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

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PESTEC

**PESTEC INTERNATIONAL BERHAD
(FORMERLY KNOWN AS PESTECH INTERNATIONAL BERHAD)**

(Registration No: 201101019901 (948035-U))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RESTRICTED ISSUE OF 231,789,037 NEW ORDINARY SHARES IN PESTEC INTERNATIONAL BERHAD (FORMERLY KNOWN AS PESTECH INTERNATIONAL BERHAD) ("PESTEC" OR "COMPANY") ("RESTRICTED SHARE(S)"), REPRESENTING 10.00% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) TO DHAYA MAJU INFRASTRUCTURE (ASIA) SDN BERHAD FOR A TOTAL SUBSCRIPTION PRICE OF RM27,814,684.44 AT AN ISSUE PRICE OF RM0.12 PER RESTRICTED SHARE

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent



**AFFIN HWANG
INVESTMENT BANK**

AFFIN HWANG INVESTMENT BANK BERHAD

(Registration No.: 197301000792 (14389-U))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be held at Cenderawasih B, Glenmarie Golf & Country Club, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 9 June 2025 at 9:30 a.m., or any adjournment thereof. The Notice of EGM, together with the Form of Proxy are enclosed in this Circular which are available for download from the Company's website at <https://www.pestec-international.com/> or Bursa Securities' website at www.bursamalaysia.com.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Form of Proxy should be completed, signed and lodged at the office of the Company's share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur or lodge the Form of Proxy by email to info@sshsb.com.my not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Saturday, 7 June 2025 at 9:30 a.m.

Day, date and time of the EGM : Monday, 9 June 2025 at 9:30 a.m.

This Circular is dated 23 May 2025

DEFINITIONS

In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless otherwise stated:

Act	: Companies Act 2016
Affin Hwang IB	: Affin Hwang Investment Bank Berhad (Registration No.: 197301000792 (14389-U))
Board	: Board of Directors of the Company
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
Circular	: This circular to shareholders of the Company dated 23 May 2025 in relation to the Proposed Restricted Issue
Completed Restricted Issue	: The restricted issue of 1,333,335,000 Shares to the Subscriber for a total subscription price of RM160,000,200 at an issue price of RM0.12 per Share which was completed on 18 December 2024
Court	: Kuala Lumpur High Court
DMIA or the Subscriber or the Interested Major Shareholder	: Dhaya Maju Infrastructure (Asia) Sdn Berhad (Registration No.: 199601013646 (385996-H))
DMIA Group	: DMIA and its subsidiaries, collectively
EGM	: Extraordinary General Meeting
Eligible Persons	: Eligible Director(s) and employee(s) of the Group, collectively
ESOS	: Employees' share option scheme
ESOS Option(s)	: Options granted to the Eligible Persons pursuant to the Company's ESOS
EPS	: Earnings per share
FPE	: Financial period ended
FYE	: Financial year ended/ending
Interested Directors	: Collectively, Tan Sri Dato' Seri Mohd Zuki Bin Ali, Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai and Datuk Mohamed Razeek Bin Md Hussain Maricar
kV	: kilovolt
LAT	: Loss after tax
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 30 April 2025, being the latest practicable date prior to the printing of this Circular
LPS	: Loss per Share
LTD	: 7 March 2025, being the last traded market day prior to the date of the Subscription Agreement

DEFINITIONS (CONT'D)

Main Market	: Main Market of Bursa Securities
NA	: Net assets
PAT	: Profit after tax
Perpetual Sukuk	: A perpetual Islamic notes programme under the Shariah principle of Musharakah for the issuance of perpetual Islamic notes of up to RM1,000,000,000 by the Company
PESTEC or the Company	: PESTEC International Berhad (formerly known as PESTECH International Berhad) (Registration No.: 201101019901 (948035-U))
PESTEC Group or the Group	: PESTEC and its subsidiaries, collectively
PESTEC Share(s) or Share(s)	: Ordinary shares(s) in the Company
Pre-Packaged Scheme of Arrangement	: The scheme of arrangement pursuant to the Act between PESTEC and its Scheme Creditors
Proposed Restricted Issue	: Proposed restricted issue of 231,789,037 new Shares representing 10.00% of the existing total number of issued Shares of the Company (excluding treasury shares) to the Subscriber for a total subscription price of RM27,814,684.44 at an issue price of RM0.12 per Restricted Share
Restricted Share(s)	: 231,789,037 new Shares to be issued pursuant to the Proposed Restricted Issue
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission Malaysia
Scheme Application	: An application to the Court to sanction the Pre-Packaged Scheme of Arrangement pursuant to Section 369C of the Act
Scheme Creditors	: Financial institution creditors of PESTEC who have a claim against the Company either directly or via a corporate guarantee provided by the Company and whose debts are to be dealt with under the Pre-Packaged Scheme of Arrangement
Subscription Agreement	: The conditional subscription agreement dated 10 March 2025 entered into between the Company and the Subscriber for the subscription of the Restricted Shares at the Subscription Price pursuant to the Proposed Restricted Issue
Subscription Price	: Total subscription price of RM27,814,684.44 at an issue price of RM0.12 per Restricted Share
VWAP	: Volume weighted average market price
Warrants	: The 95,145,862 outstanding warrants 2021/2028 in the Company as at the LPD constituted by the deed poll dated 25 November 2021

DEFINITIONS (CONT'D)

Reference to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, the subsidiaries of the Company. All references to “you” are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations, enactments or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED RESTRICTED ISSUE. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RESTRICTED ISSUE TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to this Circular																				
Summary of the Proposed Restricted Issue	<p>Pursuant to the Subscription Agreement, the Proposed Restricted Issue involves an issuance of 231,789,037 new Shares representing 10.00% of the existing total number of issued Shares of the Company (excluding treasury shares) to the Subscriber for a total subscription price of RM27,814,684.44 at an issue price of RM0.12 per Restricted Share.</p> <p>As at the LPD, Subscriber is the controlling shareholder of the Company holding 1,333,335,000 PESTEC Shares, representing approximately 57.52% of the total number of issued shares of the Company.</p>	Section 2																				
Utilisation of proceeds	<p>Based on the Subscription Price, the Company is expected to raise gross proceeds of approximately RM27.82 million pursuant to the Proposed Restricted Issue which are intended to be utilised in the following manner:</p> <table><tr><th>Details of utilisation</th><th>RM'000</th><th>%</th><th>Estimated timeframe for utilisation (from the date of listing of the Restricted Shares)</th></tr><tr><td>Working capital</td><td>24,000</td><td>86.28</td><td>Within 12 months</td></tr><tr><td>Operational expenses</td><td>3,315</td><td>11.92</td><td>Within 12 months</td></tr><tr><td>Estimated expenses</td><td>500</td><td>1.80</td><td>Within 3 months</td></tr><tr><td>Total gross proceeds raised</td><td>27,815</td><td>100.00</td><td></td></tr></table>	Details of utilisation	RM'000	%	Estimated timeframe for utilisation (from the date of listing of the Restricted Shares)	Working capital	24,000	86.28	Within 12 months	Operational expenses	3,315	11.92	Within 12 months	Estimated expenses	500	1.80	Within 3 months	Total gross proceeds raised	27,815	100.00		Section 4
Details of utilisation	RM'000	%	Estimated timeframe for utilisation (from the date of listing of the Restricted Shares)																			
Working capital	24,000	86.28	Within 12 months																			
Operational expenses	3,315	11.92	Within 12 months																			
Estimated expenses	500	1.80	Within 3 months																			
Total gross proceeds raised	27,815	100.00																				
Rationale and justifications for the Proposed Restricted Issue	<p>Following the Completed Restricted Issue which was completed on 18 December 2024, the Company conducted a further review of the status of its various on-going projects. This review assessed:</p> <p>(i) the updated working capital required, including the timing and amount needed for each on-going project to ensure uninterrupted execution and timely implementation;</p> <p>(ii) potential projects being pursued by PESTEC; and</p>	Section 5																				

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Rationale and justifications for the Proposed Restricted Issue (cont'd)	<p>(iii) the Group's overall financial position. Based on the Group's latest audited financial statements for FYE 30 September 2023 and the latest unaudited 15-months financial statements for FPE 31 December 2024, the Group recorded a LAT attributable to the owners of the Company of approximately RM334.29 million and RM191.33 million respectively.</p> <p>Based on this review, it was concluded that additional funds are required due to the following reasons:</p> <p>(i) Certain on-going projects need to be expedited to ensure earlier completion, minimising interruptions caused by seasonal climate conditions such as heavy monsoon rains in Cambodia as well as typhoons and prolonged rainy seasons in the Philippines, which often lead to flooding, site inaccessibility and disruption of site operations and construction activities. The occurrence of these interruptions may adversely impact the Group's ability to meet clients' requirements. This urgency increases the need for immediate funding to support working capital requirements; and</p> <p>(ii) The Group faces challenges in obtaining financing from financial institutions due to its current financial position and the on-going Pre-Packaged Scheme of Arrangement. As a result, the Group is required to provide cash deposits as security to obtain financing facilities. Given the significant working capital demands of on-going projects, additional funding is urgently required to alleviate liquidity constraints and fulfil the cash deposit requirements imposed by financial institutions.</p>	Section 5
Approvals required	<p>The Proposed Restricted Issue is subject to approvals being obtained from the following:</p> <p>(i) Bursa Securities, for the listing of and quotation for 231,789,037 new Shares to be issued on the Main Market, which was obtained vide its letter dated 9 May 2025, subject to the conditions as set out in Section 9 of this Circular;</p> <p>(ii) the shareholders of the Company at the forthcoming EGM for the Proposed Restricted Issue; and</p> <p>(iii) any other relevant authorities and/or parties, if required.</p>	Section 9
Conditionality	The Proposed Restricted Issue is not conditional or inter-conditional upon any other corporate proposals undertaken or to be undertaken by the Company.	Section 10

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Interests of Directors, major shareholders, chief executive and/or persons connected with them	<p>Save as disclosed below, none of the directors, major shareholders, chief executive and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Restricted Issue:</p> <ul style="list-style-type: none"> (i) the Subscriber is deemed interested in the Proposed Restricted Issue by virtue of it being a major shareholder of PESTEC; (ii) Tan Sri Dato' Seri Mohd Zuki Bin Ali, the Chairman of PESTEC, being a Director nominated by the Subscriber to be a representative of the Subscriber on the Board, is deemed interested in the Proposed Restricted Issue; (iii) Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai, being the Group Executive Director nominated by the Subscriber to be a representative of the Subscriber on the Board and an indirect major shareholder of PESTEC via his directorship and shareholding in the Subscriber is deemed interested in the Proposed Restricted Issue; and (iv) Datuk Mohamed Razeek Bin Md Hussain Maricar, being the Group Managing Director nominated by the Subscriber to be a representative of the Subscriber on the Board and an indirect major shareholder of PESTEC via his directorship and shareholding in the Subscriber is deemed interested in the Proposed Restricted Issue. <p>The Interested Directors have abstained and will continue to abstain from deliberations and voting at the relevant board meetings in relation to the Proposed Restricted Issue. In addition, the Interested Directors and the Interested Major Shareholder will abstain from voting, in respect of their direct and/or indirect shareholdings in PESTEC, if any, on the resolution pertaining to the Proposed Restricted Issue at the forthcoming EGM.</p>	Section 11
Directors' statement and recommendation	<p>The Board, save for the Interested Directors, after having considered all aspects of the Proposed Restricted Issue, including but not limited to the rationale and effects of the Proposed Restricted Issue, is of the opinion that the Proposed Restricted Issue is in the best interest of the Company.</p> <p>Accordingly, the Board, save for the Interested Directors, recommends that you vote in favour of the resolution pertaining to the Proposed Restricted Issue to be tabled at the forthcoming EGM of the Company.</p>	Section 12

PESTEC

PESTEC INTERNATIONAL BERHAD
(FORMERLY KNOWN AS PESTECH INTERNATIONAL BERHAD)
(Registration No: 201101019901 (948035-U))
(Incorporated in Malaysia)

Registered Office

No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan

23 May 2025

Board of Directors

Tan Sri Dato' Seri Mohd Zuki Bin Ali	<i>Non-Independent Non-Executive Chairman</i>
Lim Ah Hock	<i>Non-Independent Non-Executive Deputy Chairman</i>
Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai	<i>Group Executive Director</i>
Datuk Mohamed Razeek Bin Md Hussain Maricar	<i>Group Managing Director</i>
Lim Pay Chuan	<i>Group Chief Executive Officer</i>
Dato' Harjit Singh A/L Gurdev Singh	<i>Non-Independent Non-Executive Director</i>
Helen Tan Miang Kieng	<i>Independent Non-Executive Director</i>
Dato' Wee Yiau Hin @ Ong Yiau Hin	<i>Independent Non-Executive Director</i>
Roza Shahnaz Binti Omar	<i>Independent Non-Executive Director</i>

To: The Shareholders of the Company

Dear Sir/Madam,

PROPOSED RESTRICTED ISSUE

1. INTRODUCTION

On 10 March 2025, Affin Hwang IB had, on behalf of the Board, announced that the Company had, on even date, entered into the Subscription Agreement with the Subscriber for the Proposed Restricted Issue.

On 25 April 2025, Affin Hwang IB had, on behalf of the Board, announced that the listing application in relation to the Proposed Restricted Issue had been submitted to Bursa Securities and Bursa Securities had on 9 May 2025 approved the listing of and quotation for 231,789,037 new Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Restricted Issue, subject to the conditions as set out in Section 9 of this Circular.

The details of the Proposed Restricted Issue are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR, TOGETHER WITH THE APPENDICES, IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED RESTRICTED ISSUE TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RESTRICTED ISSUE TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RESTRICTED ISSUE AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED RESTRICTED ISSUE

2.1. Details of the Proposed Restricted Issue

Pursuant to the Subscription Agreement, the Proposed Restricted Issue involves an issuance of 231,789,037 new Shares representing 10.00% of the existing total number of issued Shares of the Company (excluding treasury shares) to the Subscriber for a total subscription price of RM27,814,684.44 at an issue price of RM0.12 per Restricted Share.

As at the LPD, Subscriber is the controlling shareholder of the Company holding 1,333,335,000 PESTEC Shares, representing approximately 57.52% of the total number of issued shares of the Company.

The salient terms of the Subscription Agreement are set out in Appendix I of this Circular.

2.1.1. Placement size

Pursuant to the Subscription Agreement, the Proposed Restricted Issue involves an issuance of 231,789,037 new Shares at RM0.12 per Restricted Share which will raise proceeds of RM27,814,684.44.

As at the LPD, the issued share capital of PESTEC is RM388,759,012 (excluding treasury shares of RM4,183,085) comprising 2,317,890,371 Shares (excluding 7,666,100 treasury shares).

For the implementation of the Proposed Restricted Issue, the Board has resolved that the Company shall not sell/cancel/distribute its treasury shares until completion of the Proposed Restricted Issue.

In addition, as at the LPD, the Company has a total of 95,145,862 outstanding Warrants. Each of the Warrants entitles its registered holder an option to exercise and subscribe for 1 new Share at the exercise price of RM0.65 per Warrant at any time commencing on and including the date from the third anniversary of its date of issuance, being 16 December 2024. The Board is of the view that none of the outstanding Warrants are likely to be exercised prior to the implementation of the Proposed Restricted Issue because the Warrants are, as at LTD, "out-of-money", given that the 5-day VWAP of the Shares up to and including the LTD is RM0.1664, which is lower than the exercise price of RM0.65 per Warrant.

For information purposes, the Company implemented an ESOS on 8 March 2024. Since the implementation of the ESOS, the Company has not granted any ESOS Options to the Eligible Persons. The Company does not intend to grant any ESOS Options to the Eligible Persons until completion of the Proposed Restricted Issue.

The Restricted Shares represent 10.00% of the existing total number of issued Shares of the Company (excluding treasury shares) as at the LPD and approximately 9.09% of the enlarged total number of issued Shares of the Company upon completion of the Proposed Restricted Issue (excluding treasury shares and assuming none of the Warrants are exercised and no ESOS Options are granted).

Upon completion of the Proposed Restricted Issue, DMIA will hold 1,565,124,037 PESTEC Shares, representing approximately 61.39% of the enlarged total number of issued Shares of the Company (excluding treasury shares and assuming none of the Warrants are exercised and no ESOS Options are granted).

Details of the placement arrangement and salient terms of the Subscription Agreement are set out in Section 2.1.2 and Appendix I of this Circular, respectively.

2.1.2. Placement arrangement

The subscription of the Restricted Shares shall be fully satisfied in cash in accordance with the terms and conditions of the Subscription Agreement.

The Proposed Restricted Issue will be implemented in a single tranche within 6 months from the date of approval from Bursa Securities for the listing of and quotation for the Restricted Shares or any extended period as may be approved by Bursa Securities.

As at the LPD, the public shareholding spread of PESTEC is 27.95%. Upon completion of the Proposed Restricted Issue, PESTEC will remain in compliance with the minimum public spread requirements as the proforma public shareholding spread of PESTEC, after the Proposed Restricted Issue, will be 25.41% (excluding treasury shares and assuming none of the Warrants are exercised and no ESOS Options are granted).

2.1.3. Background information of the Subscriber

DMIA was incorporated in Malaysia on 4 May 1996 under the Companies Act 1965 as a private limited company under the name of Tiara Squad (M) Sdn Bhd and is deemed registered under the Act. On 5 March 2004, DMIA assumed its present name.

DMIA Group are principally involved in the engineering, procurement, construction and commissioning of public mobility and transportation (railways and highways), railway engineering and technology and real estate development. DMIA Group is involved in infrastructure projects in Malaysia and India.

As at the LPD, the issued share capital of DMIA is RM100,000,000 comprising 100,000,000 ordinary shares in DMIA. The shareholders and directors of DMIA and their respective shareholdings in DMIA are as follows:

	Directorship	Direct Interest		Indirect Interest	
		No of shares	%	No of shares	%
Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai	Yes	37,500,000	37.50	-	-
Datuk Mohamed Razeek Bin Md Hussain Maricar	Yes	21,000,000	21.00	-	-
Ir. Hj SITI Saffur Binti Mansor	Yes	17,500,000	17.50	-	-
Puan Nazreen Binti Ahmad	Yes	15,000,000	15.00	-	-

	Directorship	Direct Interest		Indirect Interest	
		No of shares	%	No of shares	%
Datuk Shaharuddin Bin Md Som	Yes	9,000,000	9.00	-	-
General Tan Sri Dato' Seri Panglima Mohd Azumi Bin Mohamed (RTD.)	Yes	-	-	-	-
Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor	Yes	-	-	-	-

As at the LPD, DMIA is the controlling shareholder of the Company holding 1,333,335,000 PESTEC Shares, representing approximately 57.52% of the total number of issued Shares of the Company.

Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai and Datuk Mohamed Razeek Bin Md Hussain Maricar who are the directors of DMIA are also directors of the Company, holding the position of Group Managing Director and Group Executive Director respectively.

As at the LPD, none of DMIA's shareholders and directors has any family relationship with any director and/or substantial shareholder of the Company.

For information purposes, at an EGM held on 27 February 2025, the shareholders approved a mandate for recurrent related party transactions with the DMIA Group. This mandate will enable the DMIA Group to award contracts to PESTEC for the provision of services and/or the sales of related products in respect of:

- (i) the engineering, procurement, construction and commissioning of public mobility and transportation (railways and highways), railway engineering and technology, with an estimated transaction value of up to RM475.00 million; and
- (ii) project management, engineering, procurement, construction, digitalisation, manufacturing, installation, testing and commissioning of electrical power infrastructures for power grid and rail network, including but not limited to the sale of plant, machineries, other equipment and auxiliaries with an estimated transaction value of up to RM25.00 million.

For further details, please refer to PESTEC's circular to shareholders dated 5 February 2025 in relation to the abovementioned shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

2.1.4. Basis of determining and justification for the Subscription Price

The Subscription Price of RM0.12 per Restricted Share was arrived at based on mutual agreement between PESTEC and the Subscriber and determined by the Company after taking into consideration, amongst others, the following:

- (i) The urgent funding requirements of the Group for the purposes set out in Section 4 of this Circular;
- (ii) The latest audited financial statements for FYE 30 September 2023 and the latest unaudited 15-months financial statements for FPE 31 December 2024, the Group recorded LAT attributable to the owners of the Company of approximately RM334.29 million and RM191.33 million respectively;

- (iii) The challenges in obtaining financing from financial institutions due to the current financial position of the Group and the on-going Pre-Packaged Scheme of Arrangement that the Group is currently undertaking;
- (iv) The Completed Restricted Issue; and
- (v) The prevailing market conditions of the Shares.

The Subscription Price was fixed upfront to procure the Subscriber's commitment and to raise the proceeds for the purposes set out in Section 4 of this Circular.

The Subscription Price represents a discount of approximately RM0.0464 or 27.88% to the 5-day VWAP of PESTEC Shares up to LTD of RM0.1664 per PESTEC Share. For information purposes, the Subscription Price also represents the following discount to the VWAPs of the PESTEC Shares up to and including the LTD:

	Price	Discount	
	RM	RM	%
Last trading price as at the LTD	0.1650	0.0450	27.27
<u>Up to and including the LTD</u>			
5-day VWAP	0.1664	0.0464	27.88
1-month VWAP	0.1695	0.0495	29.20
3-month VWAP	0.1854	0.0654	35.28

(Source: Bloomberg)

For information purposes, the Subscription Price also represents the following discount to the last trading price as at the LPD and VWAPs of PESTEC Shares up to and including the LPD:

	Price	Discount	
	RM	RM	%
Last trading price as at the LPD	0.1650	0.0450	27.27
<u>Up to and including the LPD</u>			
5-day VWAP	0.1617	0.0417	25.79
1-month VWAP	0.1518	0.0318	20.95
3-month VWAP	0.1599	0.0399	24.95

(Source: Bloomberg)

The Board, save for the Interested Directors is of the view that the discount of approximately RM0.0464 or 27.88% to the 5-day VWAP of PESTEC Shares up to LTD of RM0.1664 per PESTEC Share is reasonable after considering, amongst others, the following:

- (i) Whilst it is noted that discount contemplated is above the 10% discount to the weighted average market price of PESTEC for the issuance of new shares under the general mandate, as provided for pursuant to Paragraph 6.04 of the Listing Requirements, there is an urgent need for the Group to raise funds for its operational requirements. Any prolonged delay or failure to raise additional funding to meet the Group's working capital requirements will negatively affect its financial liquidity which may then affect the progress of existing on-going projects;
- (ii) The Group's current financial performance, as mentioned above, as well as the on-going operational and financial uncertainties. Accordingly, the Group may require additional time to identify alternative investors willing to accept similar terms, compared to DMIA, an existing major shareholder who is able to inject funds and execute the Subscription Agreement in a timely and efficient manner;
- (iii) The Group is facing challenges in obtaining financing from financial institutions due to the current financial position of the Group and the on-going Pre-Packaged Scheme of Arrangement that the Group is currently undertaking; and
- (iv) The Completed Restricted Issue which was recently completed on 18 December 2024 was also to DMIA at RM0.12 per restricted share.

2.1.5. Ranking of the Restricted Shares

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

2.1.6. Listing of and quotation for the Restricted Shares

Bursa Securities had vide its letter dated 9 May 2025, approved the listing of and quotation for 231,789,037 new Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Restricted Issue, subject to the conditions as set out in Section 9 of this Circular.

3. PREVIOUS EQUITY FUND RAISING EXERCISES UNDERTAKEN

Save as disclosed below, the Board confirms that the Company has not undertaken any equity fundraising exercise in the past 12 months preceding the date of this Circular:

Proposed Restricted Issue 2023

On 24 July 2023, on behalf of the Board, Alliance Islamic Bank Berhad ("**AIBB**") announced that the Company had, on even date, entered into a conditional subscription agreement with IJM Corporation Berhad ("**IJM**") ("**Subscription Agreement 2023**"), whereby the Company proposed to undertake a restricted issue of 800,000,000 new Shares, representing approximately 81.25% of the total number of issued shares of the Company (excluding treasury shares) to IJM at an issue price of RM0.155 per Share ("**Proposed Restricted Issue 2023**").

In conjunction with the Proposed Restricted Issue 2023, IJM and parties acting in concert with IJM intended to seek an exemption from the SC under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC ("**Rules**") from the obligation to undertake a mandatory take-over offer to acquire all the remaining Shares and outstanding Warrants in the Company not already owned by them upon completion of the Proposed Restricted Issue 2023 ("**Proposed Exemption 2023**").

On 29 August 2023, Bursa Securities approved the listing of and quotation for 800,000,000 new Shares to be issued pursuant to the Proposed Restricted Issue 2023.

On 27 October 2023, the Company obtained approval from the shareholders for the Proposed Restricted Issue 2023 and Proposed Exemption 2023.

On 15 August 2024, the Company and IJM mutually decided to terminate the Subscription Agreement 2023 due to non-fulfilment of the conditions precedent pursuant to the Subscription Agreement 2023.

In view of the above, the Board had on the even date decided to terminate and abort the Proposed Restricted Issue 2023 and the Proposed Exemption 2023.

Completed Restricted Issue

On 16 August 2024, the Company announced that it had, on even date, entered into the heads of agreement with DMIA for the proposed subscription by the DMIA of a minimum of 1,032,720,000 new Shares, representing not less than 51% of the total enlarged issued share capital of the Company, at a subscription price of RM0.155 per Share.

On 4 October 2024, on behalf of the Board, AIBB announced that the Company had, on even date, entered into a subscription agreement with DMIA ("**Subscription Agreement 2024**") for the Completed Restricted Issue and intended to undertake the proposals comprising of:

- (i) the Completed Restricted Issue;
- (ii) the proposed capitalisation of the deposit paid by the DMIA to the Company under the Subscription Agreement 2024 through the issuance of 133,333,500 Shares at an issue price of RM0.12 per Share if the Subscription Agreement 2024 is terminated pursuant to the terms of the Subscription Agreement 2024; and
- (iii) the proposed exemption from the SC under subparagraph 4.08(1)(b) of the Rules for DMIA and persons acting in concert with DMIA from the obligation to undertake the mandatory take-over offer to acquire all the remaining Shares and outstanding Warrants not already owned by them upon completion of the Completed Restricted Issue ("**Proposed Exemption 2024**").

(collectively referred as the "**Proposals**")

On 20 November 2024, Bursa Securities approved the listing of and quotation for 1,333,335,000 new Shares to be issued pursuant to the Completed Restricted Issue.

On 10 December 2024, the Company obtained approval from the shareholders for the Completed Restricted Issue and Proposed Exemption 2024.

On 12 December 2024, the SC approved the Proposed Exemption 2024.

On 18 December 2024, the Completed Restricted Issue was completed raising proceeds of RM160,000,200. Given the completion of the Completed Restricted Issue, the proposed capitalisation will not be implemented.

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The details and status of the utilisation of the proceeds raised from Completed Restricted Issue as at the LPD are as follows:

Description	(A) Original proposed utilisation RM'000	(B) Reallocation RM'000	(C) = (A) + (B) Revised proposed utilisation RM'000	(D) Actual utilisation as at the LPD RM'000	(E) = (C) + (D) Balance unutilised RM'000	Variation		Estimated timeframe for utilisation (from 18 December 2024)
						RM'000	%	
Repayment of bank borrowings	60,000	7,450	67,450	⁽ⁱ⁾ (67,360)	90	7,450	4.65	Within 12 months
Operational requirements	17,000	-	17,000	⁽ⁱⁱ⁾ (16,634)	366	-	-	Within 12 months
Working capital	82,000	(7,175)	74,825	⁽ⁱⁱⁱ⁾ (74,825)	-	(7,175)	(4.48)	Within 12 months
Estimated expenses in relation to the Proposals	1,000	(275)	725	(725)	-	(275)	(0.17)	Within 2 months
Total	160,000	-	160,000	(159,544)	^(iv) 456	-	-	

Notes:

(i) RM65.00 million has been earmarked to repay bank borrowings to its Scheme Creditors under the Pre-Packaged Scheme of Arrangement, whilst RM2.36 million was utilised to repay other bank borrowings to financial institutions not under the Pre-Packaged Scheme of Arrangement. As at 30 September 2024 ("Cut-Off Date"), the Group has total outstanding debt of approximately RM267.00 million owing to its Scheme Creditors. These outstanding bank facilities, which are already frozen and can no longer be utilised, are proposed to be resolved under the Pre-Packaged Scheme of Arrangement by a one-off upfront cash payment of RM65.00 million. The said cash payment will be deemed as full and final settlement of all amounts owing as at the Cut-Off Date to the Scheme Creditors. Currently, the RM65.00 million that is earmarked to repay bank borrowings to financial institutions has been set aside in an escrow account.

On 15 January 2025, the Company had successfully obtained the approval of the Scheme Creditors and thereafter had on 23 January 2025 filed a Scheme Application. On 28 April 2025, the Court approved and sanctioned the Pre-Packaged Scheme of Arrangement. As at the LPD, the Company has yet to receive the sealed Court order sanctioning the Pre-Packaged Scheme of Arrangement. Payment to Scheme Creditors will only be made after the extraction of the sealed Court order and lodgement of the same with the Companies Commission of Malaysia.

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(ii) The Group had utilised approximately RM16.63 million of the total proceeds raised to pay the Group's day-to-day operating and administrative expenses. The details of the utilisation are as follows:

No.	Details	Original proposed utilisation RM'000	Revised proposed utilisation RM'000	Actual utilisation as at the LPD RM'000
1.	Staff costs (salaries and statutory contributions)	8,000	6,500	6,500
2.	Corporate expenses (administrative and consultancy fees)	7,000	10,000	10,000
3.	Taxes, office rental and upkeep of office	2,000	500	134
	Total	17,000	17,000	16,634

(iii) The Group had fully utilised the gross proceeds raised for its working capital requirements. The details of the utilisation are as follows:

No.	Details	Original proposed utilisation RM'000	Revised proposed utilisation RM'000	Actual utilisation as at the LPD RM'000
1.	Payment to suppliers, subcontractors and material costs for on-going projects ^(a)	75,800	63,225	63,225
2.	Semi-annual periodic distribution under the Company's Perpetual Sukuk ^(b)	6,200	11,600	11,600
	Total	82,000	74,825	74,825

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Notes:

(a) The Group had fully utilised the gross proceeds raised for the following on-going projects working capital requirements:

Projects	Project Description	Country	Project status as at the LPD	Total revised proposed utilisation RM'000	Total amount utilised as at the LPD RM'000	Total balance to be utilised RM'000
1. Junjung	Design, supply, erect, test and commissioning of the PMU 500/275 kV Junjung substation	Malaysia	99.83%		(1,466)	Nil
2. NUR	Design, supply, delivery, construction, erection, testing and commissioning of a new 132kV GIS substation	Malaysia	99.00%		(7,905)	
3. Cahaya Baru	Asset replacement and refurbishment for primary and combined equipment including autotransformer – PMU 275/132kV Cahaya Baru, Johor	Malaysia	58.21%		(2,980)	
4. Prince Court	To supply, deliver, testing and commissioning of double circuit 275kV underground cable from PMU Prince Court to PMU Ampang, Kuala Lumpur (“ Prince Court ”)	Malaysia	83.82%	(aa) 63,225	(58)	
5. Rapid Transit System (“ RTS ”)	Design, manufacture, supply, delivery, installation, testing and commissioning, interfacing, warranty and other related works of traction power supply (TPS) of RTS Link Assets for RTS Link Between Malaysia – Singapore	Malaysia	48.30%		(9,153)	
6. Teluk Kalong	PMU Teluk Kalong 132/33kV Extension, Terengganu	Malaysia	58.80%		(1,358)	
7. PNG 11kV	Port Moresby 11kV Electrical System Upgrade	Papua New Guinea	95.00%		-	

Projects	Project Description	Country	Project status as at the LPD	Total revised proposed utilisation RM'000	Total amount utilised as at the LPD RM'000	Total balance to be utilised RM'000
8. 426 – South Luzon substation upgrading project	South Luzon substation upgrading project for Lumban, Daraga and San Juan substation (“ 426 Project ”)	Philippines	98.50%		-	Nil
9. 433 Cebu – Bohol	Design, engineering, procurement, manufacturing, construction, installation, testing and commissioning for the primary, secondary and power compensating equipment, civil works and ancillary systems for the 230/138kV Corella Substation (“ 433 Project ”)	Philippines	97.90%		(392)	
10. 450 Nabas Boracay	Construction of a new 138/68kV Boracay GIS substation and extension of 2x138kV diameters at outdoor AIS 138/69kV Nabas substation	Philippines	93.50%		-	
11. 523 – South Luzon upgrading Project 2	South Luzon Substation Upgrading Project 2 for Lumban, Gumaca, Labo, Naga, Daraga, Tiwi A & Tiwi C (“ 523 Project ”)	Philippines	47.00%		(1,665)	
12. Subic	Supply of parts, materials, special tool and technical expertise for the comprehensive maintenance of Subic GIS Substation (“ Subic ”)	Philippines	100.00%		(51)	
13. Tatay	230kV HDPP Tatay to Phnom Penh Transmission System Project (“ Tatay ”)	Cambodia	84.96%		(15,373)	
14. Phnom Penh City Underground cable	Phnom Penh City transmission and distribution system expansion project phase 2 – Underground transmission and distribution lines works	Cambodia	83.39%		(6,416)	
15. Smart Meter ^(bb)	Supply and delivery of Smart Meter for smart billing project deployment phase 2 (Selangor, Kuala Lumpur, Putrajaya & Cyberjaya) for the years 2019 and 2020	Malaysia	100.00%		(1,539)	

Projects	Project Description	Country	Project status as at the LPD	Total revised proposed utilisation RM'000	Total amount utilised as at the LPD RM'000	Total balance to be utilised RM'000
16. Klang Valley Electrified Double Track ^(bb)	Design, construction, completion, testing, commissioning and maintenance of the systems works (excluding Tetra)	Malaysia	86.87%		(13,810)	}
17. Kuala Lumpur International Airport ^(bb)	Design, supply, install, testing and commissioning for the Automated People Mover (APM) and all associated works at Kuala Lumpur International Airport	Malaysia	86.93%		(1,037)	
18. Tenom ^(bb)	Control System Rehabilitation in Tenom Pangi Hydroelectric Power Station, Sabah	Malaysia	71.45%		(22)	
Total				63,225	(63,225)	-

Notes:

(aa) The amount allocated to each project depends on the urgency of the project funding requirements which may vary from time to time to meet clients' requirements, therefore, the funding allocation for each project cannot be predetermined.

(bb) Upon completion of the Completed Restricted Issue, proceeds raised from the Completed Restricted Issue were also allocated to these projects, in addition to the on-going projects as disclosed in the Company's circular to shareholders dated 25 November 2024. Such allocation is needed to address these projects requirement and upon review was conducted on the status of other on-going projects as listed above.

As at the LPD, the Group has not utilised any proceeds raised for tender bonds and/or performance bonds for the purpose of bidding/entering into new projects and new contracts.

(b) As at LPD, the Company had utilised RM11.60 million to settle the Company's semi-annual periodic distribution under the Company's Perpetual Sukuk as provided for in the Subscription Agreement 2024.

(iv) The balance unutilised proceeds of approximately RM0.46 million has been earmarked for the identified purposes and the balance is expected to be fully utilised by 3rd quarter of 2025.

4. UTILISATION OF PROCEEDS

Based on the Subscription Price, the Company is expected to raise gross proceeds of approximately RM27.82 million pursuant to the Proposed Restricted Issue which are intended to be utilised in the following manner:

Details of utilisation	RM'000	%	Estimated timeframe for utilisation (from the date of listing of the Restricted Shares)
Working capital ⁽ⁱ⁾	24,000	86.28	Within 12 months
Operational expenses ⁽ⁱⁱ⁾	3,315	11.92	Within 12 months
Estimated expenses ⁽ⁱⁱⁱ⁾	500	1.80	Within 3 months
Total gross proceeds raised	27,815	100.00	

Notes:

- (i) The Group intends to utilise RM24.00 million of the gross proceeds raised from the Proposed Restricted Issue for its immediate day-to-day working capital requirements of its on-going projects such as payment to suppliers, subcontractors, material costs as well as for establishment of letter of credit with cash margins for the import of critical items. Any amount not utilised for the aforementioned will be used for future tender bonds and/or performance bonds required for bidding on or entering into new projects or contracts in various locations and for any other projects not mentioned herein that require funding.

The estimated amount to be allocated to the on-going projects are as follows:

On-going projects	Country	Project status as at the LPD	(A) Estimated remaining construction cost to complete the project RM'000	(B) Amount allocated RM'000	(A) - (B) ^(a) Remaining amount RM'000
1. Tatay	Cambodia	84.96%	19,800	^(b) 24,000	102,732
2. Prince Court	Malaysia	83.82%	21,390		
3. 426 Project	Philippines	98.50%	5,000		
4. 433 Project	Philippines	97.90%	5,600		
5. 523 Project	Philippines	47.00%	46,000		
6. Cahaya Baru	Malaysia	58.21%	11,200		
7. Teluk Kalong	Malaysia	58.80%	4,500		
8. 450 Nabas Boracay	Philippines	93.50%	4,500		
9. Phnom Penh City Underground Cable	Cambodia	83.39%	8,742		
Total			126,732	24,000	102,732

Notes:

- (a) *The amount allocated to each project depends on the urgency of the project funding requirements which may vary from time to time to meet clients' requirements, therefore, the funding allocation for each project cannot be predetermined.*
- (b) *The remaining amount will be funded via internally generated funds and/or available banking facilities.*

As disclosed in Section 3 of this Circular, the Group has almost utilised the entire RM160.00 million proceeds raised from the Completed Restricted Issue and has balance unutilised of RM0.46 million. Given that the on-going projects as stated above was not allocated sufficient working capital from the Completed Restricted Issue, the proceeds raised from the Proposed Restricted Issue is deemed necessary to provide further working capital allocation to these on-going projects to ensure uninterrupted execution and support timely implementation of these projects.

In the event the actual amount utilised for each on-going project is lower than the amount allocated, the excess amount will be re-allocated to the other on-going projects listed above.

- (ii) *The Group intends to utilise approximately RM3.32 million of the gross proceeds raised from the Proposed Restricted Issue for the payment of its day-to-day operating and administrative expenses as follows:*

Details	RM'000
<i>Staff costs (salaries and statutory contributions)</i>	<i>2,000</i>
<i>Corporate expenses (administrative and consultancy fees)</i>	<i>595</i>
<i>Future income taxes of the Group</i>	<i>420</i>
<i>Office rental and upkeep of office</i>	<i>300</i>
Total	3,315

Any unutilised amount allocated to operational expenses will be used for working capital purposes.

- (iii) *The estimated expenses consist of professional fees, fees payable to authorities and other miscellaneous expenses to be incurred in relation to the Proposed Restricted Issue. Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for working capital.*

Any variation and/or difference in the actual utilisation of proceeds raised from the Proposed Restricted Issue will be adjusted to or from the amount allocated for the working capital of the Group.

Pending full utilisation of the proceeds raised from the Proposed Restricted Issue, the proceeds will be placed in interest-bearing deposit accounts with licensed financial institutions and/or in short-term money market instruments. Any interest income derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be allocated towards the Group's working capital.

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5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED RESTRICTED ISSUE

Following the Completed Restricted Issue which was completed on 18 December 2024, the Company conducted a further review on the status of its various on-going projects. This review assessed:

- (i) the updated working capital required, including the timing and amount needed for each on-going project to ensure uninterrupted execution and timely implementation;
- (ii) potential projects being pursued by PESTEC; and
- (iii) the Group's overall financial position. Based on the Group's latest audited financial statements for FYE 30 September 2023 and the latest unaudited 15-months financial statements for FPE 31 December 2024, the Group recorded a LAT attributable to the owners of the Company of approximately RM334.29 million and RM191.33 million respectively.

Based on this review, it was concluded that additional funds are required due to the following reasons:

- (i) Certain on-going projects need to be expedited to ensure earlier completion, minimising interruptions caused by seasonal climate conditions such as heavy monsoon rains in Cambodia as well as typhoons and prolonged rainy seasons in the Philippines, which often lead to flooding, site inaccessibility and disruption of site operations and construction activities. The occurrence of these interruptions may adversely affect the Group's ability to meet clients' requirements. This urgency increases the need for immediate funding to support working capital requirements; and
- (ii) The Group faces challenges in obtaining financing from financial institutions due to its current financial position and the on-going Pre-Packaged Scheme of Arrangement. As a result, the Group is required to provide cash deposits as security to obtain financing facilities. Given the significant working capital demands of on-going projects, additional funding is urgently required to alleviate liquidity constraints and fulfil the cash deposit requirements imposed by financial institutions.

Based on the latest audited financial statements for FYE 30 September 2023 and the latest unaudited 15-months financial statements for FPE 31 December 2024, the Group's cash and short-term deposits is approximately RM157.37 million and RM212.34 million respectively. Based on the Group's cash and short-term deposits as at 31 December 2024 and after deducting approximately RM118.52 million cash deposits set aside as security for banking facilities, the Group's adjusted cash and short-term deposits stood at RM93.82 million. The adjusted cash and short-term deposits of RM93.82 million is not sufficient to meet the estimated working capital requirements for the Group's on-going projects, many of which are in critical stages of execution and require continuous funding to avoid delays and meet contractual obligations and client expectations.

Based on the aforementioned, the Proposed Restricted Issue is essential for raising additional funds to support the Group's working capital on an expedient basis, details of which are as set out in Section 4 of this Circular. The proceeds from the Proposed Restricted Issue is crucial, particularly in light of the abovementioned challenges in obtaining financing from financial institutions.

In the event the Group is unable to raise additional funding to meet the Group's working capital requirements, its financial liquidity would be negatively impacted which may then affect the progress of its existing on-going projects.

The utilisation of these proceeds towards the additional working capital is expected to be earnings accretive and support the Group's future growth. Further, the additional investment by DMIA, demonstrates DMIA's confidence in the Group's long-term prospects and reflects its further commitment to support the Group's growth and success.

After due consideration of the various methods of fund raising including a rights issue and other debt financing, the Board is of the view that the Proposed Restricted Issue is currently the most appropriate avenue to raise funds based on the following reasons:

- (i) the Proposed Restricted Issue will provide the Group with an immediate funding solution to meet the financial needs as opposed to other fund raising options, such as rights issue which is comparatively more time consuming and costly due to the following reasons:
 - (a) longer implementation time for rights issue, which typically takes around 6 months;
 - (b) underwriting arrangements and/or undertaking commitments from certain shareholders may be required to ensure the Group is able to raise the requisite minimum funding from the rights issue; and
 - (c) the shorter timeframe to raise funds through the Proposed Restricted Issue is important to ensure PESTEC's continuous operations and provide assurance that on-going projects can proceed without disruption.
- (ii) the Proposed Restricted Issue provides certainty on the placement amount to be raised, thereby offering greater assurance on the proceeds to be raised for the intended purposes, as the Subscriber is an existing major shareholder of the Company;
- (iii) the Proposed Restricted Issue is expected to strengthen the shareholders and capital base of the Group;
- (iv) the Proposed Restricted Issue will serve as an additional source of funding for the Group without incurring interest expenses as compared to borrowings; and
- (v) the Proposed Restricted Issue will improve the Group's financial flexibility by strengthening its financial position, enabling the Board to ensure the timely execution of existing contracts while also pursuing new opportunities. This, in turn, will support the Group's long-term financial growth and performance.

While the Proposed Restricted Issue addresses the Company's immediate funding needs, the Board recognises the importance of providing existing shareholders with the opportunity to participate in future funding proposals. The Board will continue to evaluate all available options for future fundraising, taking into account factors such as the Company's financial position, market conditions and the interests of all shareholders. The timing and structure of any future fund raising, including any potential rights issue, will be determined based on, amongst others, the abovementioned factors.

6. OUTLOOK AND PROSPECTS

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%), driven mainly by domestic demand. The strong investment activity was underpinned by the continued realisation of new and existing projects. Household spending was sustained amid positive labour market conditions and continued policy support. In the external sector, exports of goods and services continued to expand while capital and intermediate imports growth moderated. On the supply side, growth was mainly accounted for by expansion in the services sector, with increased support from both consumer-related and business-related subsectors. The manufacturing sector was supported by the E&E and primary-related clusters. The construction sector continued to record double-digit growth with robust activities in the residential, non-residential and special trade subsectors. However, growth was weighed down by contraction in the commodities sector following lower oil palm output as well as the continued decline in oil production. On a quarter-on-quarter, seasonally-adjusted basis, growth declined by 1.1% (3Q 2024: +1.9%).

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending. This provided support to the current account, leading to a continued surplus of 1.7% of GDP in 2024 (1.5% in 2023).

During the quarter, headline inflation edged lower to 1.8% (3Q 2024: 1.9%). Lower inflation was observed for mobile communication services and RON97 petrol which was partially offset by higher inflation in other food-related items, particularly fresh vegetables and fish and seafood. Core inflation was lower at 1.7% (3Q 2024: 1.9%), driven largely by the moderation in inflation for mobile communication services which declined by 10.0% (3Q 2024: 0.0%). Inflation pervasiveness remained moderate. The share of Consumer Price Index (CPI) items recording monthly price increases remained below the long-term average of 39.8% (3Q 2024: 38.9%; 4Q 2011-2019: 41.7%). For 2024 as a whole, both headline and core inflation declined to 1.8% (2023: 2.5% and 3.0% respectively).

Going forward, while the global environment could be challenging, growth of the Malaysian economy will be driven by robust expansion in investment activity, resilient household spending and expansion in exports supported by Malaysia's strong economic fundamentals.

On the domestic front, investment activities will be driven by the favourable progress of multi-year projects in both the private and public sectors and further lifted by the realisation of approved investments. Household spending will benefit from the continued support from employment and wage growth as well as Government policy measures. This includes the upward revision of the minimum wage and civil servant salaries. On the external front, the on-going global tech upcycle, continued growth in non-electrical and electronic goods and higher tourist spending are expected to lift exports. The growth outlook remains subject to downside risks. Such risks include an economic slowdown in major trading partners amid the heightening risk of trade and investment restrictions and lower-than-expected commodity production. Nevertheless, potential upside to growth includes greater spillovers from the tech upcycle, more robust tourism activities and faster implementation of investment projects.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

6.2 Overview and outlook of Cambodia, Philippines and Papua Guinea economies

(i) Cambodia

Cambodia's economic growth is projected to reach 5.3%, compared to 5.0% in 2023, driven mainly by services and goods exports. The surge in manufacturing exports – especially in garment, travel goods, and footwear manufacturing; the revival of the travel and tourism industries; and continued foreign direct investment inflows have helped sustain this year's economic recovery.

In the short term, Cambodia's real gross domestic product ("GDP") growth is projected to marginally improve, reaching 5.5% in 2025 and 2026. Even though domestic demand is expected to further improve in the next two years, supported by an improved job market and well-anchored inflation expectations, the recovery remains incomplete. This is because a rebound in domestic consumption, which accounts for about two-thirds of GDP, will be dampened by subdued domestic credit growth caused by a prolonged downturn in the construction and real estate sector. In addition, the negative wealth effects of falling house prices and notably high household debt, with debt service payments close to 50% of income, are likely to constrain consumption going forward.

(Source: Cambodia Economic Update, From Recovery to Resilience: Harnessing Tourism and Trade as Drivers of Growth, December 2024, The World Bank)

(ii) Philippines

The economy is projected to grow at an average of 6.0% annually from 2024 to 2026, supported by robust domestic demand, sustained public investment, and a dynamic services sector. The outlook will be anchored on improving conditions for private domestic demand. These include, easing inflation, more accommodative monetary policy, and the government's commitment to sustained public investment. Altogether, these are expected to maintain investment rates at relatively high levels, increasing potential output.

(Source: Philippines Economic Update, First Steps Matter: Empowering Early Years Workers to Build Human Capital, December 2024, The World Bank)

(iii) Papua New Guinea

The Papua New Guinea economy remains resilient, with growth projected to be higher in 2025, compared to 2024. Growth is expected to be driven by strong activity in both the mineral and non-mineral sectors, supported by high Government expenditure. Over the medium term, economic growth is expected to increase significantly, mainly reflecting the anticipated construction of the Papua Liquefied Natural Gas (LNG) Project, and other resource project developments. Global growth is also expected to support domestic activity.

(Source: Bank of Papua New Guinea's Economic Outlook, March 2025, Bank of Papua New Guinea)

6.3 Overview and outlook of the construction industry in Malaysia and Philippines

(i) Malaysia

The construction work done value in 2024 reached RM158.8 billion, while in the fourth quarter of 2024 amounted to RM42.0 billion. The value of work done in the construction sector continued its growth in the fourth quarter of 2024 by recording a notable surge of 23.1% (Q3 2024: 22.9%). The vibrant performance was primarily driven by the buoyant performance of the Special trade activities and residential buildings sub-sectors, which recorded substantial double-digit increases of 44.9% and 38.9%, respectively. The non-residential building sub-sector also contributed to the growth by recording 24.6%. In the meantime, the civil engineering sub-sector remained expanded, albeit at a slower rate, contributing positively with a 9.3% growth rate.

(Source: Construction Statistics, Fourth Quarter 2024, Department of Statistics Malaysia, Ministry of Economy)

The construction sector is forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as Light Rapid Transit 3 (LRT3) Phase 2 and Sarawak-Sabah Link Road Phase 2. Similarly, the non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore special economic zone (JS-SEZ). Furthermore, the residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing as underlined by the Ekonomi MADANI framework, alongside new development projects by the private sector.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

(ii) Philippines

The Philippines remains among the fastest growing economies in the East Asia and Pacific region, underpinned by robust domestic demand. Stronger public consumption growth and investment offset a moderation in private consumption. On the production side, a recovery in construction activity and a modest expansion in manufacturing supported by economic activity. Increased construction activity likewise bolstered industry and investment growth, due to strong public infrastructure spending. Public investment spending also drove up the growth contribution of construction from 1.3 ppts in the same period in 2023 to 1.7 ppts this year.

Meanwhile, the positive investment outlook and a rebound in global goods trade will drive industry growth. Industry growth, which is projected to account for more than one-fourth of growth in 2024 – 2026, will be led by the expansion of manufacturing and construction activity. The government's robust public investment pipeline, aimed at improving Information and Communication Technology (ICT) infrastructure and transportation and logistics, will support growth in the construction sector.

(Source: Philippines Economic Update, First Steps Matter: Empowering Early Years Workers to Build Human Capital, December 2024, The World Bank)

6.4. Overview and outlook of the construction industry in Cambodia

The construction sector experienced a slow growth of 1.1% in 2023 compared to 0.5% growth in 2022 due to the development of public infrastructure such as bridges, airports and expressways. Import of construction materials and equipment increased by 4.7% (in 2022, it decreased by 25.6%). The rate of approval of construction projects increased one-fold, especially residential and public construction projects, while the total number of construction projects decreased by 20.5%.

(Source: Annual Report 2023, National Bank of Cambodia)

6.5 Prospects of the Group

The Group continues to face multiple external challenges in 2025 such as rising cost, inflation risk and volatile currency market, which have placed immense pressure on the Group's business and financial performance.

The recent Completed Restricted Issue marks a pivotal step in the Company's efforts to address its current challenges, reinforced by the proceeds raised from DMIA under the Completed Restricted Issue and a shared vision of driving the Company towards sustainable growth. The proceeds raised from DMIA, along with the finalisation of the Pre-Packaged Scheme of Arrangement are expected to strengthen the Group's financial stability.

Based on the latest unaudited consolidated financial statements of the Group for the 15-months FPE 31 December 2024, the Group recorded a LAT attributable to the owners of the Company of approximately RM191.33 million. This LAT attributable to the owners of the Company was mainly due to the following:

- (i) RM129.67 million in net loss from the annulment of a deferred payment project. The net loss from the annulment of a deferred payment project comprise the following:
 - (a) impairment of contract assets of RM200.46 million;
 - (b) customer compensation payment of RM54.03 million;
 - (c) reversal of provision for project cost of RM124.82 million;

- (ii) RM14.21 million fair value loss arising from contract modification due to the deferment of collection for a deferred payment project. This project was completed in June 2023; and
- (iii) RM97.85 million finance cost;

However, such losses were partially offset by the following:

- (i) RM18.20 million from gain on disposal of subsidiaries;
- (ii) RM28.37 million from finance income arising from contract assets; and
- (iii) RM54.78 million from reversal of provision of trade creditor arising from a completed deferred payment project.

As at 31 December 2024, the Group has an order book of approximately RM465.45 million which is expected to provide revenue visibility for the next 16 months. As at the LPD, the Group has a tender book of approximately RM1.19 billion. As part of the Group's growth strategy, the Group is actively exploring regional opportunities with a strong focus on electrical and rail infrastructure, further enhancing its market position. Domestically, Malaysia's energy transition is driving capital investments into grid upgrades, integration of distributed energy resources, and network reinforcement to support the rapid expansion of data centers over the next few years. PESTEC is strategically positioned to capitalise on the increasing demand for infrastructure development from the opportunities arising from the construction of data centers in Malaysia.

In addition to the above, PESTEC's shareholders, at an EGM held on 27 February 2025, approved a mandate for recurrent related party transactions with the DMIA Group. This mandate enables the DMIA Group to award contracts to PESTEC for the provision of services and/or the sales of related products with a total estimated transaction value of up to RM500.00 million. The award of these contracts to PESTEC is expected to contribute positively to the Group.

Moving forward, the Group intends to focus on projects with progressive payments, rather than long term deferred payments scheme, to minimise project funding requirements. This strategy aims to improve the Group's capital structure and ensure sustainable growth, particularly in the current rising interest rate environment.

The Board is cautiously confident that with the additional capital injection, the Group will continue to serve in the rail electrification, power grid built-up and renewable energy sectors. These sectors continue to be the focus in most countries in the region in their built-up towards sustainable development of transportation system and modernisation of the electrical grid, providing the Group with robust business opportunities.

Premised on the above and after taking into consideration the overview and outlook of the economies and industries in which the Group is operating as set out in Sections 6.1 to 6.4 of this Circular, the Board remains cautiously optimistic on the business strategy and future prospects of the Group.

(Source: Management of PESTEC)

7. EFFECTS OF THE PROPOSED RESTRICTED ISSUE

For the purpose of implementing the Proposed Restricted Issue, the Board has resolved that PESTEC shall not sell/cancel/distribute its treasury shares until completion of the Proposed Restricted Issue.

In addition, the Board is of the view that none of the outstanding Warrants will be exercised prior to the implementation of the Proposed Restricted Issue because the Warrants are, as at the LTD, “out-of-money”, given that the five 5-day VWAP of the Shares up to and including the LTD is RM0.1664, which is lower than the exercise price of RM0.65 per Warrant.

In relation to the ESOS, the Company does not intend to grant any ESOS Options to the Eligible Persons until completion of the Proposed Restricted Issue.

For illustration purposes, the pro forma effects of the Proposed Restricted Issue on the issued share capital and substantial shareholders' shareholdings of the Company as well as NA, NA per Share, gearing and losses of the Group are set out below.

7.1. Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Restricted Issue on the issued share capital of the Company are as follows:

	No. of Shares	RM
Issued share capital as at the LPD ⁽ⁱ⁾	2,317,890,371	388,759,012
Restricted Shares to be issued	231,789,037	⁽ⁱⁱ⁾ 27,814,684
Enlarged issued share capital	2,549,679,408	416,573,696

Notes:

(i) Excluding 7,666,100 treasury shares amounting to RM4,183,085 as at the LPD.

(ii) Computed based on the issuance of 231,789,037 new Shares at RM0.12 per Restricted Share.

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7.2. NA, NA per Share and gearing

For illustrative purposes, based on the latest audited consolidated statement of financial position of the Group as at 30 September 2023, the pro forma effects of the Proposed Restricted Issue on the NA, NA per Share and gearing of the Group respectively, are as follows:

	*Audited as at 30 September 2023 (RM'000)	(I) Adjusted for subsequent events (RM'000)	(II) After (I) and the Proposed Restricted Issue (RM'000)
Share capital	232,942	(i)(a)392,942	(iii)420,757
Treasury shares	(4,183)	(4,183)	(4,183)
Reserve	18,971	18,971	18,971
Retained earnings	91,178	(i)(b)90,178	(iv)89,678
Equity attributable to the owners of the Company / NA	338,908	497,908	525,223
Perpetual Sukuk	100,000	(i)(e)82,000	(i)(e)82,000
Non-controlling interests	35,600	35,600	35,600
Total equity	474,508	615,508	642,823
No. of Shares (excluding treasury shares) ('000)	984,555	(i)(c)2,317,890	2,549,679
NA per Share (RM)	0.34	0.21	0.21
Borrowings ⁽ⁱⁱ⁾	1,128,164	(i)(d)1,125,804	1,125,804
Gearing (times)	2.38	1.83	1.75

Notes:

* The Company has on 4 November 2024 changed its financial year end from 30 September to 31 March. The next audited financial statements will be made up from 1 October 2023 to 31 March 2025 covering a period of 18-months.

- (i) After adjusting for the following subsequent events up to LPD:
- (a) Issuance of 1,333,335,000 restricted shares at RM0.12 per restricted share pursuant to the Completed Restricted Issue.
 - (b) Expenses incurred in relation to the Completed Restricted Issue of RM1.00 million.
 - (c) Issuance of 1,333,335,000 restricted shares pursuant to the Completed Restricted Issue.
 - (d) Repayment of bank borrowings of RM2,360,193.
 - (e) Redemption of Perpetual Sukuk amounting to RM18.00 million on 9 November 2023.
- (ii) A total of RM65.00 million which was raised from the Completed Restricted Issue has been earmarked to repay the Group's bank borrowings to financial institutions pursuant to the Pre-Packaged Scheme of Arrangement. The RM65.00 million is expected to be utilised for the repayment of the Group's bank borrowings to financial institutions under the Pre-Packaged Scheme of Arrangement within the 2nd quarter of 2025.
- (iii) Computed based on RM0.12 per Restricted Share.
- (iv) After deducting estimated expenses of RM0.50 million in relation to the Proposed Restricted Issue.

7.3. Losses and LPS

The Proposed Restricted Issue is not expected to have any effect on PESTEC Group's earnings for the FYE 31 March 2026, except for the potential dilution in the LPS of PESTEC as a result of the increase in the number of PESTEC Shares in issue arising from the Proposed Restricted Issue. Nevertheless, the utilisation of the proceeds from the Proposed Restricted Issue is expected to contribute positively to the future earnings of PESTEC Group.

7.4. Substantial shareholders' shareholdings

The pro forma effects of the Proposed Restricted Issue on the shareholdings of the substantial shareholders of the Company as at the LPD are as follows:

Substantial shareholders	As at the LPD ⁽ⁱ⁾			After the Proposed Restricted Issue ⁽ⁱⁱ⁾		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%		No. of Shares	%	
DMIA	1,333,335,000	57.52	-	1,565,124,037	61.39	-
Lim Ah Hock	209,675,455	9.05	(iii) 3,892,830	209,675,455	8.22	(iii) 3,892,830
Lim Pay Chuan	115,250,670	4.97	(iv) 1,320,080	115,250,670	4.52	(iv) 1,320,080
Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai	-	-	(v) 1,333,335,000	-	-	(v) 1,565,124,037
Datuk Mohamed Razeek Bin Md Hussain Maricar	-	-	(v) 1,333,335,000	-	-	(v) 1,565,124,037

Notes:

- (i) Based on 2,317,890,371 Shares as at the LPD (excluding treasury shares).
- (ii) Based on the enlarged total number of issued Shares of the Company of 2,549,679,408 Shares (excluding treasury shares and assuming none of the Warrants are exercised and no ESOS Options are granted) after the Proposed Restricted Issue.
- (iii) Deemed interested by virtue of his indirect shareholdings in Kumpulan Liva Sdn Bhd and VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act.
- (iv) Deemed interested by virtue of his indirect shareholdings in VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act.
- (v) Deemed interested by virtue of his direct shareholdings in DMIA pursuant to Section 8 of the Act.

7.5. Convertible securities

Save for the 95,145,862 outstanding Warrants, the Company does not have any other convertible securities as at the LPD.

The Proposed Restricted Issue will not give rise to any adjustments to the exercise price and/or the outstanding number of the Warrants.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	High RM	Low RM
<u>2024</u>		
May	0.225	0.190
June	0.250	0.185
July	0.280	0.195
August	0.240	0.145
September	0.180	0.125
October	0.170	0.110
November	0.140	0.115
December	0.220	0.125
<u>2025</u>		
January	0.220	0.160
February	0.190	0.155
March	0.180	0.150
April	0.170	0.135
Last transacted market price of the Shares on the LTD		0.165
Last transacted market price of the Shares on the LPD		0.165

(Source: Bloomberg)

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9. APPROVALS REQUIRED

The Proposed Restricted Issue is subject to approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for 231,789,037 new Shares to be issued on the Main Market, which was obtained vide its letter dated 9 May 2025, and is subject to the following conditions:

No.	Conditions	Status of compliance
1.	PESTEC and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Restricted Issue, including compliance with the public security holding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements;	To be complied
2.	Affin Hwang IB to inform Bursa Securities upon the completion of the Proposed Restricted Issue;	To be complied
3.	Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Restricted Issue is completed; and	To be complied
4.	PESTEC to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Restricted Issue.	To be complied

- (ii) the shareholders of PESTEC at the forthcoming EGM for the Proposed Restricted Issue; and
- (iii) any other relevant authorities and/or parties, if required.

10. CONDITIONALITY

The Proposed Restricted Issue is not conditional or inter-conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

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11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors, major shareholders, chief executive and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Restricted Issue:

- (i) the Subscriber is deemed interested in the Proposed Restricted Issue by virtue of it being a major shareholder of PESTEC (“**Interested Major Shareholder**”);
- (ii) Tan Sri Dato’ Seri Mohd Zuki Bin Ali, the Chairman of PESTEC, being a Director nominated by the Subscriber to be a representative of the Subscriber on the Board, is deemed interested in the Proposed Restricted Issue;
- (iii) Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai, being the Group Executive Director nominated by the Subscriber to be a representative of the Subscriber on the Board and an indirect major shareholder of PESTEC via his directorship and shareholding in the Subscriber is deemed interested in the Proposed Restricted Issue; and
- (iv) Datuk Mohamed Razeek Bin Md Hussain Maricar, being the Group Managing Director nominated by the Subscriber to be a representative of the Subscriber on the Board and an indirect major shareholder of PESTEC via his directorship and shareholding in the Subscriber is deemed interested in the Proposed Restricted Issue.

The Interested Directors have abstained and will continue to abstain from deliberations and voting at the relevant board meetings in relation to the Proposed Restricted Issue. In addition, the Interested Directors and the Interested Major Shareholder will abstain from voting, in respect of their direct and/or indirect shareholdings in PESTEC, if any, on the resolution pertaining to the Proposed Restricted Issue at the forthcoming EGM.

In addition, the Interested Directors and Interested Major Shareholder have undertaken to ensure that all persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in PESTEC, if any, on the resolution pertaining to the Proposed Restricted Issue at the forthcoming EGM.

12. DIRECTORS’ STATEMENT AND RECOMMENDATION

The Board, save for the Interested Directors, after having considered all aspects of the Proposed Restricted Issue, including but not limited to the rationale and effects of the Proposed Restricted Issue, is of the opinion that the Proposed Restricted Issue is in the best interest of the Company.

Accordingly, the Board, save for the Interested Directors, recommends that you **vote in favour** of the resolution pertaining to the Proposed Restricted Issue to be tabled at the forthcoming EGM of the Company.

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13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Restricted Issue is expected to be completed and implemented by the 2nd quarter of 2025.

14. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Restricted Issue, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Cenderawasih B, Glenmarie Golf & Country Club, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 9 June 2025 at 9:30 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Restricted Issue.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf. In such event, the Form of Proxy should be completed, signed and lodged at the office of the Company's share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur or lodge the Form of Proxy by email to info@sshsb.com.my not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

The lodging of the Proxy Form for the EGM will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

16. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
PESTEC INTERNATIONAL BERHAD
(formerly known as **PESTECH INTERNATIONAL BERHAD**)

LIM PAY CHUAN
Group Chief Executive Officer

APPENDIX I – SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

(Unless otherwise defined in this Appendix I, capitalised terms used herein without definition shall have the meaning assigned to them in this Circular)

The salient terms of the Subscription Agreement are as follows:

1. AGREEMENT TO SUBSCRIBE

Subject to the terms and conditions of the Subscription Agreement, the Subscriber agrees to subscribe for the Restricted Shares at the total Subscription Price which shall be fully paid in cash by the Subscriber.

2. CONDITIONS PRECEDENT

- (i) Completion of the Subscription Agreement is conditional upon the satisfaction or waiver of the following conditions ("**Conditions Precedent**") within 3 months from the date of the Subscription Agreement with an automatic extension of 1 month or such other period as may be mutually agreed by the parties in writing:
 - (a) the passing of a resolution of PESTEC's shareholders approving the transaction contemplated under the Subscription Agreement to allot and issue the Restricted Shares to DMIA under the Subscription Agreement;
 - (b) the approval of Bursa Securities for the listing and quotation for the Restricted Shares on the Main Market; and
 - (c) the approval from any other relevant authorities and/or parties, if required.
- (ii) The Subscription Agreement will become unconditional upon the parties being notified of the satisfaction or fulfilment of all Conditions Precedent and/or waived by the Subscriber ("**Unconditional Date**").

3. COMPLETION

- (i) The Subscriber shall deposit the total Subscription Price with the placement agent within 5 market days from the Unconditional Date.
- (ii) Completion of the Subscription Agreement shall take place on or before the 8th market day from the Unconditional Date unless extended further by mutual agreement between the parties ("Completion Date").
- (iii) On the Completion Date:
 - (a) subject to the placement agent's written confirmation of its receipt of the total Subscription Price, PESTEC shall issue and allot the Restricted Shares to the Subscriber by crediting the Subscriber's Central Depository System ("**CDS**") account with the Restricted Shares; and
 - (b) upon receipt of the Subscriber's written confirmation that the Restricted Shares have been credited to its CDS account, the placement agent is authorised to release the total Subscription Price (together with interests accrued thereon, if any) to PESTEC.

4. TERMINATION

- (i) A non-defaulting party may by written notice given to the other party any time prior to completion of the Subscription Agreement terminate the Subscription Agreement if any of the following fact, matter or event (whether existing or occurring on or before the date of the Subscription Agreement or arising or occurring afterwards) comes to the notice of the non-defaulting party at any time prior to Completion:
 - (a) any matter which constitutes a material breach by a party of any of the provisions under the Subscription Agreement;
 - (b) any matter which constitutes a material breach of any of the representations and warranties given by a party;
 - (c) service of a notice pursuant to Section 466 of the Act on a party and notice remains unresolved at the expiry of 21 days from service of notice;
 - (d) grant of an order or passing of a member's resolution for the winding up of a party;
 - (e) appointment of an administrator, a receiver and/or manager by the court or pursuant to any statute or regulation or by any creditor pursuant to a debenture or any other security document in favour of such creditor over the undertaking, assets and properties of a party or any part of the party's assets and properties; or
 - (f) an event analogous to any of the paragraphs (c), (d) or (e) above has occurred in any jurisdiction,

provided always that the non-defaulting party will only give such written notice of termination to the other party where the other party's breach is capable of being cured or remedied, is not cured or remedied within 14 days (or such further period to be mutually agreed by the parties) from the date the non-defaulting party gives written notice to the other party of any such breaches above.

- (ii) If the Subscription Agreement is terminated as aforesaid, all rights and obligations of the parties shall cease to have effect immediately upon termination save for the survival provisions (as set out under the Subscription Agreement) which shall continue in force following termination (for whatever reason) and further save that termination shall be without prejudice to a party's accrued rights and obligations at the date of termination including the right to claim for the loss, cost, expense, damage, consequence and third party claim for damages suffered directly or indirectly by the parties.
- (iii) Any party will be entitled to the rights of specific performance against the other and in the event of any party exercising its right to specific performance of the Subscription Agreement, an alternative remedy of monetary compensation will not be regarded as compensation or sufficient compensation for the other party's default in the performance of the terms and conditions of the Subscription Agreement.

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APPENDIX II – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The Board confirms that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

Affin Hwang IB, being the Principal Adviser and Placement Agent for the Proposed Restricted Issue, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB hereby declares that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser and Placement Agent for the Proposed Restricted Issue.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither the Company nor the Group is engaged in any other material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or the business of the Group, and the Board does not have any knowledge of any proceeding pending or threatened against the Group, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of the Group.

(i) **Shah Alam High Court, Civil Suit No. BA-22NCvC-85-02/2021, Lion Pacific Sdn Bhd ("LPSB") (Plaintiff) vs PESTECH Technology Sdn Bhd ("PTE") (Defendant)**

Pursuant to the sub-contract agreement dated 24 November 2014 ("**Sub-Contract**"), LPSB appointed PTE as the sub-contractor to complete the systems works package ("**Works**") for the project known as "*Extension of the Rail Link from the Subang Commuter Station to Subang Skypark Phase 1*" ("**Project**"). The Sub-Contract was terminated by PTE on 13 March 2020. On 24 February 2021, LPSB initiated a suit in the High Court against PTE, raising allegations arising out of the Works under the Project ("**High Court Suit**") via a writ and statement of claim which were served on PTE's solicitor on 2 March 2021.

LPSB is claiming against PTE the sum of RM28,388,900.00 for among others, Liquidated Ascertained Damages, losses and/or damages suffered by LPSB and loss of profit as a result of PTE's termination of the Sub-Contract. PTE in turn has filed a counterclaim against LPSB for the sum of RM33,368,312.14 for among others, loss and expense, payment for certified value of works done, payment for works done up to termination of the contract, and payment for variation works instructed by LPSB.

Pleadings are closed and parties have attended to the pre-trial case management directions given by the High Court.

The parties have achieved settlement on this matter. The parties have filed the notice of discontinuance dated 5 May 2025 and discontinued the suit with no order as to costs and without liberty to file afresh the claims.

The parties are to bear their own respective costs incurred in relation to the suit.

(ii) **Arbitration Proceedings, AIAC/D/AD-1225-2023, Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“SPYTL”) (Claimant) vs PTE and PESTEC (Respondents)**

On 24 August 2018, PTE was appointed by SPYTL as the subcontractor to undertake the contract works for the design, construction, supply, installation, completion, testing, commissioning and maintenance of the electrified double track rail project from Gemas to Johor Bahru (“**Gemas Project**”). On 18 December 2018, SPYTL and PTE entered into the sub-contracting agreement for the Gemas Project (“**SPYTL Sub-contracting Agreement**”).

On 10 May 2023, PTE received a Notice of Termination for Default from SPYTL terminating PTE as the sub-contractor for the Gemas Project (“**Notice of Termination for Default**”).

On 11 September 2023, SPYTL issued a Notice of Arbitration to commence arbitration against PTE (“**PTE Arbitration**”) for, amongst others, a declaration that the Notice of Termination for Default is valid and for damages to be assessed in respect of alleged breaches of the SPYTL Sub-contracting Agreement.

The PTE Arbitration is deemed commenced on 18 September 2023 pursuant to Rule 2(2) of the Asian International Arbitration Centre (“**AIAC**”) Arbitration Rules 2023.

On 5 October 2023, PTE served its Response to the Notice of Arbitration on SPYTL.

On 18 October 2023, SPYTL issued a Notice of Arbitration to commence arbitration against PESTEC (“**PESTEC Arbitration**”) for, amongst others, relief under the parent company guarantee dated 18 December 2018 provided by PESTEC in favour of SPYTL. On 10 November 2023, PESTEC served its Response to the Notice of Arbitration on SPYTL.

Both the PTE Arbitration and PESTEC Arbitration were consolidated on 6 December 2023 by the parties’ agreement pursuant to Rule 10.1 of the AIAC Arbitration Rules 2023. On 10 January 2024, the Arbitral Tribunal was fully constituted.

The arbitration proceedings between SPYTL, PESTEC and PTE are as follows, whereby PTE is seeking a set-off against all amounts claimed by SPYTL and has further filed a counterclaim against SPYTL for reliefs in respect of the issues arising from the termination of the SPYTL Sub-contracting Agreement. PESTEC is also seeking a set-off against all amounts claimed by SPYTL and has also filed a counterclaim against SPYTL.

Both parties have completed their pleadings. On 7 October 2024, they exchanged their respective bundles of documents.

On 13 November 2024, the parties requested the arbitral tribunal to extend the deadline to 6 December 2024 for filing the Request for Production of Documents and Objections as to Authenticity or Admissibility. The parties also agreed to a suspension until 15 January 2025 in respect of the payment of the advance preliminary deposit to the AIAC, and the arbitration proceedings, in particular, the existing timelines directed in the Procedural Timetable No. 2.

The Arbitration by request and consent of parties have been stayed until 15 January 2025. On 7 January 2025, PESTEC had issued a letter to its solicitors to the Arbitration Panel, whereby the Arbitration Panel was informed that PESTEC has filed a fresh case (Kuala Lumpur High Court, Civil Suit No. WA-22C-84-12/2024) (“**Suit 84**”) to challenge the initiation of Arbitration proceedings for want of jurisdiction. This matter has not been heard yet.

The Arbitration Panel has requested that a Case Management Session to be fixed to update on the proceedings in light of the abovementioned fresh case on 8 May 2025. In the interim, the Arbitration Panel has vacated the November hearing dates.

APPENDIX II – FURTHER INFORMATION (CONT'D)

On 8 May 2025, PTE and PESTEC had informed the Arbitral Tribunal of its intension to proceed with Suit 84 instead of Arbitration. The Arbitral Tribunal has requested that SPYTL revert with its stance. To date, no response has been received from SPYTL.

The instructing solicitors acting for PTE and PESTEC are unable to determine the financial outcome at this juncture.

(iii) Kuala Lumpur High Court, Civil Suit No. WA-22C-44-06/2023, PESTECH Sdn Bhd (“PSB”) (Plaintiff) vs SPYTL (Defendant)

On 20 June 2023, PSB filed a writ at the Kuala Lumpur High Court (“**Writ**”) together with an Ex-Parte Notice of Application (“**Application**”) against SPYTL to, amongst others:

- (i) restrain SPYTL from trespassing, utilising and/or otherwise tampering with machineries belonging to PSB until the disposal of PSB’s Writ; and
- (ii) injunct SPYTL to return and/or deliver the machineries to PSB.

During the case management on 10 January 2024, SPYTL informed the High Court that they have filed the application for stay of proceedings (“**SPYTL Stay Application**”) on 8 January 2024. In view that the SPYTL Stay Application has been filed, the High Court directed that all other pre-trial case management directions be suspended pending disposal of the SPYTL Stay Application.

On 11 July 2024, the High Court Judge dismissed the SPYTL Stay Application with costs in the cause, and directed the parties to comply with the pre-trial case management directions by the next case management on 11 September 2024.

On 26 July 2024, SPYTL filed an appeal to the Court of Appeal against the High Court Judge’s decision in respect of the SPYTL Stay Application (“**SPYTL Stay Appeal**”).

During the case management on 11 September 2024, the High Court Judge directed that the trial dates are fixed on 16 June 2025 to 18 June 2025 and 23 June 2025 to 25 June 2025, and the next case management is fixed on 28 November 2024 for parties to update the High Court Judge on the status of the case and the SPYTL Stay Appeal.

During the case management for the SPYTL Stay Appeal on 22 October 2024, the Court of Appeal Registrar fixed the hearing date of the SPYTL Stay Appeal on 26 March 2025 and the next case management on 12 March 2025.

With regards to the Main Suit, the High Court fixed the trial to be conducted on 16 June 2025 to 18 June 2025 and 23 June 2025 to 25 June 2025.

SPYTL has filed a Notice for Directions seeking a stay of proceedings pending the outcome of the Arbitration. Upon submissions from parties, The High Court Judge had reserved his judgement for directions on the same until disposal of the SPYTL Stay Appeal which is fixed for 26 May 2025.

The instructing solicitors acting for PSB are unable to determine the financial outcome at this juncture.

APPENDIX II – FURTHER INFORMATION (CONT'D)

(iv) **Kuala Lumpur High Court, Civil Suit No. WA-22C-84-12/2024, PTE and PESTEC (Plaintiffs) vs SPYTL (Defendant)**

On 7 December 2024, PTE and PESTEC filed an action based on the matters of the Arbitration Proceedings as detailed above. PTE and PESTEC had also filed an Injunction Application to restrain the Arbitration Proceedings for want of jurisdiction based on the fact that the Arbitration Panel cannot determine any issues concerning liquidity of PTE as stipulated in the contract terms between PTE and SPYTL.

In response, SPYTL had also filed an Arbitration Stay Application on 19 December 2024.

This matter was fixed for case management on 3 January 2025 before the Kuala Lumpur High Court wherein filing directions was issued and both applications were fixed for hearing on 26 February 2025.

There were no directions for filing of any defence by SPYTL and this is predicted to be given after the two applications as mentioned above are disposed of.

Upon lengthy submissions from all counsels present on both applications, the Learned Judge directed the parties to file further written submissions. These submissions are to be filed on or before 14 March 2025.

On 11 April 2025, the Learned High Court Judge proceeded to dismiss PTE and PESTEC's Application and proceeded to allow SPYTL's application. PTE and PESTEC have filed appeals against the decision. Both appeals are at the preliminary stage and have yet to be fixed for hearing. On 21 May 2025, the Honourable Court during the Case Management session via e-review had fixed the hearing for PESTEC and PTE's Erinford Injunction Application on 18 June 2025.

The instructing solicitors acting for PTE are unable to determine the financial outcome at this juncture.

(v) **Shah Alam High Court, Civil Suit No. BA-22NCvC-118-03/2024, Jalur Tegas Sdn Bhd ("Jalur Tegas") (Plaintiff) vs PTE (Defendant) (In the Original Action); PTE (Plaintiff) vs Jalur Tegas and Mohd Rizal bin Abdul Ghani ("Mohd Rizal") (Defendants) (In the Counterclaim)**

On 21 March 2024, Jalur Tegas initiated an action against PTE for RM1,037,369.76, being the amount due and owing for supply of manpower ("**Original Action**").

PTE has filed a counterclaim against Jalur Tegas for breach of its obligations to supply the manpower in accordance with the purchase order, seeking RM3,000,000.00 as compensation for the loss and damage suffered by PTE. Additionally, PTE has filed a counterclaim against both Jalur Tegas and Mohd Rizal for unlawful conspiracy, alleging that the Defendants conspired with the intent to injure PTE's business resulting in the termination of the SPYTL Sub-contracting Agreement and the failure to declare Mohd Rizal's conflict of interest, as he was also working for SPYTL at the time. Alternatively, PTE is seeking an assessment of damages for these claims ("**PTE Counterclaim**").

Jalur Tegas has applied for summary judgment in respect of the Original Action ("**Summary Judgment Application**") and to strike out the PTE Counterclaim ("**Striking Out Application**"). The parties have filed the relevant affidavits, submissions and reply submissions in respect of the Summary Judgment Application and the Striking Out Application. The Court has fixed the hearing of both the Summary Judgment Application and Striking Out Application on 21 June 2025.

APPENDIX II – FURTHER INFORMATION (CONT'D)

The instructing solicitors acting for PTE are unable to determine the financial outcome at this juncture. However, they have indicated that if Jalur Tegas succeeds in their Summary Judgment Application, PTE will be liable for the sum of RM1,037,369.76, with interest and costs. At this juncture, the instructing solicitors are of the view that PTE has a more than even chance of succeeding in opposing the Summary Judgment Application.

(vi) **Shah Alam High Court, Civil Suit No. BA-22NCC-152-08/2024, Siemens Malaysia Sdn Bhd (“Siemens”) (Plaintiff) vs PESTECH Energy Sdn Bhd (“PEN”) and PESTEC (Defendants)**

On 16 August 2024, Siemens commenced an action against PEN for the non-payment of invoices issued in the amount of RM14,370,844.31 and late payment interest amounting to RM1,744,258.66.

In the same action, PESTEC has been named as a defendant pursuant to the corporate guarantee dated 20 October 2022 provided by PESTEC in favour of Siemens, in which Siemens is demanding the sum of RM9,060,000.00.

On 16 August 2024, Siemens served the writ and Statement of Claim on PEN and PESTEC. On 2 September 2024, the instructing solicitors acting for PEN and PESTEC entered an appearance on behalf of both parties and filed a defence against the claims accordingly.

The parties have filed their respective pleadings in accordance with the directions of the Court.

Siemens filed an application for summary judgment (“**Summary Judgment Application**”) on 4 December 2024, for which all affidavits, submissions and reply submissions have been filed and served accordingly.

On 29 April 2025, the Court delivered its decision in respect of the Summary Judgment Application and has allowed the Summary Judgement Application wherein a summary judgment had been entered against PEN for the principal amount of RM14,370,844.31 with late payment interest of RM1,744,258.66 as at 31 May 2024, with interest of 1% per month accruing until full and final realisation of the debt due, and cost of RM6,000.00 payable by PEN to Siemens. In respect of PESTEC, the Court has declared that paragraph 3 of the Corporate Guarantee dated 20 October 2022 will be applicable in respect of the guaranteed sum of RM9,060,000.00 provided for therein. Parties are presently in disagreement with the wording of the order given by the High Court in relation to PESTEC. The matter is now fixed for clarification before the High Court Judge on 23 May 2025.

Further, PESTEC and PEN have filed an appeal against the decision in respect of the Summary Judgement on 2 May 2025 (“**Appeal**”) as well as an application to stay the execution of the Summary Judgement obtained by Siemens (“**Stay Application**”) which was filed on 5 May 2025. The first case management in relation to the Appeal and Stay Application have been fixed on 31 July 2025 and 27 May 2025 respectively.

(vii) **Arbitration, Shandong Power Equipment Co Ltd (“SPECO”) (Claimant) vs PSB (Respondent)**

On 17 October 2024, PSB received 4 Notices of Arbitration dated the same day (“**Notices of Arbitration**”) demanding payment of the remaining 10% contract price due and owing to SPECO under the purchase agreements between SPECO and PSB. The purchase agreements pertain to the design, engineering, design review, supply, manufacturing, full type and special testing, factory testing, packaging and delivery of autotransformers and power transformers, as well as ancillary accessories supplied by SPECO to PSB for the Lachau Project, Junjung Project, Sibiyu Project and Olak Lempit Project (all of which as defined below).

APPENDIX II – FURTHER INFORMATION (CONT'D)

The amounts claimed under each purchase agreement for the respective projects are as follows:

- (a) establishment of Lachau 275kV/33kV Substation Extension Project, Sarawak (“**Lachau Project**”) – Chinese Yuan (“**CNY**”) 538,000.00 (equivalent to RM325,598);
- (b) establishment of PMU 500kV/275kV Junjung (3X1050MVA), Kedah (“**Junjung Project**”) – CNY5,779,410.27 (equivalent to RM3,497,699);
- (c) establishment of Sibiyu 132kV/33kV Substation Extension Project, Sarawak (“**Sibiyu Project**”) – CNY1,228,000.00 (equivalent to RM743,186); and
- (d) establishment of PMU 500/275kV Olak Lempit, Selangor (“**Olak Lempit Project**”) – USD672,000.00 (equivalent to RM2,898,336).

On 11 November 2024, PSB received a notification from the AIAC that, pursuant to Rule 2(2) of the AIAC Arbitration Rules 2023, arbitral proceedings between SPECO and PSB had commenced on 30 October 2024.

On 18 November 2024, PSB responded to the Notices of Arbitration, denying the claims related to the remaining 10% of the contract price under each purchase agreement, the basis of the claims and any purported damages claimed by SPECO.

PSB further contended that SPECO’s failure to comply with the supply specifications under the respective purchase agreements constituted a material breach of the agreements, causing PSB to incur additional costs as a result of the breach. PSB also asserted that SPECO is not entitled to the final 5% of the contract price as the defect liability period (“**DLP**”) has not ended and there are issues in respect of the goods and services supplied.

In this regard, PSB seeks to set off all the amounts claimed by SPECO under the respective purchase agreements and intends to counterclaim against SPECO for, amongst others, the additional costs incurred by PSB for rectification works.

Presently, the amounts that PSB seeks to set off are as follows:

- (a) Lachau Project – RM1,583,548.75;
- (b) Junjung Project – RM381,411.85;
- (c) Sibiyu Project – RM194,435.30; and
- (d) Olak Lempit Project – RM1,362,260.75.

The parties are now required to agree on the appointment of an arbitrator, failing which the appointment will be referred to the AIAC. Further, both parties are required to make payment of the provisional advance deposit of USD1,366.78 (“**PAD**”) to the AIAC. In this regard, PSB has made the payment for PAD on 11 December 2024.

Both parties are also seeking for all 4 disputes to be consolidated and heard by a single arbitrator.

The issues on the classification of arbitration and the consolidation of proceedings will be determined before the arbitral tribunal once the PAD is duly paid by both parties and the arbitral tribunal is constituted.

APPENDIX II – FURTHER INFORMATION (CONT'D)

Settlement Negotiation

By virtue of the meetings between SPECO and PSB on 26 November 2024 and 28 November 2024 respectively, the parties have agreed to settle the matter in accordance with the following agreed terms:

- (a) PSB to settle the outstanding sum in the amount of USD595,101.35 in 2 equal monthly instalments. The first instalment has been mutually agreed by the parties to be made by end of January 2025 and the second instalment before 28 February 2025.
- (b) Additional cost in rectifying the defects in the supply incurred by PSB in the amount of USD516,910.34 to be offset against the amount payable to SPECO upon the expiry of the DLP.
- (c) Following the offsets, the total amount due and payable to SPECO is RMB2,522,526.81 ("**Remaining Balance**"). The Remaining Balance shall be payable to SPECO upon the expiry of the DLP for the Junjung Project and within 30 days from the date of receipt of the invoice.
- (d) The parties to issue invoices for the respective amounts payable to each party.

By virtue of the settlement agreement (acknowledged by SPECO by way of an email to PSB on 17 January 2025), whereby PSB has agreed to make payment of USD595,101.35 ("**Outstanding Sum**") and the Remaining Balance. The latter is to be paid to SPECO after the expiry of the DLP for the Junjung Project, ending on 23 November 2028.

In accordance with the settlement agreement, PSB has made the first and second instalments in respect of the Outstanding Sum of USD297,550.60 on 28 January 2025 and 21 March 2025, respectively. The withdrawal of the arbitration proceedings shall be done by SPECO in due course.

4. MATERIAL COMMITMENT

As at the LPD, the Group does not have any material commitments incurred or known to be incurred, which have not been provided for, which upon becoming enforceable may have a material impact on the financial position of the Group.

5. MATERIAL CONTINGENT LIABILITIES

Save for the contingent liabilities that may potentially arise from the material litigation, claim or arbitration as disclosed in Section 3 of this Appendix II, as at the LPD, there are no contingent liabilities incurred or known to be incurred by the Group which upon becoming enforceable may have a material impact on the financial position of the Group.

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APPENDIX II – FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM of the Company, at the registered office of the Company at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of the Group for the FYE 30 June 2022 and 15-months FYE 30 September 2023 and the latest unaudited consolidated financial statements of the Group for the 15-months FPE 31 December 2024;
- (iii) the Subscription Agreement;
- (iv) the letters of consent and declaration on conflict of interest referred to in Section 2 of this Appendix II; and
- (v) the relevant cause papers in respect of the material litigation referred to in Section 3 of this Appendix II.

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PESTEC

PESTEC INTERNATIONAL BERHAD
(formerly known as **PESTECH INTERNATIONAL BERHAD**)
(Registration No: 201101019901 (948035-U))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of PESTEC International Berhad (formerly known as PESTECH International Berhad) (“**PESTEC**” or “**Company**”) will be held at Cenderawasih B, Glenmarie Golf & Country Club, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 9 June 2025 at 9:30 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution, with or without modification:

ORDINARY RESOLUTION

PROPOSED RESTRICTED ISSUE OF 231,789,037 NEW ORDINARY SHARES IN PESTEC (“PESTEC SHARE(S)” OR “SHARE(S)” (“RESTRICTED SHARE(S)”) REPRESENTING 10.00% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) TO DHAYA MAJU INFRASTRUCTURE (ASIA) SDN BERHAD (“DMIA” OR THE “SUBSCRIBER”) FOR A TOTAL SUBSCRIPTION PRICE OF RM27,814,684.44 AT AN ISSUE PRICE OF RM0.12 PER RESTRICTED SHARE (“PROPOSED RESTRICTED ISSUE”)

“**THAT**, subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to allot and issue 231,789,037 new Shares at an issue price of RM0.12 per Restricted Share to the Subscriber in a single tranche subject always to the terms and conditions of the subscription agreement dated 10 March 2025 (“**Subscription Agreement**”);

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

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Restricted Issue for such purposes as set out in the circular to shareholders of the Company dated 23 May 2025 and that the Board be and is hereby authorised with full power to vary the manner and/or purposes of the utilisation of such proceeds from the Proposed Restricted Issue in the manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant authorities (where required);

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

By Order of the Board
PESTEC INTERNATIONAL BERHAD
(formerly known as PESTECH International Berhad)

LEE SOOK PING (SSM PC No. 201908002872) (MAICSA 7057094)
CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)
Company Secretaries

Shah Alam
23 May 2025

Notes:

- (1) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 May 2025 shall be eligible to attend, speak and vote at the EGM.*
- (2) *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at the EGM shall have the same rights as the member to attend, speak and vote at the EGM.*
- (3) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- (4) *A member of the Company may appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
- (5) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.*
- (6) *Where a member of the Company is an Exempt Authorised Nominee 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.*
- (7) *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 shall be deposited at the office of the Company's share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time appointed for holding the EGM.*
- (8) *The resolution set out in this Notice of EGM will be put to vote by poll.*
- (9) *The EGM will be conducted on physical basis. Members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.*

PESTEC

PESTEC INTERNATIONAL BERHAD
(formerly known as PESTECH INTERNATIONAL BERHAD)
(Registration No: 201101019901 (948035-U))
(Incorporated in Malaysia)

FORM OF PROXY

Number of Shares:	
CDS account no.:	
Contact No.:	
Email Address:	

I/ We _____ NRIC/ Passport/

(Full Name in Block Letters) Company No. _____
of _____
(Full Address)

being a member(s) of **PESTEC INTERNATIONAL BERHAD (formerly known as PESTECH International Berhad)** ("Company"), hereby appoint

_____ of _____
(Full Name in Block Letters & NRIC/ Passport No.) (Full Address)

or failing him/ her _____
(Full Name in Block Letters & NRIC/ Passport No.)

of _____
(Address)

or failing him/ her, the Chairman of the Meeting as *my/ our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("**EGM**") to be held at Cenderawasih B, Glenmarie Golf & Country Club, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Monday, 9 June 2025 at 9:30 a.m., or any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below:

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Restricted Issue		

Please indicate with an "X" in the appropriate space how you wish your proxy to votes. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/ she thinks fit, or at his/ her discretion, abstain from voting.

Signature of Shareholder/ Common Seal of
Member(s)

Date : _____
Contact No. : _____

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	<u>No. of shares</u>	<u>Percentage</u>
Proxy 1		%
Proxy 2		%
Total		100%

* Delete if inapplicable.



Notes:

- (1) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 May 2025 shall be eligible to attend, speak and vote at the EGM.*
- (2) *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at the EGM shall have the same rights as the member to attend, speak and vote at the EGM.*
- (3) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- (4) *A member of the Company may appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
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- (6) *Where a member of the Company is an Exempt Authorised Nominee 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.*
- (7) *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 shall be deposited at the office of the Company's share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time appointed for holding the EGM.*
- (8) *The resolution set out in this Notice of EGM will be put to vote by poll.*
- (9) *The EGM will be conducted on physical basis. Members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.*

Fold this flap for sealing

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AFFIX
STAMP

The Share Registrar of
PESTEC INTERNATIONAL BERHAD
(formerly known as **PESTECH INTERNATIONAL BERHAD**)
c/o Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

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