providing MRO services on trainsets, Destini Group also provides MRO services on safety and survival related equipment for the defence industry as well as marine assets such as lifeboats, davit systems, load testing equipment and fire safety.

In view of the projects secured and the day-to-day operational expenses, the indicative breakdown of the utilisation of proceeds for working capital requirements is as follows:-

<b>Working capital requirements</b>	<b>Notes</b>	<b>Indicative percentage allocation %</b>	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
Payment to trade creditors	(a)	70.00	13,073	90,635
Operating expenses in relation to the enhancement of depot facilities and purchase of equipment and machineries	(b)	10.00	1,867	12,948
Other operational expenditure	(c)	20.00	3,735	25,895
<b>Total</b>		<b>100.00</b>	<b>18,675</b>	<b>129,478</b>

- (a) the Group has earmarked 70.00% of the proceeds to be raised for working capital of the Group for the payment to existing trade creditors and payments to contractors and suppliers in relation to the Train Projects as well as the Rocket Project as mentioned above. The details of the projects and indicative breakdown of which is as follows:-

<b>Details</b>	<b>Indicative percentage allocation %</b>
Payment for contractors and suppliers for Train Projects <sup>(i)</sup>	65.00
Payment for contractors and suppliers for Rocket Project <sup>(ii)</sup>	15.00
Payment to existing trade creditors	20.00
<b>Total</b>	<b>100.00</b>

- <sup>(i)</sup> As at the LPD, 90% of the total letter of awards to be issued by M Rail to suppliers and vendors of Train Projects have been issued, which awards are primarily for the purchase of initial spare parts as well as to subcontract several major subsystems. The projects are currently on track. The first unit of Six Car Set Class 92 and first unit of Electric Train Set Class 93 are expected to be received by KTMB in December 2023. Upon the receipt of the trainset, M Rail will then commence MRO service on it. Based on the tentative timeline and barring any unforeseen circumstances, 6 units of Six Car Set Class 92 are expected to be delivered back to KTMB by 2024, 14 units by 2025, and the remaining 15 units by 2026. Additionally, 5 units of Electric Train Set Class 93 are expected to be delivered back to KTMB by 2024, with the remaining 5 units expected by 2025.

- (ii) As at the LPD, Rocket Project is still in the preliminary stage as the letter of award from Ministry of Defence Malaysia were only accepted by DPSB on 27 June 2023. An agreement for the procurement of 70MM rockets has been signed by DPSB and its supplier in July 2023. The first 70MM rockets is expected to be received by June 2024 from the supplier and is expected to be subsequently delivered to the Malaysian Army by July 2024.

The Group intends to fund the remaining shortfall in the abovementioned projects via internally generated funds and/ or bank borrowings. For information purpose, based on the latest unaudited 6 months FPE 2023, the Group has cash and bank balances of RM2.97 million (FYE 2022: RM10.79 million) and fixed deposits with licensed banks of RM14.02 million (FYE 2022: RM16.79 million). In the event of, amongst others, any termination or delays in the abovementioned projects, the surplus will be adjusted and re-allocated to the following existing projects, depending on their respective funding requirement:-

<b>Project</b>	<b>Nature</b>	<b>Duration</b>	<b>Estimated Contract value</b>
Royal Malaysian Air Force Project	DPSB had on 20 June 2023, secured a contract from Ministry of Defence for the procurement of scheduled and unscheduled maintenance, testing, technical services and supply of spare parts and related components for the non-airborne equipment to the Royal Malaysian Air Force	June 2023 to June 2026	RM25.4 million
IWK Projects	Destini Energy Sdn Bhd (" <b>DESB</b> "), a wholly-owned subsidiary of Destini had on 17 December 2021, received and accepted a conditional letter of award from Indah Water Konsortium Sdn Bhd (" <b>IWKSB</b> "), for the engineering, procuring, construction and commissioning of solar photovoltaic systems at 1,177 sewerage treatment plants of IWKSB in Malaysia. IWK Projects were novated to Hijau Baiduri Sdn Bhd (" <b>HBSB</b> "), a wholly-owned subsidiary of DESB.  Subsequently, IWKSB and HBSB have entered into 3 Renewable Energy Power Purchase Agreement for northern region, central region and southern & eastern region respectively.	August 2022 to May 2043	RM85.00 million
Petronas Carigali Project	Destini Oil Services Sdn Bhd had on 30 March 2022, received and accepted a letter of award from Petronas Carigali Sdn Bhd, for the provision of tubular handling, conductor installation and slot recovery equipment and services for Petronas Carigali Drilling Programs	March 2022 to March 2025	RM11.50 million
PTTEP Project	Destini Oil Services Sdn Bhd had on 15 May 2023, received and accepted a letter of award from PTTEP International Limited, for provision of tubular running services for Zawtika Development Drilling Campaign	May 2023 to March 2025	USD3.01 million

The Group shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements for any variation in the utilisation of proceeds.

- (b) The Group has earmarked 10.00% of the proceeds to be raised for the operating expenses in relation to the enhancement of depot facilities located in Seremban to be utilised for the Train Projects as stated above, mainly for the performance of MRO of trains. The enhancement of depot facilities that will be carried out includes the installation of test benches to test the functionality for subsystems such as bogies and traction motor and purchase of equipment and machineries such as jigs, train fixtures and heavy lifting equipments that are essential for repair and testing of various rail components;
- (c) the Group has earmarked 20.00% of the proceeds to be raised for working capital of the Group for other operational expenditure which includes administrative expenses, utilities, travel and other expenses relating to trainings to be attended by Destini's staffs.

The actual breakdown for the utilisation for working capital is subject to the Group's operational requirements at the time of utilisation and as such can only be determined at a later stage. Accordingly, the Board shall have the discretion to allocate funds for the Group's working capital, depending on the actual working capital requirements at the time of utilisation.

<sup>2</sup> As at the LPD, the total borrowings of Destini Group (comprising of term loans and bank overdrafts) was RM8.31 million. In an effort to reduce the gearing level and financing costs, the Group intends to repay its borrowings. The Group had incurred such borrowings, mainly to finance the corporate office building and working capital requirements. For information purpose, the corporate office building situated in Shah Alam was acquired by Destini from CSL Manufacturing (M) Sdn Bhd with purchase consideration of RM14.80 million. Subsequently, the acquisition was completed on 31 July 2013. The potential interest savings from the repayment of borrowings are set out below:-

Type of facility	Amount outstanding as at the LPD RM'000	Interest rate %	Minimum Scenario		Maximum Scenario	
			Proposed repayment RM'000	Annual interest savings RM'000	Proposed repayment RM'000	Annual interest savings RM'000
Term loans	7,898	6.70	2,479	166	2,479	166
Bank overdrafts	416	6.25	-	-	416	26
<b>Total</b>	<b>8,314</b>		<b>2,479</b>	<b>166</b>	<b>2,895</b>	<b>192</b>

<sup>3</sup> The proceeds earmarked for estimated expenses in relation to the Proposed Rights Issue with Warrants will be utilised as set out below:-

	RM'000
Professional fees (including all advisory fees)	480
Regulatory fees	110
Other incidental expenses in relation to the Proposed Rights Issue with Warrants	120
<b>Total</b>	<b>710</b>

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for working capital of the Group.

Pending the utilisation of proceeds from the Proposed Rights Issue with Warrants for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as the working capital of the Group.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants issued and exercised during the tenure of the Warrants. As such, the exact amount to be raised and timeframe for utilisation of the proceeds from the exercise of the Warrants is not determinable at this juncture. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants based on the exercise price of RM0.054 per Warrant is set out below:-

	Minimum Scenario	Maximum Scenario
No. of Warrants	273,300,000	1,663,531,629
Total gross proceeds raised assuming the full exercise of Warrants (RM)	14,758,200	89,830,708

Such gross proceeds to be raised from the exercise of Warrants will be utilised as additional working capital to finance the Group's day to day operations. The proceeds may be utilised to finance, amongst others, operational expenditure of the Group such as employee salaries, payment to trade creditors as well as general expenses such as utilities and office expenses, the breakdown of which has not been determined at this juncture.

## 2.9 Other equity fund raising exercises in the past 12 months

The Company has not undertaken any other fund raising exercises in the 12 months prior to the date of this Circular.

### 3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS

In view of the contracts secured by Destini Group, the Board had deliberated on the Previous Proposed Rights Issue with Warrants and proposes to undertake a revised renounceable rights issue which will raise up to RM133.08 million of funds that will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.8** of this Circular.

The Board is of the view that the Proposed Rights Issue with Warrants is the most appropriate avenue to raise the necessary funding for the Group as set out in **Section 2.8** of this Circular after taking into consideration the following:-

- (i) the Proposed Rights Issue with Warrants will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in **Section 5.2** of this Circular;
- (ii) the Proposed Rights Issue with Warrants will enable the issuance of new Destini Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants;
- (iii) the Proposed Rights Issue with Warrants will provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of the Group on a pro-rata basis; and
- (iv) the Proposed Rights Issue with Warrants will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants and increase their equity participation in the Company at a predetermined price over the tenure of the Warrants. The Company would also be able to raise additional proceeds as and when the Warrants are exercised.

### 4. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

#### 4.1 Overview and outlook of the Malaysian economy

The global GDP growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies. Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

Notwithstanding the growth, the economy in 2022 experienced several challenges with escalating inflationary pressures due to high commodity and food prices as well as softened global economic growth and trade. Therefore, the Malaysian government has taken various holistic and comprehensive measures to help the citizens and businesses in dealing with inflationary pressures and higher cost of living.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure initiatives as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025 (12MP). However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

#### **4.2 Overview and outlook of the Aviation & Defence, Energy, Mobility and Marine industry in Malaysia**

The 12MP recognises the aerospace sub-sector as one of the new growth areas slated to accelerate Malaysia's transformation into a high-income nation by 2025. Despite the past two years' challenging economic landscape, the country's aerospace subsector remains competitive and resilient. Malaysian companies secured RM572.6 million worth of business deals at the Farnborough International Airshow 2022.

The Malaysian government will continue to facilitate the growth of the aerospace industry and compliance with ESG. The National Investment Aspirations (NIA) encourages advanced technology and high-value investments that are ESG-compliant and are essential to revitalising Malaysia's investment climate.

As a result of the strong pent-up demand for travel across most major markets and regions, and robust global cargo traffic volumes, the aerospace subsector benefitted from the recovery of the global commercial aircraft market after the previous two years of unprecedented disruption across the aviation industry. This continuing recovery is expected to reach pre-pandemic levels by 2023, followed by full recovery in 2024, despite rising oil prices placing downward pressure on profitability.

Moving forward, according to the Airbus Global Market Forecast 2022, the next 20 years will see the need for 31,620 single-aisle and 7,870 widebody passenger and freighter aircraft. The demand for these new aircraft will progressively shift from fleet growth to accelerated replacement of older, less fuel-efficient aircraft, and by end-2040, the vast majority of commercial aircraft in operation will be newer aircraft. This bodes well for Malaysian aerospace players in the aerostructure, engine manufacturing, and MRO segments, as this is an opportunity for them to further increase their market penetration.

*(Source: Malaysia Investment Performance Report 2022, Malaysian Investment Development Authority)*

The MRO business grew significantly in tandem with the increase of the world's fleet, according to Frost & Sullivan. MROs are increasing capacity to keep up with the rising demand as the industry for aeroplane maintenance, worth USD75 billion, expands. They achieve this through adopting digital transformation, technology innovation, efficiency, mergers, consolidations, buy-outs, and partnerships.

Malaysia External Trade Development Corporation (MATRADE) and the National Aerospace Industry Coordination Office (NAICO), Ministry of International Trade and Industry (MITI), organised the participation of Malaysian MRO services players in the Aviation Week MRO Asia Pacific 2022 (MROAP2022), Singapore, held from September 20–23, 2022, at Singapore EXPO Exhibition and Convention Centre. The participation was MATRADE's continuous efforts in promoting Malaysia's capabilities and strengths in the MRO industry. Also, it served as a platform for the MRO companies to expand their brand's presence and to connect with industry experts and through leadership from all facets of the airplanes lifecycle including MRO, interiors and engine technology including networking opportunities that connect the participants with the full spectrum of the aviation industry globally.

*(Source: Press release entitled "Malaysia's Participation in MRO Asia Pacific 2022" dated 28 September 2022, MATRADE)*

The mining sector rose by 3.4% in 2022 underpinned by strong performance of natural gas subsector and improvement in crude oil and condensate subsector, particularly in the second half of the year. The natural gas subsector continued to drive the sector's growth, on account of higher natural gas output from existing and new gas fields in Sarawak and Terengganu. Meanwhile, the resumption of a major oil field operation in Sabah supported the crude oil and condensate subsector.

The completion of a new pipeline projects in Sarawak is expected to boost the production of natural gas, particularly during the second half of 2023. In addition, rising demand from major trading partners as well as new demand from domestic industrial and petrochemical segment are expected to further support growth of natural gas subsector. Nevertheless, output of crude oil and condensate is projected to moderate due to decline in production rate from the existing fields in Peninsular Malaysia. Thus, the mining sector is estimated to expand by 1.2% in 2023. In terms of price, the Brent crude oil is projected to record an average of USD80 per barrel due to anticipation of lower demand following a moderation in global economy.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

Under the Renewable Energy Transition Plan 2021-2040, Malaysia aims to increase its share of RE in its installed capacity to 31% in 2025 (from the initial 25% by 2025) and 40% in 2035. To achieve this, the focus is on Peninsular Malaysia because it accounts for 80% of the country's electricity demand. For the 31% RE target in 2025, 26% is to come from the peninsula in 2025. For the 40% target in 2035, the peninsula is to account for 32% of RE. These projections were shared by the Minister of Energy and Natural Resources at a virtual meeting with Association of Southeast Asian Nations (ASEAN) Ministers on Energy and the Minister of Economy, Trade and Industry of Japan held on 21 June 2021. He added that the country's installed RE capacity now stands at 7,995MW, and is projected to increase to 18,000MW by 2035. Peninsular Malaysia's RE capacity, meanwhile, is projected to increase from the current 4,430MW to 10,944MW in the next 15 years.

Since solar has the highest RE potential, Malaysia plans to introduce battery energy storage systems, with a total capacity of 500MW from 2030 onwards. With these targets in place, the Minister said carbon emission intensity from the power sector is set to decline by 45% in 2030 and a further 60% in 2035, compared to the 2005 level, in line with Malaysia's Nationally Determined Contributions targets under the Paris Climate Agreement.

Solar power is recognised as the primary source of RE in the country, and several market mechanisms have been introduced to facilitate solar power generation. For example, the Large Scale Solar (LSS) programme has led to the establishment of large-scale solar farms. The Enhanced Net Energy Metering (NEM) scheme, in the meantime, has incentivised Small Medium Enterprises (SMEs) and prosumers to generate solar power for their own consumption and sale of excess energy to the grid.

*(Source: Energy Malaysia Volume 22 2022, Energy Commission of Malaysia)*



The transportation and storage subsector shot up by 30.8% in 2022, backed by the significant growth of all segments following a more vigorous highway, port and airport activities. The traffic volume of toll highways increased by 56% to 1.7 billion vehicles, mainly due to increasing travel activities especially during festive seasons, school holidays and general election. The increase in total cargo and container handled in ports was supported by strong external demand with total trade grew by 27.8% to RM2.8 trillion. The subsector's notable performance was also attributed to a substantial increase of 395.3% to 54.9 million air passenger traffic at airports during the year due to gradual resumption of international flights. Meanwhile, the performance of food & beverages and accomodation subsector turned around signifcantly by 33.2% following continous expansion in tourism-related activities in line with the substantial recovery in hotel occupancy rate and patronage at eateries.

The transportation and storage subsector is projected to expand with most segments benefitting from the expansion in rail, highway, port and airport activities. The land transport segment is expected to grow following the operation of the Mass Rapid Transit (MRT) Putrajaya Line, Damansara-Shah Alam Elevated Expressway and Sungai Besi-Ulu Kelang Elevated Expressway. In addition, the air transport segment is anticipated to increase in tandem with the higher passenger traffic and aircraft movement, following further improvement in toursim-related activities and more flight frequencies. Meanwhile, the water transport segment is projected to expand moderately following softer trade activities.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

#### 4.3 Future prospects of the Group

Destini Group is an integrated engineering solutions provider with a diverse interest in the aviation & defence, energy, mobility and marine industries. The Group's business segments are as follows:-

<b>Aviation &amp; defence</b>	:	Mainly involved in supplying safety and survival-related equipment, defence related aircrafts and components, providing MRO services for the Armed Forces, aircraft cylinder testing and calibration services as well as organising and conducting aircraft search, rescue and salvage missions with the Government
<b>Marine</b>	:	Mainly involved in manufacturing and supplying lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry, manufacturing proprietary self-propelled hyperbaric lifeboats used in deap sea diving operations and providing MRO services relating to lifeboats, davit systems, load testing equipment, fire safety and other marine assets
<b>Mobility</b>	:	Mainly involved in manufacturing and supplying motor trolley, wagon and road rail vehicles for the rail sector and assembly, fabrication, refurbishment as well as MRO of train sets and rail systems
<b>Energy</b>	:	Mainly involved in engineering, procurement, construction, installation and commissioning of renewable energy systems, providing tubular running services for upstream onshore and offshore drilling programme, subsea well intervention, platform abandonment and field decommissioning services, subsea pipeline inspection, maintenance and repair services as well as supplying handling and drilling tools
<b>Others</b>	:	Mainly involved in providing telecommunication service

A summary of the segmental revenue of the Group for the past 3 financial years up to the FYE 31 December 2022 is as follows:-

	<-----Audited FYE 31 December----->		
	2020	2021	2022
	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>190,126</b>	<b>173,866</b>	<b>186,170</b>
Aviation & defence	85,379	81,336	83,521
Marine	86,846	61,560	63,603
Mobility	2,806	34	-
Energy	14,932	29,746	38,905
Others	163	1,190	141
<b>PAT/ (LAT) attributable to owners of the Company</b>	<b>(190,642)</b>	<b>3,009</b>	<b>(30,155)</b>

Based on the table above, the major segments that contribute to the Group's revenue are aviation & defence, marine and energy segments. The Group recorded a higher revenue of RM186.17 million in FYE 2022 (FYE 2021: RM173.87 million), mainly attributable to the gradual growth in revenue of the energy segment, as a result of the recovery of the energy segment after the pandemic, driven by global demand and geopolitical developments. The growth in revenue was partially offset by the decrease in revenue from mobility segment as a result of the completion of supplying motor trolley to KTMB in October 2021. However, the Group has managed to secure Train Projects in FYE 2022. For information purpose, there were no new projects secured by the Group under the mobility segment in FYE 2023. Besides, Destini has ceased to provide telecommunication service due to no new projects secured.

The Group has secured several contracts during FYE 2022 and FYE 2023, such as the Train Projects and Rocket Project as set out in **Section 2.8** of this Circular, which has increased the Group's earnings visibility. Overall, Destini Group has replenished its orderbook to RM952 million as at the LPD with the bulk of the sum attributed to Destini's aviation and defence as well as mobility segments.

To support the development of its aviation & defence, energy, mobility and marine segments, Destini Group will from time to time require more funding for its operations. As such, the Board has undertaken the Proposed Rights Issue with Warrants with the main objective to raise the necessary funds to be channelled towards its working capital requirements. By having an adequate cash level, the Group will be accorded better flexibility in respect of its financial allocations to be managed in a more efficient and timely manner in its day to day operations.

Premised on the above and also taking into consideration the prospects of the aviation & defence, energy, mobility and marine industries in **Section 4.2** of this Circular, the Proposed Rights Issue with Warrants is expected to place the Group in a better financial footing moving forward and potentially augur positively for the Group's prospects moving forward.

*(Source: Management of Destini)*

## 5. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The effects of the Proposed Rights Issue with Warrants on the issued share capital of the Company, NA, NA per Share, gearing, earnings and EPS of the Group, and the substantial shareholders' shareholdings in the Company are as follows:-

### 5.1 Issued share capital

The pro forma effects of the Proposed Rights Issue with Warrants on the issued share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	1,663,531,629	479,828,496	1,663,531,629	479,828,496
Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants	546,600,000	15,478,938 <sup>*1</sup>	3,327,063,258	94,217,721 <sup>*1</sup>
	<b>2,210,131,629</b>	<b>495,307,434</b>	<b>4,990,594,887</b>	<b>574,046,217</b>
Shares to be issued arising from the full exercise of Warrants	273,300,000	14,758,200 <sup>*2</sup>	1,663,531,629	89,830,708 <sup>*2</sup>
Reversal of warrants reserve	-	6,385,062 <sup>*3</sup>	-	38,864,809 <sup>*3</sup>
<b>Enlarged issued share capital</b>	<b>2,483,431,629</b>	<b>516,450,696</b>	<b>6,654,126,516</b>	<b>702,741,734</b>

#### Notes:-

<sup>\*1</sup> Computed based on the Issue Price and after adjusting for the apportionment of its relative fair value between the share capital account (RM0.04 per Rights Share) and warrants reserve account (RM0.033 per Warrant) based on the weightage allocation of 1 Warrant for every 2 Rights Shares

<sup>\*2</sup> Computed based on the exercise price of RM0.054 per Warrant

<sup>\*3</sup> Adjusted for the corresponding reversal of warrants reserve to the share capital account upon the full exercise of Warrants, and after adjusting for the apportionment of its relative fair value between the share capital account (RM0.04 per Rights Share) and warrants reserve account (RM0.033 per Warrant) based on the weightage allocation of 1 Warrant for every 2 Rights Shares

### 5.2 NA per Share and gearing ratio

The pro forma effects of the Proposed Rights Issue with Warrants on the audited consolidated NA and gearing of the Group as at 31 December 2022 are as follows:-

#### Minimum Scenario

	Audited as at 31 December 2022 RM	I After the Proposed Rights Issue with Warrants <sup>*1</sup> RM	II After I and assuming full exercise of Warrants <sup>*5</sup> RM
Share capital	479,828,496	495,307,434	516,450,696
Foreign currency translation reserve	1,344,626	1,344,626	1,344,626
Warrants reserve	-	6,385,062 <sup>*2</sup>	- <sup>*5</sup>
Accumulated losses	(355,094,918)	(355,804,918) <sup>*3</sup>	(355,804,918)
<b>Shareholders' fund/ NA</b>	<b>126,078,204</b>	<b>147,232,204</b>	<b>161,990,404</b>
No. of shares in issue	1,663,531,629	2,210,131,629	2,483,431,629
NA per share (RM)	0.08	0.07	0.07
Total borrowings	16,815,984	14,336,984 <sup>*4</sup>	14,336,984
Gearing ratio (times)	0.13	0.10	0.09

**Notes:-**

- <sup>\*1</sup> Computed based on the subscription of 546,600,000 Rights Shares at the Issue Price and after adjusting for the apportionment of its relative fair value between the share capital account (RM0.04 per Rights Share) and warrants reserve account (RM0.033 per Warrant) based on the weightage allocation of 1 Warrant for every 2 Rights Shares
- <sup>\*2</sup> Accounting for the recognition of 273,300,000 Warrants at the theoretical fair value of RM0.033 each based on the Bloomberg trinomial model, and after adjusting for the apportionment of its relative fair value between the share capital account (RM0.04 per Rights Share) and warrants reserve account (RM0.033 per Warrant) based on the weightage allocation of 1 Warrant for every 2 Rights Shares
- <sup>\*3</sup> After deducting the estimated expenses of approximately RM0.71 million in relation to the Proposed Rights Issue with Warrants
- <sup>\*4</sup> After adjusting for the utilisation of proceeds from the Proposed Rights Issue with Warrants amounting to approximately RM2.48 million for the repayment of bank borrowings
- <sup>\*5</sup> Assuming all the Warrants are exercised at the exercise price of RM0.054 per Warrant, and after adjusting for the corresponding reversal of warrants reserve to the share capital account upon the full exercise of Warrants

**Maximum Scenario**

	<b>Audited as at 31 December 2022 RM</b>	<b>I After the Proposed Rights Issue with Warrants<sup>*1</sup> RM</b>	<b>II After I and assuming full exercise of Warrants<sup>*5</sup> RM</b>
Share capital	479,828,496	574,046,217	702,741,734
Foreign currency translation reserve	1,344,626	1,344,626	1,344,626
Warrants reserve	-	38,864,809 <sup>*2</sup>	- <sup>*5</sup>
Accumulated losses	(355,094,918)	(355,804,918) <sup>*3</sup>	(355,804,918)
<b>Shareholders' fund/ NA</b>	<b>126,078,204</b>	<b>258,450,734</b>	<b>348,281,442</b>
No. of shares in issue	1,663,531,629	4,990,594,887	6,654,126,516
NA per share (RM)	0.08	0.05	0.05
Total borrowings	16,815,984	13,920,984 <sup>*4</sup>	13,920,984
Gearing ratio (times)	0.13	0.05	0.04

**Notes:-**

- <sup>\*1</sup> Computed based on the subscription of 3,327,063,258 Rights Shares at the Issue Price and after adjusting for the apportionment of its relative fair value between the share capital account (RM0.04 per Rights Share) and warrants reserve account (RM0.033 per Warrant) based on the weightage allocation of 1 Warrant for every 2 Rights Shares
- <sup>\*2</sup> Accounting for the recognition of 1,663,531,629 Warrants at the theoretical fair value of RM0.033 each based on the Bloomberg trinomial model, and after adjusting for the apportionment of its relative fair value between the share capital account (RM0.04 per Rights Share) and warrants reserve account (RM0.033 per Warrant) based on the weightage allocation of 1 Warrant for every 2 Rights Shares
- <sup>\*3</sup> After deducting the estimated expenses of approximately RM0.71 million in relation to the Proposed Rights Issue with Warrants
- <sup>\*4</sup> After adjusting for the utilisation of proceeds from the Proposed Rights Issue with Warrants amounting to approximately RM2.90 million for the repayment of bank borrowings
- <sup>\*5</sup> Assuming all the Warrants are exercised at the exercise price of RM0.054 per Warrant, and after adjusting for the corresponding reversal of warrants reserve to the share capital account upon the full exercise of Warrants

**5.3 Earnings and EPS**

The Proposed Rights Issue with Warrants is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2023. However, there will be a dilution in the EPS of the Group for the FYE 31 December 2023 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue with Warrants. Notwithstanding that, the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of the Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 2.8** of this Circular.

**5.4 Convertible securities**

As at the LPD, the Company does not have any existing convertible securities.

## 5.5 Substantial shareholdings structure

The pro forma effects of the Proposed Rights Issue with Warrants on the substantial shareholders' shareholdings are as follows:-

### Minimum Scenario

Substantial shareholders	I After the Proposed Rights Issue with Warrants								II After I and assuming full exercise of Warrants			
	Shareholdings as at the LPD											
	<-----Direct-----> No. of Shares	% <sup>*1</sup>	<-----Indirect-----> No. of Shares	% <sup>*1</sup>	<-----Direct-----> No. of Shares	% <sup>*2</sup>	<-----Indirect-----> No. of Shares	% <sup>*2</sup>	<-----Direct-----> No. of Shares	% <sup>*3</sup>	<-----Indirect-----> No. of Shares	% <sup>*3</sup>
Dato' Rozabil @ Rozamujib Abdul Rahman	103,626,500	6.23	62,500,000 <sup>*4</sup>	3.76	103,626,500	4.69	62,500,000 <sup>*4</sup>	2.83	103,626,500	4.17	62,500,000 <sup>*4</sup>	2.52
Aroma Teraju Sdn Bhd	200,000,000	12.02	-	-	200,000,000	9.05	-	-	200,000,000	8.05	-	-
Pitahaya (M) Sdn Bhd	110,000,000	6.61	-	-	110,000,000	4.98	-	-	110,000,000	4.43	-	-
Lim Beng Guan	-	-	110,000,000 <sup>*5</sup>	6.61	-	-	110,000,000 <sup>*5</sup>	4.98	-	-	110,000,000 <sup>*5</sup>	4.43
Ciruela Sdn Bhd	-	-	110,000,000 <sup>*5</sup>	6.61	-	-	110,000,000 <sup>*5</sup>	4.98	-	-	110,000,000 <sup>*5</sup>	4.43
Dato' Aziz	19,500,000	1.17	103,800,000 <sup>*6</sup>	6.24	58,500,000	2.65	611,400,000 <sup>*6</sup>	27.66	78,000,000	3.14	865,200,000 <sup>*6</sup>	34.84
Dayanine	94,000,000	5.65	-	-	582,000,000	26.33	-	-	826,000,000	33.26	-	-
Dayatahan <sup>*7</sup>	9,800,000	0.59	-	-	29,400,000	1.33	-	-	39,200,000	1.58	-	-

#### Notes:-

<sup>\*1</sup> Based on the total issued shares of 1,663,531,629 of the Company as at the LPD

<sup>\*2</sup> Based on the enlarged issued shares of 2,210,131,629 of the Company after the Proposed Rights Issue with Warrants

<sup>\*3</sup> Based on the enlarged issued shares of 2,483,431,629 of the Company after assuming full exercise of Warrants

<sup>\*4</sup> Deemed interested under Section 8 of the Act by virtue of his shareholdings in BPH Capital Sdn Bhd and Zaleeha Capital Sdn Bhd

<sup>\*5</sup> Deemed interested under Section 8 of the Act by virtue of their shareholdings in Pitahaya (M) Sdn Bhd

<sup>\*6</sup> Deemed interested under Section 8 of the Act by virtue of his shareholdings in Dayanine and Dayatahan

<sup>\*7</sup> Not deemed a substantial shareholder, but is nevertheless included hereinabove for illustration purpose

### Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I After the Proposed Rights Issue with Warrants				II After I and assuming full exercise of Warrants			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*1</sup>	No. of Shares	% <sup>*2</sup>	No. of Shares	% <sup>*2</sup>	No. of Shares	% <sup>*3</sup>	No. of Shares	% <sup>*3</sup>
Dato' Rozabil @ Rozamujib Abdul Rahman	103,626,500	6.23	62,500,000 <sup>*4</sup>	3.76	310,879,500	6.23	187,500,000 <sup>*4</sup>	3.76	414,506,000	6.23	250,000,000 <sup>*4</sup>	3.76
Aroma Teraju Sdn Bhd	200,000,000	12.02	-	-	600,000,000	12.02	-	-	800,000,000	12.02	-	-
Pitahaya (M) Sdn Bhd	110,000,000	6.61	-	-	330,000,000	6.61	-	-	440,000,000	6.61	-	-
Lim Beng Guan	-	-	110,000,000 <sup>*5</sup>	6.61	-	-	330,000,000 <sup>*5</sup>	6.61	-	-	440,000,000 <sup>*5</sup>	6.61
Ciruela Sdn Bhd	-	-	110,000,000 <sup>*5</sup>	6.61	-	-	330,000,000 <sup>*5</sup>	6.61	-	-	440,000,000 <sup>*5</sup>	6.61
Dato' Aziz	19,500,000	1.17	103,800,000 <sup>*6</sup>	6.24	58,500,000	1.17	311,400,000 <sup>*6</sup>	6.24	78,000,000	1.17	415,200,000 <sup>*6</sup>	6.24
Dayanine	94,000,000	5.65	-	-	282,000,000	5.65	-	-	376,000,000	5.65	-	-
Dayatahan <sup>*7</sup>	9,800,000	0.59	-	-	29,400,000	0.59	-	-	39,200,000	0.59	-	-

**Notes:-**

<sup>\*1</sup> Based on the total issued shares of 1,663,531,629 of the Company as at the LPD

<sup>\*2</sup> Based on the enlarged issued shares of 4,990,594,887 of the Company after the Proposed Rights Issue with Warrants

<sup>\*3</sup> Based on the enlarged issued shares of 6,654,126,516 of the Company after assuming full exercise of Warrants

<sup>\*4</sup> Deemed interested under Section 8 of the Act by virtue of his shareholdings in BPH Capital Sdn Bhd and Zaleeha Capital Sdn Bhd

<sup>\*5</sup> Deemed interested under Section 8 of the Act by virtue of their shareholdings in Pitahaya (M) Sdn Bhd

<sup>\*6</sup> Deemed interested under Section 8 of the Act by virtue of his shareholdings in Dayanine and Dayatahan

<sup>\*7</sup> Not deemed a substantial shareholder, but is nevertheless included hereinabove for illustration purpose

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Destini Shares as traded on Bursa Securities for the past 12 months from November 2022 to October 2023 are set out below:-

	High RM	Low RM
<b>2022</b>		
November	0.085	0.070
December	0.095	0.075
<b>2023</b>		
January	0.085	0.075
February	0.085	0.065
March	0.090	0.070
April	0.085	0.070
May	0.085	0.070
June	0.130	0.075
July	0.105	0.075
August	0.095	0.075
September	0.105	0.090
October	0.105	0.090
Last transacted market price on the LTD		0.085
Last transacted market price on the LPD		0.100

(Source: Bloomberg)

## 7. APPROVALS REQUIRED/ OBTAINED

The Proposed Rights Issue with Warrants are subject to the following approvals being obtained:-

- (i) Bursa Securities, for the following:-
  - (a) admission of the Warrants to the official list of Bursa Securities;
  - (b) listing and quotation of up to 3,327,063,258 Rights Shares and up to 1,663,531,629 Warrants pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities; and
  - (c) listing and quotation of up to 1,663,531,629 new Destini Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

the approval of which has been obtained vide its letter dated 31 October 2023 subject to the following conditions:-

Conditions	Status of compliance
(a) Destini and UOBKH must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Proposed Rights Issue with Warrants	To be complied
(b) UOBKH to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants	To be complied
(c) UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed	To be complied

	Conditions	Status of compliance
	(d) Destini to furnish Bursa Securities on a quarterly basis a summary of total number of new ordinary shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable	To be complied
	(ii) shareholders of the Company at the forthcoming EGM;	
	(iii) Securities Commission Malaysia for the registration of the abridged prospectus in relation to the Proposed Rights Issue with Warrants; and	
	(iv) any other relevant authorities and/ or parties, if required.	

The Proposed Rights Issue with Warrants is not conditional upon any other proposal undertaken or to be undertaken by the Company.

#### 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements under the Proposed Rights Issue with Warrants, to which all Entitled Shareholders are similarly entitled.

#### 9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Rights Issue with Warrants including but not limited to the rationale and effects of the Proposed Rights Issue with Warrants as well as the utilisation of the proceeds raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interests of the Company.

Accordingly, the Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Rights Issue with Warrants at the forthcoming EGM.

#### 10. ESTIMATED TIME FRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Rights Issue with Warrants to be completed in the first quarter of 2024.

The tentative timetable in relation to the Proposed Rights Issue with Warrants is set out below:-

Month	Events
23 November 2023	<ul style="list-style-type: none"> <li>EGM for the Proposed Rights Issue with Warrants</li> </ul>
Early January 2024	<ul style="list-style-type: none"> <li>Announcement of the Entitlement Date of the Proposed Rights Issue with Warrants</li> </ul>
End January 2024	<ul style="list-style-type: none"> <li>Entitlement Date</li> <li>Issuance of Abridged Prospectus, Rights Subscription Form and Notice Provisional Allotment for the Proposed Rights Issue with Warrants</li> </ul>
End January 2024	<ul style="list-style-type: none"> <li>Closing date of the application and acceptance for the Rights Shares with Warrants</li> </ul>
Mid February 2024	<ul style="list-style-type: none"> <li>Listing and quotation of the Rights Shares and Warrants on the Main Market of Bursa Securities</li> </ul>



**11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Rights Issue with Warrants, which is the subject matter of this Circular, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the LPD.

**12. EGM**

The EGM, the notice of which is enclosed in this Circular, will be held at Meeting Room, 1st Floor, Destini Berhad, No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor on Thursday, 23 November 2023 at 10.00 a.m. , or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Rights Issue with Warrants.

If you are unable to attend, participate, speak and vote in person at the EGM, the completed and signed Proxy Form should be deposited at the Company's Share Registrar office (Insurban Corporate Services Sdn Bhd), situated at 149 Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**13. FURTHER INFORMATION**

You are advised to refer to the enclosed appendix for further information.

Yours faithfully,  
For and on behalf of the Board  
**DESTINI BERHAD**

**TAN SRI DATUK AZHAR BIN AZIZAN @ HARUN**  
Independent Non-Executive Chairman

## APPENDIX I – ADDITIONAL INFORMATION

### 1. Financial position of the Group

The audited financial information of the Group for the past 3 financial years up to the FYE 2022 and the latest unaudited quarterly results for the 6-month FPE 2023 are as follows:-

	<-----Audited----->			<--Unaudited--> 6-month FPE 2023
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	RM'000
Revenue	190,126	173,866	186,170	57,182
PBT/ (LBT)	(192,961)	5,265	(33,157)	(4,100)
PAT/ (LAT) attributable to owners of the Company	(190,642)	3,009	(30,155)	(5,460)
EPS/ (LPS) (sen)	(14.62)	0.19	(1.81)	(0.33)
Total interest-bearing borrowings	113,532	104,156	16,816	12,735
Total fixed deposits, cash and bank balances	37,695	48,942	26,910	16,571
Net cash generated from/(used in) operating activities	(14,629)	(10,934)	70,458	(5,530)
Shareholders' funds/ NA	132,449	161,102	126,078	120,328
Weighted average no. of Shares outstanding ('000)	1,525,276	1,663,531	1,663,531	1,663,531
NA per Share (RM)	0.09	0.10	0.08	0.07
Gearing ratio (times)	0.95	0.66	0.15	0.12

#### FYE 2020

For the FYE 2020, the Group's revenue decreased by RM107.61 million or 36.14% to RM190.13 million (FYE 2019: RM297.74 million). The decrease in revenue was mainly due to lower revenue from the marine segment, in which the fabrication of three Offshore Patrol Vessels ("**OPV**") for the Malaysian Maritime Enforcement Agency ("**MMEA**") ("**OPV Project**") saw a delay from not being able to receive construction materials on time as most of the ship's construction materials are shipped from China which went through a total lockdown in early FYE 2020. The inability to secure construction materials due to the lockdown disrupted the timing of the project delivery. In addition, revenue contribution from the New Generation Patrol Craft ("**NGPC**") project for the MMEA has reduced as the project is approaching completion. Furthermore, the decrease in revenue of energy segment was mainly attributed to project deferrals from major oil companies due to budget constraints and uncertainties in the oil and gas business environment whereby most projects that were slated for execution on FYE 2020 were delayed to FYE 2021 instead.

The Group's LBT decreased by RM58.28 million or 23.20% to RM192.96 million in FYE 2020 (FYE 2019: RM251.24 million). The lower LBT for the FYE 2020 was mainly due to absence of write-off of receivables from the marine segment in FYE 2020.

#### FYE 2021

For the FYE 2021, the Group's revenue decreased by RM16.26 million or 8.55% to RM173.87 million (FYE 2020: RM190.13 million). The decrease in revenue was mainly attributed to lower revenue from the marine segment due to the disposal of its stake in THHE Destini Sdn Bhd which took on the fabrication of three OPV for MMEA, in which no revenue was recognised in FYE 2021 (FYE 2020: RM41.25 million). The decrease in revenue was partially offset by the increase in revenue from the energy segment mainly due to the revival of projects awarded by major oil companies that were deferred earlier as mentioned above.

The Group recorded PBT of RM5.27 million in FYE 2021 (FYE 2020: LBT of RM192.96 million). The PBT derived in FYE 2021 was mainly due to the following:-

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**APPENDIX I – ADDITIONAL INFORMATION (CONT'D)**

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- (i) gross profit of the Group increased to RM61.02 million in FYE 2021 (FYE 2020: RM4.08 million) mainly due to higher cost were incurred for the energy segment in FYE 2020 as project costs were incurred as a preparation for contract mobilization, while decision on deferment by customers were post contract acceptance. Besides, higher costs were incurred in order to comply with COVID-19 SOP requirements. Consequently, the Group embarked on a cost reduction exercise that included staff downsizing within the energy segment;
- (ii) administrative expenses decreased to RM69.30 million in FYE 2021 (FYE 2020: RM110.30 million) mainly due to the cost saving measures implemented by Destini pursuant to COVID-19 and the exit from the ship building business by Destini as part of the Group's rationalization exercise that includes divesting non-performing assets; and
- (iii) absence of impairment loss on intangible assets in FYE 2021 as compared to RM38.26 million incurred for the impairment loss on goodwill allocated to subsidiary namely Destini Shipbuilding And Engineering Sdn Bhd during FYE 2020 as a result of persistent losses incurred by the cash generating unit.

**FYE 2022**

For the FYE 2022, the Group's revenue increased by RM12.30 million or 7.07% to RM186.17 million (FYE 2021: RM173.87 million). The increase in revenue was mainly attributed to the higher revenue from energy segment mainly due to the recovery of the energy sector after the pandemic, driven by global demand and geopolitical developments and capital spending by major oil companies increased.

For the FYE 2022, the Group recorded LBT of RM33.16 million (FYE 2021: PBT of RM5.27 million). The LBT incurred for FYE 2022 was mainly due to write-off of receivables from the marine segment as a result of debtors facing significant financial difficulties and have defaulted on payments. Furthermore, the Group's other income reduced to RM8.58 million in FYE 2022 (FYE 2021: RM20.51) mainly due to a gain of RM15.32 million was recognised in FYE 2021 as a result of the disposal of Safeair Technical Sdn Bhd and AMS Marine Pte Ltd.

**6-month FPE 2023**

For the 6-month FPE 2023, the Group's revenue decreased by RM1.64 million or 2.79% to RM57.18 million (FPE 2022: RM58.82 million). The decrease in revenue was mainly due to lower revenue from the energy segment, mainly attributed by the reduction in rig activity. The decrease in revenue was partially offset by the increase in revenue from aviation and defence segment, in which the revenue contribution from the contract granted to DPSB by Ministry of Defence Malaysia for the provision of MRO services and the supply of safety and survival equipment to the Royal Malaysian Air Force has increased to RM22.33 million in FPE 2023 (FPE 2022: RM4.89 million). For information purpose, there is no revenue generated from Train Projects and Rocket Project for FPE 2023.

For the 6-month FPE 2023, the Group's LBT increased by RM3.41 million or more than 100% to RM4.10 million (FPE 2022: RM0.69 million). The higher LBT incurred was mainly due to the energy segment, in which lower revenue was generated as mentioned above.

**2. Value creation and impact of the Proposed Rights Issue with Warrants to the Group and its shareholders**

As set out in **Section 2.8** of this Circular, the proceeds raised from the Proposed Rights Issue with Warrants will mainly facilitate the Group to finance the working capital requirements for growing the Group's existing business segments without relying solely on internally generated funds and/ or bank borrowings, which will allow the Group flexibility in respect of financial allocations for its operational requirements. Such financial flexibility may allow the Group to carry out its operations in a more timely and efficient manner.

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**APPENDIX I – ADDITIONAL INFORMATION (CONT'D)**

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As at FPE 2023, the Group has cash and bank balances of RM2.97 million (FYE 2022: RM10.79 million) and fixed deposits with licensed banks of RM14.02 million (FYE 2022: RM16.79 million). Considering that the fixed deposits are pledged as security for bank borrowings secured by the Group, the management intends to preserve the cash and bank balances and to use it for the working capital requirements of the Group's various business segments to meet any short-term obligations (e.g., payment to trade and other payables, staff related costs, interest expenses and other expenses) in a timely manner.

Based on the above, the Board is of the view that the intended utilisation of the proceeds from the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of the Group and in turn, this would lead to an improvement in the Group's financial position and enhancement in shareholders' value.

The effects of the Proposed Rights Issue with Warrants on the issued share capital, substantial shareholding structure, the NA and gearing, earnings and EPS of the Group are disclosed in **Section 5** of this Circular.

The Proposed Rights Issue with Warrants, which is expected to be completed in the first quarter of 2024, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 2024. However, there will be a dilutive effect on the EPS of the Group for the FYE 2024 due to the increase in the number of Destini Shares in issue pursuant to the Proposed Rights Issue with Warrants. Notwithstanding that, the proceeds from the Proposed Rights Issue with Warrants are expected to contribute positively to the earnings of the Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

**3. Adequacy of the Proposed Rights Issue with Warrants in addressing the Group's financial concerns and steps taken to improve the financial condition of the Group**

For the FYE 2022, the Group's revenue increased to RM186.17 million (FYE 2021: RM173.87 million). In addition, the Group recorded LBT of RM33.16 million in the FYE 2022 (FYE 2021: PBT of RM5.27 million). Notwithstanding that, the loss position recorded by the Group for the FYE 2022 was primarily contributed by the impairment loss on receivables amounting to RM26.55 million in FYE 2022, mainly due to write-off of receivables from the marine segment as a result of debtors facing significant financial difficulties and have defaulted on payments. At this juncture, the management of Destini is of the view that the Group's primary financial concern is the LAT recorded for the past 3 financial years up to the latest audited FYE 2022 and for the latest unaudited 6-month FPE 2023.

Albeit a slower pace on the revival of the industries Destini has a presence in, the Group was able to secure several contracts in FYE 2022. DPSB has received a letter of award from the Ministry of Defence Malaysia for the extension of an existing contract to provide MRO services and the supply of safety and survival related equipment to the Royal Malaysian Air Force, with ceiling value of RM88 million. The Ministry of Defence Malaysia had also awarded DPSB a RM0.99 million contract to supply MRO services and the supply of component and spare parts for safety and survival equipment to the Malaysian Army's Aviation Wing. As for the mobility segment, Ministry of Transport granted two contracts to M Rail for Level 4 MRO on 35 units of Six Car Set Class 92 operated by KTMB and provision of level 4 MRO services on 10 Electric Train Set Class 93 operated by KTMB respectively, which collectively worth RM695 million.

Pursuant to the Proposed Rights Issue with Warrants, the Group has earmarked approximately RM18.68 million of the proceeds under the Minimum Scenario from the Proposed Rights Issue with Warrants to fund the working capital requirements of the Group's core business activities, out of which 70.00% will be channelled towards the payment to existing trade creditors and payments to contractors and suppliers in relation to the Train Projects as well as contract granted by Rocket Project. For the avoidance of doubt, the remaining projects secured by the Group may be funded via internally generated funds and/ or bank borrowings, depending on the availability and suitability of funding options at the relevant time.

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## APPENDIX I – ADDITIONAL INFORMATION (CONT'D)

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As set out in **Section 2** above, the management intends to preserve the Group's cash and bank balances and use it for the working capital requirements of the Group's various business segments to meet any short-term obligations in a timely manner. Further, considering the inflationary pressure and recent hikes in overnight policy rate in Malaysia, the management is cautious in utilising further banking facilities or debt instruments for the Group's working capital requirements and its impact to gearing ratio. In view of this, the Proposed Rights Issue with Warrants is an appropriate avenue for the Company to raise funds for purposes as set out in **Section 2.8** of this Circular. Though the quantum to be raised from the Proposed Rights Issue with Warrants may not be sufficient to fully fund the Group's projects, the management believes that the use of proceeds from the Proposed Rights Issue with Warrants would still improve the Group's operations, thereby is expected to have a positive impact on the earnings and financial position of the Group.

For shareholders' information, impairment on receivables and contract assets as well as impairment on goodwill were highlighted as key audit matters (i.e. matters that, in the auditors' professional judgement, were of the most significance in their audit of the financial statements of the Group and of the Company) during FYE 2022.

The Group has receivables and contract assets amounting to approximately RM102.27 million representing approximately 36% of the Group's total assets as at 31 December 2022. During FYE 2022, impairment loss on trade and other receivables of RM26.55 million was incurred, mainly due to write-off of receivables from the marine segment in relation to NGPC project (i.e. fabrication of six 44.25-meter NGPC worth RM381.30 million for the MMEA) and OPV project (i.e. fabrication of three OPV for the MMEA).

The Group also has goodwill amounting to RM67,158,888 allocated to Destini Oil Services Sdn Bhd ("**DOSSB**") as at 31 December 2022, representing approximately 24% of the Group's total assets as at 31 December 2022. The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment. The Company has appointed an independent professional valuer to determine and reassess the recoverable amount of the CGU in accordance with the relevant accounting standards. The recoverable amount for DOSSB, based on its value-in-use was higher than the cost of investment and hence no impairment was required for goodwill allocated to DOSSB.

For the avoidance of doubt, the proposed utilisation of proceeds as set out in **Section 2.8** of this Circular was mainly to support its recently awarded projects (i.e. Train Projects and Rocket Project) and has no association with NGPC project and OPV project as mentioned above. The receipt of revenue for Train Project is upon delivery of train sets to KTMB and the first train is expected to be delivered during April 2024. Rocket Project was also targeted to be completed by September 2024, upon the delivery of rockets to Ministry of Defence Malaysia. As such, both projects will contribute positively to the future earnings of the Group. In this regards, the benefits that will accrue to the Company from the utilisation of proceeds raised from the Proposed Rights Issue with Warrants is expected to create value for the Company.

Premised on the above, and as part of the Group's objective to improve its overall financial performance moving forward, the Proposed Rights Issue with Warrants will, on an immediate basis, allow the Group to raise funds on an expeditious manner primarily to fund the Group's working capital requirements and conserving the Group's cash position. Barring any unforeseen circumstances, the Board is of the view that the Proposed Rights Issue with Warrants is expected to place the Group on a better financial footing and potentially generate positive returns to the Group, and it turn be adequate to improve the financial condition of the Group moving forward. In the long term, the Board will continue to assess the Group's funding requirements which may include the need to carry out other corporate proposals, after taking into consideration the Group's capital structure and cost of funds.

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## APPENDIX II – FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

### 2. CONSENT

UOBKH, being the Adviser for the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

### 3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to the Company for the Proposed Rights Issue with Warrants.

### 4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:-

#### **Kerajaan Malaysia ("Plaintiff") v Destini Shipbuilding and Engineering Sdn Bhd ("DSBE" or "Defendant")**

On 30 May 2023, DSBE received a Writ of Summons and Statement of Claim dated 10 April 2023 (the "**Summons**") in which the Government of Malaysia (on behalf of Inland Revenue Board of Malaysia ("**IRBM**")) was named as the Plaintiff and DSBE (formerly known as Everyday Success Sdn Bhd) as the Defendant. The claim stemmed from the Years of Assessment for 2017 (Additional Assessment) and 2018 (Additional Assessment) wherein the Defendant was assessed with additional assessment of RM34,800.00 and RM1,105,770.00 through Notices dated 29 November 2021.

Since there was no payment for both Notices after 30 days of service, a 10% increment was charged on the additional assessment amounting to RM3,480.00 and RM110,577.00, respectively, making the total outstanding additional assessment to RM1,254,627.00. In the Summons, the IRBM claimed the said amount together with the interest of 5% from the date of Judgment until the realization date. DSBE appointed solicitors and appearance was entered on 10 May 2023.

On 14 June 2023, the Plaintiff filed a Notice of Application under Order 14 for Summary Judgment and the matter was fixed for decision on 24 October 2023. Destini has approached IRBM for settlement negotiation and the court has postponed the decision for the Summary Judgment application to 23 November 2023 pending settlement between the parties.

DSBE is in the process to resolve the matter amicably upon further discussion with LHDN.

The Board is of the opinion that the Summons will not have any additional financial and operational impact on the Group and DSBE is not a major subsidiary of the Company.

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## APPENDIX II – FURTHER INFORMATION (CONT'D)

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### **Pembinaan Ismail Sdn Bhd ("Plaintiff" or "PISB") v DSBE ("Defendant")**

On 2 June 2022, PISB filed a writ of summons against DSBE ("**Summons**") which has been received by DSBE on 8 June 2022. The claim stemmed from works done by the Plaintiff where Plaintiff submitted a claims demanding RM14,808,221.06 to the Defendant. The Defendant had made a payment of RM11,707,270.79, leaving a balance of RM3,100,950.27 unpaid by the Defendant to the Plaintiff. Pursuant to Summons, Pembinaan Ismail claimed the unpaid amount of RM3,100,950.27 together with interest of 5% from the date of writ of summons to the date of full settlement.

On 14 September 2022, PISB through its solicitors filed a notice of application to the Shah Alam High Court ("**Court**") to allow the PISB to enter a summary judgment against the DSBE pursuant to Rule 14 of the Court Rules 2012. On 21 June 2023, the Court allowed the PISB's summary application against DSBE for the sum of RM1,975,617.67 ("**Judgment Sum**"), and interest of 5% on the Judgment Sum and costs of RM5,000.00 together with allocator fee of RM200.00 (hereinafter collectively referred to as the "**Total Outstanding Sum**") ("**Judgement**"). In consequence, PISB's through its solicitors had on 3 July 2023 issued a letter to demand the Total Outstanding Sum addressed to DSBE's solicitors.

On the other hand, DSBE filed a Notice of Appeal dated 17 July 2023 to appeal against the Judgment made by the learned judge and a Notice of Application dated 20 July 2023 to stay the execution of the Judgment.

Meanwhile while exchange of cause papers was being carried out for the appeal and stay of execution purposes, both PISB and DSBE have agreed for the Total Outstanding Sum to be paid in 5 equal monthly instalments of RM30,000.00 from 31 August 2023 until 31 December 2023 and the balance sum shall be discussed further on 24 January 2024.

Based on instructions from Destini, DSBE's solicitors have withdrawn the appeal and the application for stay of execution and PISB in turn, have also given their undertaking not to proceed with any execution proceedings until 24 January 2024, pending the mode of payment for the balance sum to be agreed. As at the LPD, 3 instalments amounting to RM90,000.00 has been paid by DSBE.

The Board is of the opinion that the Summons will not have any additional financial and operational impact on the Group and DSBE is not a major subsidiary of the Company.

### **Lembaga Hasil Dalam Negeri Malaysia ("LHDN") v DSBE**

The Government of Malaysia LHDN had obtained a judgment dated 15 June 2021 against DSBE at Shah Alam High Court under Suit No. BA-21-NCvC-65-09/2020 for the amount of RM6,035,736.74 for unpaid income tax for assessment year 2016 of RM5,375,053.68 and the additional tax imposed for non-payment together with interest of 5% from the judgment date until realisation date with costs of RM4,000.00 ("**Judgment 1**") and a second judgment dated 30 July 2021 was obtained by the Government of Malaysia against DSBE at Shah Alam High Court under Suit No. BA-21-NCvC-64-09/2020 for the amount of RM14,141,278.00 for unpaid income tax for assessment year 2017 of RM7,335,132.72 and assessment year 2018 of RM4,578,815.71 and the additional tax imposed for non-payment together with interest of 5% from the judgment date until realisation date with costs of RM5,000.00 ("**Judgment 2**").

Pursuant to the above and DSBE's letter to LHDN dated 30 September 2022 to LHDN requesting for instalment payments, LHDN through their letter dated 2 November 2022 to DSBE ("**Letter**") agreed to a payment schedule for DSBE to pay the outstanding sum for Judgment 1 and Judgment 2 of RM19,198,225.65 in 24 instalments. As at the LPD, payment of RM1,624,434.00 has been made by DSBE to LHDN.

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## APPENDIX II – FURTHER INFORMATION (CONT'D)

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As the instalment plan stated in the Letter was not complied with, LHDN had on 12 September 2023 sent to DSBE a notice under Section 466(1)(a) of the Companies Act 2016 ("**Notice**") to claim for the sum of RM18,573,139.28 arising from the above two judgments, together with interest and cost.

DSBE had on 15 September 2023 met with LHDN to propose a new settlement plan of which LHDN has expressed their willingness to consider. The new settlement plan has been submitted by DSBE via letter dated 25 September 2023 and is pending reply from LHDN.

The Board is of the opinion that the Notice will not have any additional financial and operational impact on the Group and DSBE is not a major subsidiary of the Company.

### **Valiant First Sdn Bhd ("Plaintiff" or "VFSB") v Destini ("Defendant")**

On 9 October 2023, VFSB filed the Writ of Summond and Statement of Claim at the Shah Alam High Court which were served to Destini on 11 October 2023. The claim stemmed from 2 offers from VFSB to purchase the following 2 lands:

- a. HSD 283193, Lot No. PT 35449, Mukim Damansara, Daerah Petaling, Negeri Selangor with an industrial property erected thereon with postal address of No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan ("hereinafter referred to as "**Bukit Jelutong Property**"); and
- b. Geran 215613, Lot No. 61768, Bandar Glenmarie, Daerah Petaling, Negeri Selangor Darul Ehsan with an industrial property erected thereon with postal address of No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industries Park, 40150 Shah Alam, Selangor Darul Ehsan (hereinafter referred to as "**Glenmarie Property**").

The Plaintiff offered to buy the Bukit Jelutong Property for RM5,000,000.00 and the Glenmarie Property for RM19,500,000.00 (hereinafter referred to as "**Transaction**"). The Defendant's management accepted the offers and received earnest deposits of RM147,000.00 and RM390,000.00 for the Bukit Jelutong Property and Glenmarie Property respectively.

During the negotiation of the sale and purchase agreements for the Transaction, both parties agreed that the Defendant would need to fulfil 2 conditions precedent at its own cost and expenses before proceeding with the Transaction, which are as follows:

- a. remove the registrar's caveats lodged by Lembaga Hasil Dalam Negeri ("**LHDN**") on both properties; and
- b. obtain approval from its board of directors and shareholders for the Transaction.

Both parties further agreed that if Defendant failed to meet either of these conditions precedent, the sale and purchase agreements could be terminated by either party. The Defendant was unable to secure its board of directors' approval for the Transaction. Proceeding with the Transaction would put the Defendant in breach of, among others, Section 233 of the Companies Act 2016. The Plaintiff was informed of this by the Defendant's solicitors.

Despite this, Plaintiff proceeded to initiate legal action against Defendant, seeking among others, an order for specific performance to compel Defendant to complete the sale.

Destini has filed its Memorandum of Appearance on 12 October 2023. The 1<sup>st</sup> case management is fixed on 8 November 2023.

The Solicitors are of the view that the Defendant has a fair chance of successfully defending against the suit by the Plaintiff.



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## APPENDIX II – FURTHER INFORMATION (CONT'D)

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For shareholders' information, as at the LPD, one of the Undertaking Shareholders, namely, Dato' Aziz, is presently subjected to a bankruptcy proceeding, as detailed below:-

### **Lembaga Kumpulan Simpanan Pekerja ("KWSP") v Utusan Melayu (Malaysia) Berhad**

Dato' Aziz is presently subjected to a bankruptcy proceeding arising from the judgment obtained by Lembaga Kumpulan Wang Simpanan Pekerja ("**Judgment Creditor**") vide Kuala Lumpur High Court Suit No: WA-22NCvC-268-06/2020 against the directors of Utusan Melayu (Malaysia) Berhad ("**Judgment Debtors**") (In creditors' voluntary liquidation) ("**Utusan**") on 24 February 2021 for the outstanding KWSP contributions by Utusan for employees of Utusan, for which Dato' Aziz is a director ("**Creditor's Petition**").

In view of an amicable settlement, a sum of RM118,107.00 and RM5,200 were fully paid on 29 September 2023 and 23 October 2023, respectively. Vide the Judgment Creditor's instruction, the legal counsel of the Judgment Creditor has and will seek to withdraw the Creditor's Petition against the Judgment Debtors (including Dato' Aziz as one of the directors) at the High Court with no order as to cost on the respective hearing dates for each Judgment Debtor.

The hearing date for Dato' Aziz's creditor's petition is scheduled to be on 15 November 2023 and it is envisaged that the creditors' petition will be withdrawn on the said date as represented by the legal counsel representing KWSP in its letter dated 20 October 2023.

## **5. MATERIAL COMMITMENTS**

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

## **6. CONTINGENT LIABILITIES**

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

<b>Contingent liabilities of the Group as at the LPD</b>	<b>RM'000</b>
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	148

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**APPENDIX II – FURTHER INFORMATION (CONT'D)**

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**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Destini at No. 10 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. Constitution of the Company;
- ii. Audited consolidated financial statements of the Group for the past 2 financial years/ period up to the FYE 2022 and the latest unaudited consolidated financial statements of the Group for the 6-month FPE 2023;
- iii. The letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** of this Appendix II;
- iv. The draft Deed Poll;
- v. The Undertaking Letters from the Undertaking Shareholders dated 28 August 2023; and
- vi. Cause papers referred to in **Section 4** of this Appendix II.

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# **DESTINI**

## **DESTINI BERHAD**

[Registration No. 200301030845 (633265-K)]  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of Destini Berhad ("**Destini**" or the "**Company**") will be held at Meeting Room, 1st Floor, Destini Berhad, No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor on Thursday, 23 November 2023 at 10.00 a.m, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

#### **ORDINARY RESOLUTION 1**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 3,327,063,258 NEW ORDINARY SHARES IN DESTINI BERHAD ("DESTINI" OR THE "COMPANY") ("DESTINI SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT THE ISSUE PRICE OF RM0.04 PER RIGHTS SHARE, ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING DESTINI SHARE HELD, TOGETHER WITH UP TO 1,663,531,629 FREE DETACHABLE WARRANTS IN DESTINI ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")**

"**THAT**, subject to the approvals of all relevant authorities and/ or parties (if required) being obtained, where required, approval be and is hereby given to the Board of Directors of Destini ("**Board**") for the following:-

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 3,327,063,258 Rights Shares at an issue price of RM0.04 per Rights Share together with up to 1,663,531,629 Warrants at an exercise price of RM0.054 per Warrant to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, on the basis of 2 Rights Shares for every 1 existing Destini Share and 1 Warrant for every 2 Rights Shares held based on the terms and conditions set out in the circular to shareholders dated 8 November 2023 ("**Circular**") and deed poll constituting the Warrants ("**Deed Poll**");
- (ii) to issue such Rights Shares together with Warrants as may be required to give effect to the Proposed Rights Issue with Warrants, including any persons entitled on renunciation of the provisional allotments;
- (iii) wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with the Deed Poll, at any time during the exercise period, for 1 new Destini Share at an exercise price of RM0.054 per Warrant;
- (iv) to allot and issue such number of new Destini Shares arising from the exercise of the Warrants, from time to time during the tenure of the Warrants, in accordance with the provisions of the Deed Poll;
- (v) to allot and issue such further Warrants and new Destini Shares arising from the exercise of such further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/ or as may be required by the relevant authorities; and
- (vi) to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the Rights Shares and Warrants.

**THAT** any Rights Shares together with Warrants which are not taken up shall be made available for excess applications to the entitled shareholders and/ or their renouncee(s) who have applied for the excess Rights Shares with Warrants, and are intended to be allocated on a fair and equitable basis;

**THAT** any fractional entitlements of the Rights Shares together with Warrants arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and is in the best interests of the Company;

**THAT** the proceeds of the Proposed Rights Issue with Warrants be utilised as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/ or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/ or in the best interest of the Company, subject to the approval of the relevant authorities, where required;

**THAT** the Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing Destini Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of allotment and issuance of the Rights Shares;

**THAT** the new Destini Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Destini Shares, save and except that the new Destini Shares will not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of allotment and issuance of the new Destini Shares;

**THAT** the Board be and is hereby authorised to sign and execute all documents, enter into any arrangements, agreements and/ or undertakings with any party or parties, do all things as may be required to give effect to the Proposed Rights Issue with Warrants with full powers to assent to any conditions, variations, modifications and/ or amendments including to vary the manner and/ or the purpose of the utilisation of proceeds arising from the Proposed Rights Issue with Warrants, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants in the best interest of the Company;

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until the Rights Shares, Warrants and new Destini Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

## **ORDINARY RESOLUTION 2**

To approve the payment of Directors' fees payable to directors of the Company for the financial year ending 31 December 2023 and other benefits payable of up to RM500,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 20 June 2023 until the conclusion of the next Annual General Meeting of the Company in the year 2024.

**By order of the Board**

**TAN TONG LANG (MAICSA 7045482 / SSM PC NO.: 202208000250)**

**THIEN LEE MEE (LS0010621 / SSM PC No.: 201908002254)**

Company Secretaries

Kuala Lumpur  
8 November 2023

## Explanatory Notes:-

### Ordinary Resolution 2: To Approve the Payment of Directors' Fees and Other Benefits Payable

Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees from 20 June 2023 until the next Annual General Meeting of the Company in the year 2024. Hence, Ordinary Resolution 2 is to facilitate the payment of Directors' Fees and Other Benefits Payable to the Directors from 20 June 2023 until the next Annual General Meeting of the Company in the year 2024.

#### Notes:-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar office (Insurban Corporate Services Sdn Bhd), situated at 149 Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.*
6. *For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 16 November 2023. Only members whose name appears on the Record of Depositors as at 16 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
7. *The resolution set out in this Notice of EGM will be put to vote by poll.*

#### Personal data privacy:-

*By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, speak and vote at the EGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# DESTINI

## DESTINI BERHAD

(Registration No. 200301030845 (633265-K))  
(Incorporated in Malaysia)

### PROXY FORM

No. of Shares held	CDS Account No.

\*I/We ..... \*NRIC No./Passport No./Company No. ....  
of.....

and telephone no./email address.....being a \*member/members of  
Destini Berhad (the "**Company**"), hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

\* and/or

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing \*him/ her, the CHAIRMAN OF THE MEETING as \*my/ our \*proxy/ proxies, to vote for \*me/ us and on \*my/ our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Meeting Room, 1st Floor, Destini Berhad, No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor on Thursday, 23 November 2023 at 10.00 a.m. to vote as indicated below:

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/ her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Proposed Rights Issue with Warrants		
2.	To approve the payment of Directors' fees payable to directors of the Company for the financial year ending 31 December 2023 and other benefits payable of up to RM500,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 20 June 2023 until the conclusion of the next Annual General Meeting of the Company in the year 2024.		

*\*Strike out whichever not applicable*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

.....  
Signature of Member/ Common Seal

*\*Strike out whichever is not desired.*



**Notes:-**

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, must be deposited at Share Registrar's office (Insurban Corporate Services Sdn Bhd), 149 Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.*
6. *For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 16 November 2023. Only members whose name appears on the Record of Depositors as at 16 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
7. *The resolution set out in this Notice of EGM will be put to vote by poll.*

**Personal data privacy:-**

*By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, speak and vote at the EGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Share Registrar of  
**DESTINI BERHAD**  
**(Registration No. 200301030845 (633265-K))**  
Insurban Corporate Services Sdn Bhd  
149, Jalan Aminuddin Baki,  
Taman Tun Dr Ismail  
60000, Kuala Lumpur

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