THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

PESTECH

PESTECH INTERNATIONAL BERHAD

(Registration No. 201101019901 (948035-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL BY DIAMOND POWER LIMITED, A 60%-OWNED INDIRECT SUBSIDIARY OF PESTECH INTERNATIONAL BERHAD, OF THE 230 KILOVOLT KAMPONG CHAM-KRATIE TRANSMISSION SYSTEM TO CAMBODIAN TRANSMISSION II CO. LTD FOR A TOTAL CONSIDERATION OF USD118.00 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be conducted virtually via remote participating and voting at the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on **Wednesday, 28 December 2022 at 10:00 a.m.**. The Notice of EGM and the Proxy Form are enclosed in this Circular, which, together with the Administrative Guide, are available at the Company's website at https://www.pestech-international.com.

You are advised to follow the procedures set out in the Administrative Guide to register, participate and vote remotely via the Remote Participation and Voting facilities on Securities Services e-Portal at https://www.sshsb.net.my/.

If you wish to appoint a proxy or proxies to attend and vote on your behalf at the EGM, you must complete and deposit the Proxy Form in accordance with the instructions thereon so as to arrive at the office of the 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 Proxy Form electronically via Securities Services e-Portal at https://www.sshsb.net.my/ or by email to eservices@sshsb.com.my not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof.

Last date and time for lodging the Proxy Form	:	Monday, 26 December 2022 at 10:00 a.m.
Date and time of the EGM	:	Wednesday, 28 December 2022 at 10:00 a.m.

This Circular is dated 13 December 2022

DEFINITIONS

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

Act	:	Companies Act, 2016
Board	:	Board of Directors
BTA	:	Business Transfer Agreement entered into between DPL and CTL II for the Proposed Disposal dated 20 October 2022
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	:	This circular to the shareholders of our Company dated 13 December 2022
COD	:	Commercial operation date of the Project, being 1 January 2018
Concession Period	:	The period of 25 years commencing from the COD until 31 December 2042 for which DPL has the right to operate and maintain the Project pursuant to the PTA
CTL II or Purchaser	:	Cambodian Transmission II Co. Ltd (Company Registration No. 1000204418)
DHCL	:	Diamond House Co., Ltd (Company Registration No. 8589 KH/2006)
DPL or Vendor	:	Diamond Power Limited (Company Registration No. 00010999), a 60%-owned indirect subsidiary of our Company
DPL Distribution	:	Distribution by DPL of the remaining Disposal Consideration of approximately USD61.82 million (equivalent to approximately RM274.73 million) to its shareholders, i.e., PPW and DHCL, as detailed in Note (5) of Section 3 of this Circular
Director(s)	:	Director(s) of our Company
Disposal Consideration	:	Total consideration for the Proposed Disposal of USD118.00 million
EDC	:	Electricité du Cambodge, a wholly state-owned limited liability company established under Royal Decree No. CHS/RD/0396/10 dated 9 March 1996
EGM	:	Extraordinary general meeting of our Company
EPMCC	:	Engineering, procurement, manufacturing, construction and commissioning
EPS	:	Earnings per PIB Share
FHCA or Independent Business Valuer	:	FHMH Corporate Advisory Sdn Bhd (Registration No. 200701016946 (774955-D)), being the Independent Business Valuer for the Proposed Disposal
FYE	:	Financial year ended or ending, as the case may be
IA Novation Agreement	:	Novation Agreement entered into between MIME (for and on behalf of RGC), LYP and DPL dated 20 March 2015 for the novation of all the rights and obligations of LYP under the Implementation Agreement to DPL
Implementation Agreement	:	Implementation Agreement entered into between the RGC, represented by MIME, and LYP dated 25 June 2013 in relation to the Project and as novated pursuant to the IA Novation Agreement

km	:	Kilometres
kV	:	Kilovolt
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 November 2022, being the latest practicable date prior to the date of this Circular
LYP	:	L.Y.P Group Co., Ltd (Company Registration No. INV706KH/2000)
MME or MIME	:	Ministry of Mines and Energy of Cambodia (previously known as Ministry of Industry, Mines and Energy of Cambodia)
TA Securities or Principal Adviser	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
NA	:	Net assets
PAT	:	Profit after tax
PIB or Company	:	PESTECH International Berhad (Registration No. 201101019901 (948035-U))
PIB Group or Group	:	Collectively, our Company and subsidiaries
PIB Shares	:	Ordinary shares in our Company
Power Transmission Charge	:	An amount to be paid periodically by EDC to DPL during the Concession Period as follows: (i) For the first 3 years from the COD, USD12,250,000 per annum; and (ii) From the 4th year from the COD until the end of the Concession Period, USD18,215,910 per annum.
PPW	:	PESTECH Power Sdn Bhd (Registration No. 201501003451 (1128783-H)), a wholly-owned subsidiary of our Company
Proposed Disposal	:	Proposed disposal by DPL of the Project to CTL II for the Disposal Consideration pursuant to the BTA
Proposed Distribution	:	Proposed distribution of approximately USD4.23 million, equivalent to approximately RM18.80 million, to our Company's shareholders via a special dividend, subject to the completion of the Proposed Disposal and DPL Distribution as well as approval by our Board
Project	:	230kV Kampong Cham-Kratie Transmission System
Project Agreements	:	Collectively, PTA and Implementation Agreement including PTA Novation Agreement and IA Novation Agreement as well as any amendment thereto
PTA	:	Power Transmission Agreement entered into between EDC and LYP on 21 August 2013 and as novated pursuant to the PTA Novation Agreement
PTA Novation Agreement	:	Novation Agreement entered into between EDC, LYP and DPL dated 24 March 2015 for the novation of all the rights and obligations of LYP under the PTA to DPL
RGC	:	Royal Government of Cambodia

CURRENCY

RM and sen	:	Ringgit Malaysia and sen
USD	:	United States Dollar

All references to "**we**", "**us**", "**our**" and "**ourselves**" in this Circular, if any, shall mean PIB or where the context requires, our Group.

References to "**you**" or "**your**" are to the shareholders of our Company, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, 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, enactments 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 of day and date in this Circular shall be a reference to Malaysian time of day and date, unless otherwise stated.

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

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved.

Unless otherwise stated, the exchange rate of USD1:00:RM4.4440, being the middle rate quoted by BNM at 5.00 p.m. as at the LPD, is used throughout this Circular.

Any exchange rate translation in this Circular is provided solely for your convenience and should not be constituted as representative that the translated amount stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSED DISPOSAL. PLEASE READ THIS CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED DISPOSAL BEFORE VOTING.

Our Board is recommending our Company's shareholders to vote **IN FAVOUR** of the resolution in relation to the Proposed Disposal to be tabled at the forthcoming EGM.

Summary	
Details of the Proposed Disposal	The Proposed Disposal entails the disposal by DPL of the Project to CTL II for a total consideration of USD118.00 million subject to the terms and conditions set forth in the BTA, the salient terms of which are set out in **Appendix I** of this Circular. The Disposal Consideration is to be satisfied entirely in cash by CTL II to DPL. Pursuant to the BTA, DPL shall divest, assign, novate and substitute in favour of CTL II the contractual position of DPL under the Project Agreements which confer all obligations, rights, entitlements, interest and benefits of DPL in connection with the Project. Please refer to **Section 2** of this Circular for further information on the Proposed Disposal. **<u>Information on the Project</u>** The Project comprises the 125km long 230kV double circuit transmission line from Kampong Cham substation to Kratie substation in the Kingdom of Cambodia, which was constructed, operated and maintained on Build-Operate-Transfer (BOT) basis in accordance with the terms and conditions of the Project Agreements. Please refer to **Section 2.1** of this Circular for further information on the Project.
Basis and justification for the Disposal Consideration	In arriving at the Disposal Consideration, our Board has considered, among others, the following: (i) the original cost of investment by DPL in the Project of approximately USD101.29 million as set out in Section 2.6 of this Circular; (ii) the assessment of FHCA, being the Independent Business Valuer for the Proposed Disposal, which arrived at a range of indicative value of between USD114.20 million and USD121.65 million for the Project, using the discounted cash flow valuation method based on the projected free cash flows of the Project. The Disposal Consideration of USD118.00 million approximates the mid-point of the range of indicative value for the Project; and (iii) the rationale and benefits of the Proposed Disposal as set out in Section 4 of this Circular. Please refer to **Section 2.2** of this Circular for further information on the basis and justification for the Disposal Consideration and **Appendix IV** of this Circular for the valuation letter prepared by FHCA which sets out the details of its assessment (including the bases and key assumptions applied in its assessment).

Summary	
Use of proceeds	DPL intends to utilise the Disposal Consideration in the following manner:

Description	USD'000	RM'000	Estimated timeframe for use of proceeds from completion of the Proposed Disposal
Repayment of bank borrowings	37,012	164,483	Within 3 months
Settlement of advances from our Group	12,645	56,193	Within 3 months
Estimated capital gain tax for the Proposed Disposal	4,720	20,976	Immediately
Working capital	1,803	8,014	Within 18 months
Dividend distribution by DPL:			Within 6 months
- Attributable to PPW (60%)	37,092	164,836	
- Attributable to DHCL (40%)	24,728	109,890	
	118,000	**524,392**	

Based on DPL's proposed use of proceeds, the total net proceeds to be received by our Group from DPL (via PPW and PCL) is approximately USD44.54 million (equivalent to RM197.95 million).

In this regard, our Group intends to utilise the net proceeds to be received from DPL as follows:

Description	USD'000	RM'000	Estimated timeframe for use of proceeds from completion of the Proposed Disposal
Repayment of bank borrowings	14,921	66,307	Within 12 months
Working capital	25,274	112,318	Within 24 months
Dividend distribution by our Company	4,230	18,798	Within 6 months
Estimated expenses for the Proposed Disposal	119	529	Immediately
	44,544	**197,952**	

Please refer to **Section 3** of this Circular for further information on the use of proceeds from the Proposed Disposal.

Rationale and benefits of the Proposed Disposal

The Proposed Disposal:

- represents a timely opportunity for our Group to realise the value of the Project at the Disposal Consideration in cash which will improve our Group's financial liquidity immediately;
- enables our Group to immediately realise its investment in the Project at the Disposal Consideration which falls within the range of indicative value of between USD114.20 million and USD121.65 million for the Project as assessed by the Independent Business Valuer for the Proposed Disposal, as compared to our Group continuing to perform its obligations under the Project Agreements;
- is expected to strengthen the financial position of our Group with its net gearing expected to decrease from 1.29 times as at 30 June 2022 (audited) to 0.88 times and cash and short-term deposits estimated to increase significantly from RM168.98 million as at 30 June 2022 (audited) to approximately RM438.87 million; and

Summary

- provides flexibility to our Group to optimise its capital and funding structure for its business activities moving forward which is in line with our Group's capital management strategy to reduce its reliance on debt financing.

Furthermore, part of the proceeds from the Proposed Disposal is intended to be used for the Proposed Distribution to reward the shareholders of our Company for their investments in our Group.

Please refer to **Section 4** of this Circular for further information on the rationale and benefits of the Proposed Disposal.

Risk factors

- DPL has given representations, warranties and undertakings as set out in the BTA in favour of CTL II. In this regard, DPL may be subject to claims in accordance with the terms and conditions of the BTA for the breach of representations, warranties and/or undertakings given by DPL.
- The BTA is conditional upon fulfilment of the conditions precedent as disclosed in Appendix I of this Circular. There is no assurance that all the conditions precedent can be fulfilled and that the Proposed Disposal can be completed within the time period permitted under the BTA. In the event that any of the conditions precedent is/are not fulfilled and/or waived within the stipulated time period set out in the BTA, the Proposed Disposal may be delayed or terminated.
- The Project has contributed 3.15% and 159.24% of our Group's revenue and PAT for the FYE 30 June 2022, respectively. Further details of the Project's contribution to our Group's revenue and PAT are as follows:

	FYE 30 June 2022			
	The Project		Our Group	Contribution from the Project
	USD'000	RM'000	RM'000	
Revenue	5,321	22,533	715,090	3.15%
PAT attributable to the owners of our company	5,161	21,857	13,726	159.24%

Upon completion of the Proposed Disposal, our Group will lose the income from the Project, i.e. the Power Transmission Charge, which is available to DPL until the expiry of the Concession Period pursuant to the PTA.

Please refer to **Section 5** of this Circular for further information on the risk factors relating to the Proposed Disposal.

Approvals required

The Proposed Disposal is subject to the following being obtained:

(i) approval of the shareholders of our Company at the forthcoming EGM;

(ii) consents from the EDC and MME for the novation in favour of CTL II in respect of the Project; and

(iii) approvals/consents from any other relevant authorities and/or parties, if required.

Please refer to **Section 7** of this Circular for further information on the approvals required for the Proposed Disposal.

Highest percentage ratio

The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g)(ii) of the Listing Requirements is more than 100%.

Please refer to **Section 8** of this Circular for further information on the highest percentage ratio in relation to the Proposed Disposal.

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LETTER TO THE SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSED DISPOSAL

PESTECH

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

13 December 2022

Board of Directors
Lim Ah Hock *(Executive Chairman)*
Ir. Lim Pay Chuan *(Managing Director and Group Chief Executive Officer)*
Lim Peir Shenq *(Executive Director)*
Ir. Amir bin Yahya *(Senior Independent Non-Executive Director)*
Ng Chee Hoong *(Independent Non-Executive Director)*
Hoo Siew Lee *(Independent Non-Executive Director)*
Helen Tan Miang Kieng *(Independent Non-Executive Director)*

To: The shareholders of our Company

Dear Sir/ Madam,

PROPOSED DISPOSAL

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1. INTRODUCTION

On 20 October 2022, our Board announced that DPL had on 20 October 2022 entered into the BTA with CTL II, a wholly-owned subsidiary of Leader Transmission Limited, in respect of the Proposed Disposal for a total consideration of USD118.00 million (equivalent to RM524.39 million).

On 8 November 2022, TA Securities had, on behalf of our Board, announced further details of the Proposed Disposal.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD ON THE PROPOSED DISPOSAL AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal by DPL of the Project to CTL II for a total consideration of USD118.00 million subject to the terms and conditions set forth in the BTA, the salient terms of which are set out in **Appendix I** of this Circular.

The Disposal Consideration is to be satisfied entirely in cash by CTL II to DPL in the manner as set out in Section 2 of **Appendix I** of this Circular.

Pursuant to the BTA, DPL shall divest, assign, novate and substitute in favour of CTL II the contractual position of DPL under the Project Agreements which confer all obligations, rights, entitlements, interest and benefits of DPL in connection with the Project.

2.1 Information on the Project

The Project comprises the 125km long 230kV double circuit transmission line from Kampong Cham substation to Kratie substation in the Kingdom of Cambodia, which was constructed, operated and maintained on Build-Operate-Transfer (BOT) basis in accordance with the terms and conditions of the following agreements:

(i) PTA

The PTA was entered into between EDC and LYP on 21 August 2013.

On 24 March 2015, the PTA Novation Agreement was entered into between EDC, LYP and DPL for the novation of all the rights and obligations of LYP under the PTA to DPL as if DPL is a party to the PTA in lieu of LYP effective from 24 March 2015.

The salient terms of the PTA (including the PTA Novation Agreement and any amendment thereto) are, among others, as follows:

(a) DPL to construct, test and commission the Project based on the specifications and conditions as set out in the PTA with a scheduled commercial operation date of 30 November 2017.

Subsequently, EDC has declared the COD on 1 January 2018 and the Project has been fully commissioned on 1 January 2018;

(b) DPL shall construct, complete, operate and maintain the Project based on the requirements and conditions as set out in the PTA for a period of 25 years commencing from the COD, i.e., 1 January 2018, until 31 December 2042 unless terminated earlier in accordance with the provisions of the PTA and Implementation Agreement;

(c) EDC shall have the exclusive right to use 100% of the Project's capacity that is available from time to time. In this regard, DPL will make available the Project’s capacity to EDC throughout the Concession Period and shall not, among others, license or allow any third party to use the Project’s capacity for the transmission of electrical energy;

(d) DPL shall be entitled to receive from EDC an amount to be paid periodically by EDC during the Concession Period as follows:

(i) For the first 3 years from the COD, USD12,250,000 per annum; and

(ii) From the 4th year from the COD until the end of the Concession Period, USD18,215,910 per annum.

The Power Transmission Charge is payable to DPL on a monthly basis which is computed as the annual charge being applicable as set out above divided by 12; and

(e) DPL shall transfer the Project to EDC or its designee in good operational condition at the end of the Concession Period.

(ii) Implementation Agreement

The Implementation Agreement was entered into between the RGC, represented by the Minister, MIME, and LYP on 25 June 2013 in relation to, among others, certain incentives and assistance to be provided by RGC in relation to the Project.

On 20 March 2015, the IA Novation Agreement was entered into between MME (for and on behalf of RGC), LYP and DPL for the novation of all the rights and obligations of LYP under the Implementation Agreement to DPL as if DPL is a party to the Implementation Agreement in lieu of LYP effective from 20 March 2015.

The Implementation Agreement (including the IA Novation Agreement and any amendment thereto) sets out, among others, the obligations and warranties of MIME to promote and support all applications by DPL in respect of the Project and grant of investment incentives by RGC to DPL for the purposes of development and operation of the Project which include, among others, a profit tax exemption period of 9 years commencing from the COD (i.e., expiring on 31 December 2026).

The Implementation Agreement is effective for as long as the PTA remains effective, until the expiry of the Concession Period or early termination of the Implementation Agreement or PTA.

Further details on the Project Agreements are set out in **Appendix III** of this Circular.

2.2 Basis and justification for the Disposal Consideration

The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis between DPL and CTL II. In arriving at the Disposal Consideration, our Board has considered, among others, the following:

(i) the original cost of investment by DPL in the Project of approximately USD101.29 million as set out in Section 2.6 of this Circular;

(ii) the assessment of FHCA, being the Independent Business Valuer for the Proposed Disposal, which arrived at a range of indicative value of between USD114.20 million and USD121.65 million for the Project, using the discounted cash flow valuation method based on the projected free cash flows of the Project. The Disposal Consideration of USD118.00 million approximates the mid-point of the range of indicative value for the Project. The assessment of FHCA using the discounted cash flow valuation method provides a reliable range of fair value of the Project in view that the Project is a concession-based asset with relatively fixed income (i.e., the Power Transmission Charge) throughout the Concession Period; and

(iii) the rationale and benefits of the Proposed Disposal as set out in Section 4 of this Circular.

The indicative value for the Project appraised by FHCA was based on discounted cash flow valuation method which entails the projected free cash flows of the Project for the FYE 30 June 2023 to FYE 30 June 2043 (i.e. until the expiry of the Concession Period) being discounted using the weighted average cost of capital ("**WACC**") of 9.71% as the underlying value of the Project is to be derived from its concession business as per the PTA. No terminal value is being considered by FHCA as the Project has a finite period as per the PTA.

The discounted cash flow valuation is a valuation methodology which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company.

FHCA has also considered other valuation methodologies and found that the following methodologies are not suitable in the assessment of the fair market value of the Project based on the following factors:

Valuation methodologies	Discussion
Revalued Net Asset Valuation ("**RNAV**")	RNAV method seeks to adjust the net asset of a company to take into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. It should be noted that the underlying value of the Project are more likely to be derived from its future business operations instead of its asset.
Comparable Transaction Analysis ("**CTA**")	CTA is a valuation method which seeks to compare against other recent comparable transactions undertaken by companies listed on local and/or regional stock exchanges that had entered into proposed acquisitions of similar assets. It also reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past. As the prevailing market condition had changed drastically in view of the COVID-19 pandemic, CTA, which typically make reference to precedent transactions transacted in the past three (3) years, may not accurately reflect the fair market value of the Project. FHCA has conducted the searches on precedent transactions for the past three (3) years from S&P Capital IQ as at their date of opinion, which was on 17 October 2022, and concluded that there were no recent comparable transactions of similar assets/ project.
Relative Valuation Approach ("**RVA**")	RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the RVA, reference was made to the valuation statistics of comparable companies to get an indication of the current market expectation with regards to the implied value of the Project and compared the implied trading multiples to determine the Project's financial worth. FHCA has concluded that RVA is not suitable to determine the fair market value of the Project as RVA seek to compare a company's implied trading multiple but not on a project.

The WACC formula is as follows:

WACC = [Cost of Equity X Equity / Capital] + [Cost of Debt X Debt / Capital X (1 – Corporate Tax Rate)]

The cost of equity takes into account a combination of risk factors associated with the industry in which the Project is involved in, namely, the systematic risk, i.e. the inherent market risk such as the interest rate fluctuation, and the capital structure, i.e. the financing risk. These risks are translated into the cost of equity which is built upon the Capital Asset Pricing Model. The cost of equity formula is as follows:

Cost of equity = Risk-Free Rate + [Re-geared Beta X (Market Return – Risk-Free Rate)]

In arriving at the appropriate discount rate, FHCA has applied the prevailing risk-free rate, market risk premium and other risk factors that may affect the Project, as well as adopted the betas of available comparable companies (as set out in the valuation letter prepared by FHCA in **Appendix IV** of this Circular) that were adjusted (de-geared) for their individual gearing ratio, and then re-geared based on the Project's funding ratio of 70% debt and 30% equity as represented by the management of our Group.

FHCA has also perform the sensitivity analysis on two (2) key parameters, namely the discount rate and the variable cost as these assumptions have significant impact on the implied valuation of the Project. FHCA has stress tested the projected free cash flow by varying the values adopted in the discount rate by a 1.0% upward and certain variable cost by a 3.0% upward variance to arrive at a reasonable range of valuation of the Project. As the revenue for the Project is fixed under the PTA, hence on the prudent basis, FHCA does not consider any upward adjustment in relation to the Project's revenue. As a result, the indicative value of the Project ranges from USD114.20 million to USD121.65 million.

The valuation letter prepared by FHCA which sets out the details of its assessment (including the bases and key assumptions applied in its assessment) are set out in **Appendix IV** of this Circular.

Further to the above, our Board is of the view that the Disposal Consideration is reasonable after taking into consideration, among others, the following:

(i) the Disposal Consideration is within the range of indicative value of between USD114.20 million and USD121.65 million for the Project as assessed by FHCA as detailed above; and

(ii) the Disposal Consideration, which will be satisfied entirely in cash by CTL II to DPL, will improve our Group's financial liquidity with its cash and short-term deposits estimated to increase significantly from RM168.98 million as at 30 June 2022 (audited) to approximately RM438.87 million (as illustrated in Section 6.1 of this Circular), thus, reducing our Group's reliance on borrowings for the funding requirements of its EPMCC projects.

2.3 Information on DPL

DPL is a private limited company incorporated in Kingdom of Cambodia on 22 July 2015 under the Law on Commercial Enterprises of the Kingdom of Cambodia. DPL is principally a special purpose vehicle established by PPW and DHCL which owns, operates and maintains the Project. Save for the Project, DPL does not own any other material fixed assets as at the LPD.

As at the LPD, DPL's registered share capital is USD21,000,000 comprising 21,000 ordinary shares of which USD20,500,000 comprising 20,500 ordinary shares are issued and fully paid-up, and the shareholders of DPL are as follows:

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
PPW	Malaysia	12,300	60.0	-	-
DHCL	Kingdom of Cambodia	8,200	40.0	-	-

As at the LPD, the directors of DPL are as follows:

Name	Designation	Nationality
Lim Ah Hock	Chairman	Malaysian
Lok Oknha Hout Chantho	Director[(1)]	Cambodian
Ir. Lim Pay Chuan	Director	Malaysian
Tan Pu Hooi	Director	Malaysian
Lok Oknha Vinh Huor	Director	Cambodian

Note:

(1) Demised on 27 September 2022. As at the LPD, DHCL has yet to nominate a new director to replace Lok Oknha Hout Chantho on the Board of DPL.

A summary of the financial information of DPL is set out in Appendix II of this Circular.

For information, upon completion of the Proposed Disposal, DPL intends to settle all its liabilities and take the necessary steps to liquidate DPL which is expected to take approximately 18 months from the date of completion of the Proposed Disposal after taking into consideration the time required for, among others, obtaining tax clearance from Cambodian tax authority and deregistration of DPL with Ministry of Commerce of Cambodia.

2.4 Information on CTL II

CTL II is a private limited company incorporated in Kingdom of Cambodia on 17 October 2022 under the Law on Commercial Enterprises of the Kingdom of Cambodia. CTL II is incorporated by Leader Transmission Limited as a special purpose vehicle to acquire the Project. As at the LPD, CTL II has not commenced business and the intended principal activity of CTL II will be operation of power transmission lines.

As at the LPD, CTL II's registered share capital is USD5,000 comprising 5,000 ordinary shares and is a wholly-owned subsidiary of Leader Transmission Limited, a private limited company incorporated in Labuan, Malaysia.

As at the LPD, the directors of CTL II are as follows:

Name	Designation	Nationality
Dato' Hng Chun Hsiang	Chairman	Malaysian
Datin Hng Hsieh Ling	Director	Malaysian
Ir. Gan Boon Hean	Director	Malaysian
Ng Woon Chiang	Director	Malaysian

2.5 Liabilities which will remain with our Group

There is no liability, including contingent liability, (save for any liability arising from the giving of representations and warranties in the BTA by DPL and the undertaking and covenant provided by PPW in favour of CTL II as part of the conditions precedent of the BTA as set out in Section 3.1 of Appendix I of this Circular) in relation to the Proposed Disposal which will remain with our Company and/or DPL. Further, upon completion of the Proposed Disposal, DPL intends to use part of the Disposal Consideration to settle all its liabilities assumed for the Project as detailed in Section 3 of this Circular.

There is no other guarantee issued by DPL and/or our Company to CTL II in relation to the Proposed Disposal.

2.6 Original cost of investment

DPL has incurred a total of approximately USD101.29 million for the construction of the Project, which include costs incurred for, among others, acquisition of the concession right, materials, payments to contractors, engineers, consultants, land compensation and financing as well as insurances.

The construction of the Project was undertaken from May 2015 to November 2017 and commenced operation of the transmission system since 1 January 2018, being the COD of the Project.

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3. USE OF PROCEEDS

DPL intends to utilise the Disposal Consideration in the following manner:

Description	Note	USD'000	RM'000	Estimated timeframe for use of proceeds from completion of the Proposed Disposal
Repayment of bank borrowings	(1)	37,012	164,483	Within 3 months
Settlement of advances from our Group	(2)	12,645	56,193	Within 3 months
Estimated capital gain tax for the Proposed Disposal	(3)	4,720	20,976	Immediately
Working capital	(4)	1,803	8,014	Within 18 months
Dividend distribution by DPL:	(5)			Within 6 months
- Attributable to PPW (60%)		37,092	164,836	
- Attributable to DHCL (40%)		24,728	109,890	
		118,000	**524,392**	

Notes:

(1) DPL intends to utilise up to USD37.01 million (equivalent to RM164.48 million) to repay its entire bank borrowings which were procured to finance the construction of the Project.

The repayment of bank borrowings of DPL is expected to result in finance cost savings of approximately USD1.87 million (equivalent to RM8.31 million) per annum based on the average interest rate of approximately 5.05% per annum.

The actual amount of DPL's bank borrowings to be repaid will depend on the actual timing of repayment of the bank borrowings which in turn is dependent on the timing of completion of the Proposed Disposal. Any surplus of funds after the repayment of DPL's bank borrowings shall be distributed as part of the DPL Distribution.

(2) DPL intends to utilise up to USD12.64 million (equivalent to RM56.19 million) to settle all the advances from our Group to DPL which comprise of advances from PPW of USD12.64 million (equivalent to RM56.18 million) and PESTECH (Cambodia) PLC ("**PCL**"), a 94.7%-owned subsidiary of our Company, of USD0.003 million (equivalent to RM0.01 million) (collectively, the "**Advances**"). The Advances were incurred for the purposes of part funding the costs of construction of the Project during the construction period of the Project by PPW on behalf of DPL and payments made by PCL (being the operator appointed to carry out the day-to-day operation and maintenance services for the Project) on behalf of DPL for certain expenses such as utilities, all of which shall be reimbursed by DPL.

(3) The Proposed Disposal is expected to result in an estimated capital gain tax of USD4.72 million (equivalent to RM20.98 million) payable to Cambodian tax authority based on the capital gains tax rate of 20% and the determination of capital gain by deducting 80% of the revenue as allowable expenses in accordance with Prakas No. 346 on Capital Gains issued by the Ministry of Economy and Finance of Cambodia. The actual capital gain tax is subject to the final assessment by a tax consultant to be appointed by DPL prior to the completion of the Proposed Disposal.

In the event the actual capital gain tax is lower than the estimated amount, the surplus of funds will be distributed as part of the DPL Distribution. Conversely, in the event the actual capital gain tax is higher than the estimated amount, the deficit will be funded via the amount allocated for the DPL Distribution.

(4) As set out in Section 2.3 of this Circular, upon completion of the Proposed Disposal, DPL intends to settle all its liabilities and take the necessary steps to liquidate DPL which is expected to take approximately 18 months from the date of completion of the Proposed Disposal.

In this regard, DPL intends to utilise up to approximately USD1.80 million (equivalent to RM8.01 million) to meet its daily operational and administrative requirements until the liquidation of DPL, which include, among others, payments to its suppliers for payables which remain outstanding, directors' remuneration, management fees, professional fees, rental of premises and utilities, after taking into consideration that DPL will not be generating any income upon completion of the Proposed Disposal.

The allocation of such proceeds for the above purposes has yet to be determined at this juncture and the said proceeds will be used based on the actual working capital requirements of DPL at the relevant time.

Any surplus/shortfall of the amount earmarked for DPL's working capital will be adjusted to or from the amount allocated for the DPL Distribution.

(5) Upon completion of the Proposed Disposal and settlement of all DPL's liabilities (i.e., bank borrowings and the Advances) and estimated working capital amounting to USD51.46 million (equivalent to RM228.69 million) as well as the estimated capital gain tax of USD4.72 million (equivalent to RM20.98 million) payable to Cambodian tax authority, as set out in Notes (1) to (4) above, DPL intends to distribute the DPL Distribution, comprising the remaining Disposal Consideration of USD61.82 million (equivalent to RM274.73 million), to its shareholders, i.e., PPW and DHCL.

Based on DPL's proposed use of proceeds as detailed above, the total net proceeds to be received by our Group from DPL (via PPW and PCL) is approximately USD44.54 million (equivalent to RM197.95 million), comprising the following:

	USD'000	**RM'000**
Gross dividend to PPW pursuant to the DPL Distribution	37,092	164,836
Less: Withholding tax of 14%*	(5,193)	(23,077)
Net dividend to PPW pursuant to the DPL Distribution	31,899	141,759
Add: Settlement of the Advances by DPL	12,645	56,193
Total proceeds to be received by our Group from DPL	**44,544**	**197,952**

Note:

* *The DPL Distribution attributable to PPW will be subject to withholding tax of 14% in the Kingdom of Cambodia.*

In this regard, our Group intends to utilise the net proceeds to be received from DPL as follows:

Description	**Note**	**USD'000**	**RM'000**	**Estimated timeframe for use of proceeds from completion of the Proposed Disposal**
Repayment of bank borrowings	(1)	14,921	66,307	Within 12 months
Working capital	(2)	25,274	112,318	Within 24 months
Dividend distribution by our Company	(3)	4,230	18,798	Within 6 months
Estimated expenses for the Proposed Disposal	(4)	119	529	Immediately
		44,544	**197,952**	

Notes:

(1) Our Group intends to utilise up to USD14.92 million (equivalent to RM66.31 million) to partly repay the bank borrowings of our Group (other than DPL), upon completion of the Proposed Disposal and the DPL Distribution.

The repayment of bank borrowings of our Group (other than DPL) is expected to result in finance cost savings of approximately RM3.02 million per annum based on the average interest rate of approximately 4.55% per annum.

For information, the total borrowings of our Group as at 30 June 2022 is approximately RM1,361.51 million.

(2) Our Group intends to utilise up to approximately USD25.27 million (equivalent to RM112.32 million) to meet its day-to-day working capital requirements for its EPMCC projects which include, among others, payments to suppliers and creditors, material costs, staff costs and other operating and administrative expenses.

The allocation of such proceeds for the above purposes has yet to be determined at this juncture and the said proceeds will be used based on the actual working capital requirements of our Group at the relevant time.

For information, our Group has an outstanding order book of approximately RM1.63 billion as at the LPD in relation to its EPMCC projects. Details of our Group's existing EPMCC projects with outstanding order book of RM50.00 million and above as at the LPD are as follows:

No.	Details of contract	Contract sum (RM'000)	Outstanding order book as at LPD (RM'000)	Expected date of completion
1	Phnom Penh City transmission and distribution system expansion project	65,866	54,668	May 2025
2	South Luzon substations upgrading project	97,183	68,708	January 2025
3	Klang Valley Double Track (KVDT) rehabilitation project	317,516	79,887	August 2023
4	Gemas – Johor Bahru double track rail electrification project	400,000	133,240	March 2024
5	Kuala Lumpur International Airport automated people mover (aerotrain) project	396,000	370,973	March 2024
6	Turnkey construction of 220km 230kV high voltage transmission line project in Cambodia	376,870	97,867	June 2023
7	Turnkey construction of 300km 500kV extra high voltage transmission line project in Cambodia	651,251	482,695	October 2025
8	Material supplies for transmission line project in Cambodia	102,541	61,593	October 2025

(3) Subject to the completion of the Proposed Disposal and DPL Distribution as well as approval by our Board, it is the intention of our Company to distribute approximately USD4.23 million, equivalent to approximately RM18.80 million, to our Company's shareholders via a special dividend. For illustration purposes, the distribution of RM18.80 million by our Company translates into RM0.02 per Share based on the existing issued 984,555,371 PIB Shares (excluding 7,666,100 treasury shares held by our Company) as at the LPD.

The actual amount (in RM) to be paid to the shareholders of our Company for the Proposed Distribution is dependent on the PIB Shares in issue as at an entitlement date for the Proposed Distribution to be determined and announced by our Board at a later date after the completion of the Proposed Disposal and the applicable exchange rate for the conversion of the proceeds from the Proposed Disposal in USD to RM.

(4) The total estimated expenses to be incurred by our Group (other than DPL) relating to the Proposed Disposal of approximately USD0.12 million (equivalent to approximately RM0.53 million) include, among others, professional fees, fees payable to the relevant authorities, costs of convening the forthcoming EGM, as well as other miscellaneous expenses.

Any variation to the estimated expenses relating to the Proposed Disposal will be adjusted to or from the amount allocated for our Group's working capital, of which the allocation will be adjusted accordingly among each category as the management of our Company deems appropriate.

Pending the use of the proceeds from the Proposed Disposal for the purposes set out above, the proceeds from the Proposed Disposal may be placed in interest-bearing deposits with financial institutions and/or short-term money market instruments as our Board deems fit. The interest derived from the deposits placed with financial institutions and/or any gains arising from the short-term money market instruments will be used for the working capital requirements of our Group such as, among others, payments to suppliers and creditors, professional fees, utilities and rental of premises, the allocation of which has not been determined at this juncture and will be based on our Group's requirements at the relevant time.

In the event of a material change to the utilisation of proceeds as detailed above, the approval from our Company's shareholders is required pursuant to Paragraph 8.22 of the Listing Requirements.

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal represents a timely opportunity for our Group to realise the value of the Project at the Disposal Consideration in cash which will improve our Group's financial liquidity immediately upon completion of the Proposed Disposal. Notwithstanding that the Proposed Disposal is expected to result in an estimated loss on disposal attributable to our Group of approximately RM83.85 million, details of which are set out in Section 6.3 of this Circular, the Proposed Disposal enables our Group to immediately realise its investment in the Project at the Disposal Consideration which falls within the range of indicative value of between USD114.20 million and USD121.65 million for the Project as assessed by the Independent Business Valuer for the Proposed Disposal, as compared to our Group continuing to perform its obligations under the Project Agreements, such as to operate and maintain the Project, for the remaining Concession Period of approximately 20 years in return for the Power Transmission Charge amounting to USD18,215,910 per annum from EDC pursuant to the PTA.

In addition, the proceeds from the Proposed Disposal will allow our Group to repay or settle the bank borrowings and liabilities which were incurred by DPL for the Project as well as part of our Group's other bank borrowings. This will strengthen the financial position of our Group with its net gearing expected to decrease from 1.29 times as at 30 June 2022 (audited) to 0.88 times and cash and short-term deposits estimated to increase significantly from RM168.98 million as at 30 June 2022 (audited) to approximately RM438.87 million as detailed in Section 6.1 of this Circular.

Furthermore, the lower net gearing together with the funds made available from the Disposal Consideration to finance our Group's working capital for its EPMCC projects provide flexibility to our Group to optimise its capital and funding structure for its business activities moving forward which is in line with our Group's capital management strategy to reduce its reliance on debt financing. In addition, the expected improved financial position of our Group will also allow our Group to pursue and focus on growing its EPMCC segment around the Southeast Asia region specialising in power substations, transmission lines and rail electrifications which has lower capital investment requirement as compared to build, operate and maintenance concession projects (such as the Project) whereby financing via bank borrowings over a long duration is required.

Based on the foregoing, our Group envisages that the divestment from the Project (i.e., a concession-based asset) and its commitment to grow its EPMCC segment will strengthen our Group's overall cashflows and financial position which in turn are expected to create value to shareholders of our Company.

Furthermore, part of the proceeds from the Proposed Disposal is intended to be used for the Proposed Distribution to reward the shareholders of our Company for their investments in our Group.

5. RISK FACTORS

5.1 Contractual risk

DPL has given representations, warranties and undertakings as set out in the BTA in favour of CTL II. In this regard, DPL may be subject to claims in accordance with the terms and conditions of the BTA for the breach of representations, warranties and/or undertakings given by DPL.

Nevertheless, our Board and the management of DPL will endeavour to ensure compliance with its obligations under the BTA in order to minimise the risk of any breach of representations, warranties and/or undertakings committed by DPL.

5.2 Non-completion of the Proposed Disposal

The BTA is conditional upon fulfilment of the conditions precedent as disclosed in Appendix I of this Circular. There is no assurance that all the conditions precedent can be fulfilled and that the Proposed Disposal can be completed within the time period permitted under the BTA. In the event that any of the conditions precedent is/are not fulfilled and/or waived within the stipulated time period set out in the BTA, the Proposed Disposal may be delayed or terminated.

In this regard, our Board will take reasonable steps to ensure that the conditions precedent are met within the time period stipulated in the BTA in order to complete the Proposed Disposal.

5.3 Loss of contribution from the Project

The Project has contributed 3.15% and 159.24% of our Group's revenue and PAT for the FYE 30 June 2022, respectively. Further details of the Project's contribution to our Group's revenue and PAT are as follows:

	FYE 30 June 2022			
	The Project(1)		Our Group	Contribution from the Project
	USD'000	RM'000(2)	RM'000	
Revenue	5,321	22,533	715,090	3.15%
PAT attributable to the owners of our company	5,161(3)	21,857	13,726	159.24%

Notes:

(1) The Power Transmission Charge of USD18,215,910 for the FYE 30 June 2022 billed to EDC is recognised in DPL's statement of profit or loss and comprehensive income for the FYE 30 June 2022 as follows:

	USD'000
Revenue	*5,321*
Finance income	*10,784*
Total	***16,105***

** The remaining amount of USD2.11 million is accounted for as a reduction in the carrying amount of the contract assets (i.e. a statement of financial position item) in relation to the Project.*

(2) Translated based on the average exchange rate of USD1:00:RM4.2347 for the FYE 30 June 2022.

(3) *The PAT from the Project for the FYE 30 June 2022 was USD8.60 million, of which USD5.16 million was attributable to our Company based on the equity interest of PPW in DPL of 60%.*

For information, for the FYE 30 June 2021, the PAT from the Project was USD8.33 million, of which USD5.00 million was attributable to our Company (based on the equity interest of PPW in DPL of 60%) which in turn represents approximately 31.11% of our Group's PAT attributable to the owners of our Company of RM66.21 million.

The PAT attributable to the owners of our Company has decreased significantly from RM66.21 million for the FYE 30 June 2021 to RM13.73 million for the FYE 30 June 2022 mainly due to the decrease in operating profit margin from 14.05% for the FYE 30 June 2021 to 6.56% for the FYE 30 June 2022. This was mainly attributable to the decrease in our Group's revenue of RM174.27 million from RM889.36 million for the FYE 30 June 2021 to RM715.09 million for the FYE 30 June 2022 that was accompanied by a lower decrease of our Group's operating expenses of RM83.89 million from RM762.54 million for the FYE 31 June 2021 to RM678.65 million for the FYE 30 June 2022 which was partially made up of fixed overheads such as, among others, employee benefit expenses, depreciation and amortisation of assets and short-term leases.

Upon completion of the Proposed Disposal, our Group will lose the income from the Project, i.e. the Power Transmission Charge, which is available to DPL until the expiry of the Concession Period pursuant to the PTA. Nevertheless, the Proposed Disposal provides an opportunity for our Group to monetise and unlock the value of the Project as detailed in Section 4 of this Circular.

Moving forward, our Group will focus on growing its existing EPMCC segment specialising in power substations, transmission lines and rail electrifications, which has an outstanding order book of approximately RM1.63 billion and total tender book value of approximately RM2.42 billion as at the LPD. In addition, the Proposed Disposal is expected to strengthen our Group's financial position with lower net gearing which will improve our Group's financial headroom to pursue more EPMCC projects around the Southeast Asia region in order to replenish the loss of income from the Project and create value to shareholders of our Company. Further details on our Group's future plans and strategies are detailed in Section 4 of this Circular.

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6. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on our Company's issued share capital and substantial shareholders' shareholdings as it does not involve any change to the number of issued PIB Shares.

6.1 NA, NA per PIB Share and gearing

For illustration purposes only, based on the audited consolidated statement of financial position of our Company as at 30 June 2022 and assuming that the Proposed Disposal had been effected on that date, the pro forma effects of the Proposed Disposal on the NA, NA per PIB Share and gearing of our Group are as follows:

	Audited as at 30 June 2022	**After the Proposed Disposal**
	RM'000	**RM'000[1]**
Share capital	232,942	232,942
Treasury shares	(4,183)	(4,183)
Reserves	(1,084)	(2,869)
Retained earnings	425,466	341,619[2]
NA attributable to the owners of our Company	**653,141**	**567,509**
Perpetual SUKUK	100,000	100,000
Non-controlling interests	174,342	117,604
Total equity	**927,483**	**785,113**
No. of PIB Shares in issue[3] ('000)	984,555	984,555
NA per PIB Share[4] (RM)	0.66	0.58
Total borrowings (RM'000)	1,361,505	1,132,584
Cash and short-term deposits (RM'000)	168,980	438,873
Net gearing[5] (times)	1.29	0.88

Notes:

(1) Based on an exchange rate of USD1.00:RM4.4080, being the middle rate quoted by BNM at 5:00 p.m. on 30 June 2022.

(2) After taking into consideration the pro forma net loss on disposal attributable to our Group of approximately RM83.85 million (including the estimated expenses for the Proposed Disposal of approximately RM21.33 million) as set out in Section 6.3 of this Circular.

(3) Excluding 7,666,100 treasury shares held by our Company.

(4) Computed based on NA attributable to the owners of our Company divided by the number of PIB Shares in issue.

(5) Computed based on total net borrowings, after excluding cash and short-term deposits, divided by total equity.

6.2 Earnings and EPS

For illustration purposes only, based on the audited consolidated financial statements of our Company for the FYE 30 June 2022 and assuming that the Proposed Disposal had been effected on 1 July 2021, the pro forma effects of the Proposed Disposal on the consolidated earnings of our Company and EPS are as follows:

	(Audited) FYE 30 June 2022	**After the Proposed Disposal[(1)]**
PAT/(Loss after tax) attributable to owners of our Company (RM'000)	13,726	(92,582)[(2)]
Weighted average number of PIB Shares in issue[(3)] ('000)	961,229	961,229
EPS/(Loss per Share)[(4)] (sen)	1.43	(9.63)

Notes:

(1) Based on the average exchange rate of USD1.00:RM4.2347 for the FYE 30 June 2022.

(2) After taking into consideration the following:

(a) the deconsolidation of the PAT deriving from the Project of RM21.86 million;

(b) the estimated interest savings from the repayment of bank borrowings of our Group (other than DPL) of approximately RM3.21 million (as detailed in Note (1) of Section 3 of this Circular); and

(c) pro forma net loss on disposal of approximately RM87.14 million. For avoidance of doubt, the quantum of pro forma net loss on disposal differs from the amount as set out in Section 6.3 of this Circular as the illustration in Section 6.3 of this Circular is based on the assumption that the Proposed Disposal had been effected on 30 June 2022 instead of 1 July 2021.

(3) After adjusted for movement in treasury shares during the financial year.

(4) Computed based on audited PAT attributable to owners of our Company divided by weighted average number of PIB Shares in issue.

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6.3 Expected loss to our Group arising from the Proposed Disposal

Based on the latest audited consolidated financial statements of our Company for the FYE 30 June 2022, the Proposed Disposal is expected to result in a pro forma net loss on disposal attributable to our Group of approximately RM83.85 million, as follows:

	RM'000(1)
Disposal Consideration	520,144
Less: Net carrying amount as at 30 June 2022	
- Contract asset from a customer on concession agreement	(555,979)
- Intangible asset	(72,292)
- Insurance prepayment	(9,938)
Less: Estimated expenses for the Proposed Disposal	(21,330)
Pro forma net loss on disposal	**(139,395)**
Pro forma net loss on disposal attributable to:	
- Owners of our Company	(83,847)
- Non-controlling interests	(55,548)

Note:

(1) Based on an exchange rate of USD1.00:RM4.4080, being the middle rate quoted by BNM at 5:00 p.m. on 30 June 2022.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the following being obtained:

(i) approval of the shareholders of our Company at the forthcoming EGM;

(ii) consents from the EDC and MME for the novation in favour of CTL II in respect of the Project; and

(iii) approvals/consents from any other relevant authorities and/or parties, if required.

The written requests to the EDC and MME for their consents in relation to the novation in favour of CTL II in respect of the Project have been made on 24 October 2022 and 7 November 2022, respectively. As at the LPD, EDC has confirmed vide its letter dated 22 November 2022 that it has no objection to the novation of the Project while the consent from the MME is still pending and is expected to be obtained by end December 2022.

The Proposed Disposal is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by our Company.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g)(ii) of the Listing Requirements, being the net profit of the Project represented by the equity interest of PPW in DPL compared to the net profit attributable to the owners of our Group for the FYE 30 June 2022 is more than 100%.

For avoidance of doubt, the Proposed Disposal is not a major disposal pursuant to Paragraph 10.02(eA) of the Listing Requirements as the completion of the Proposed Disposal will not result in our Company being no longer suitable for continued listing on the Official List of Bursa Securities such as triggering any of the criteria in respect of a cash company, having an inadequate level of operations to warrant continued listing on the Official List of Bursa Securities (i.e., becoming an affected listed issuer) or becoming a Practice Note 17 Issuer pursuant to Paragraphs 8.03, 8.03A and Practice Note 17 of the Listing Requirements, respectively.

9. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal, there is no other corporate exercise which have been announced by our Company on Bursa Securities but not yet completed as at the LPD.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors, major shareholders of our Company or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

11. DIRECTORS' STATEMENT / RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Disposal including but not limited to the salient terms of the BTA, the assessment of the Independent Business Valuer for the Proposed Disposal, the rationale and benefits of the Proposed Disposal as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

12. TENTATIVE TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals set out in Section 7 of this Circular being obtained and the fulfilment of all the conditions precedent set out in the BTA, our Board expects the Proposed Disposal to be completed in the 4th quarter of 2022.

The tentative timeline for implementation of the Proposed Disposal is as follows:

Tentative timing	**Event**
28 December 2022	EGM for the Proposed Disposal
End December 2022	(i) Consent from MME for the novation in favour of CTL II in respect of the Project expected; and (ii) Completion of the Proposed Disposal

13. EGM

The notice convening the EGM and the Proxy Form are enclosed in this Circular, which, together with the Administrative Guide, are available at our Company's website at https://www.pestech-international.com. The EGM will be conducted virtually via remote participating and voting at the broadcast venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 28 December 2022 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Disposal.

You are advised to follow the procedures set out in the Administrative Guide to register, participate and vote remotely via the Remote Participation and Voting facilities on Securities Services e-Portal at https://www.sshsb.net.my/.

If you are unable to attend and vote remotely at the forthcoming EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and deposit the Proxy Form in accordance with the instructions thereon so as to arrive at the office of our 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 Proxy Form electronically via Securities Services e-Portal at https://www.sshsb.net.my/ or by email to eservices@sshsb.com.my not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. The lodgement of the Proxy Form does not preclude you from attending and voting remotely at the forthcoming EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
PESTECH INTERNATIONAL BERHAD

Lim Ah Hock
Executive Chairman

SALIENT TERMS OF BTA

The salient terms of the BTA are as follows:

1. Transaction

1.1 DPL agrees to divest, assign, novate and substitute in favour of the Purchaser the contractual position of DPL under the Project Agreements (as defined in paragraph 1.2 below) as well as various entitlements in connection with the Project, as a going concern, and free from all encumbrances ("**Transaction**").

1.2 "**Project Agreements**" means:

(i) Implementation Agreement dated 25 June 2013 pertaining to the Project between the RGC (as represented by MME) and LYP, as novated to DPL on 20 March 2015 and amended on 6 April 2015 ("**Implementation Agreement**");

(ii) Power Transmission Agreement dated 21 August 2013 pertaining to the development of the Project between EDC and LYP, as novated to DPL on 24 March 2015 and amended on 8 April 2015;

(iii) any document conferring rights, entitlements and/or benefits over any immovable property(ies) necessary for the Project,

and all schedules, exhibits, attachments and ancillary documents thereto, as the same may from time to time be amended, modified, novated, restated, replaced or supplemented.

1.3 The Purchaser shall only assume the liabilities in respect of the Project that actually accrue after the completion date of the BTA, being five (5) business days falling immediately following the Stop Date (as defined in paragraph 3.2 below) or Long Stop Date (as defined in paragraph 3.2 below) ("**Completion Date**").

2. Consideration

2.1 The net consideration for the divestment, assignment, novation and/or substitution of the Project shall be USD118.00 million ("**Consideration**").

2.2 The Purchaser shall issue a bank guarantee in the amount of USD2.00 million in favour of DPL, which may be called upon by DPL if the financial closing under paragraph 3.1(iii) below does not occur within the Long Stop Date.

2.3 If, for any reason, the completion of the Transaction ("**Completion**") does not take place by the Stop Date, the Purchaser shall be entitled to (save where the delay is caused by the financial closing as described in paragraph 3.1(iii) below) reduce the Consideration in the amount of USD50,000 per day, for each day the Completion does not occur after the Stop Date (inclusive of the Stop Date).

2.4 The payment schedule for the Consideration is as set out below:

(i) Payment of Initial Payment

Within fifteen (15) business days from the Completion Date, or such other date as may be notified by the Purchaser to DPL, and subject always to fulfilment of all completion obligations by DPL, paragraph 2.3 above and paragraphs 2.4(ii) and (iii) below, the Purchaser shall initiate the transfer of USD108.560 million ("**Initial Payment**"), being the Consideration minus the retention sum of USD9.44 million ("**Retention Sum**") to DPL.

(ii) Set-Off

If, at Completion Date, an amount is payable by DPL to the Purchaser in respect of a Purchaser's claim, the Purchaser shall be entitled (at its sole discretion) to satisfy all or part of DPL's liability to pay the Purchaser's claim by way of set-off against the Initial Payment then payable, and to treat its obligation to make such Purchaser's claim as being reduced correspondingly with the amount so set-off.

(iii) Retention of Consideration

The Purchaser shall be entitled to retain the Retention Sum for a period of twelve (12) months from the Completion Date ("**Retention Period**"). Such sum or any balance thereof shall be released to DPL upon the expiry of the Retention Period so long as there is no outstanding indemnity claim.

3. Conditions Precedent to Completion

3.1 The conditions precedent to the completion (each a "**Condition**", collectively referred to as the "**Conditions**") are as follows:

(i) completion, on or before the Completion Date, of a due diligence exercise on the Project by the Purchaser with the results of the due diligence review being satisfactory to the Purchaser, and subject always to DPL rectifying and undertakes to rectify, all and any issues as the Purchaser may, at the Purchaser's sole discretion, direct and/or require DPL to rectify, provided that DPL is given at least thirty (30) days prior to the Stop Date, to rectify the relevant issues to the satisfaction of the Purchaser;

(ii) the delivery by the Purchaser to DPL of the certified copy of its corporate approvals for the entry into the BTA and other relevant documents and do all such acts as may be required for the consummation of the Transaction;

(iii) the delivery by the Purchaser to DPL of a written confirmation of the achievement of financial closing by the Purchaser to finance and undertake the Transaction;

(iv) all licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary to be obtained for the Purchaser to carry out the Project in continuing going concern immediately succeeding DPL having been obtained and issued in the name of the Purchaser in no less favourable terms obtained by DPL prior to the Completion Date;

(v) the delivery by DPL to the Purchaser:

(a) certified copy of DPL's corporate approvals for the entry into the BTA and other relevant documents and do all such acts as may be required for the consummation of the Transaction;

(b) certified copy of PIB's shareholders' approval at the extraordinary general meeting;

(c) possession and custody of the relevant immovable properties in condition satisfactory to the Purchaser; and

(d) written confirmation on the discharge of all existing financial obligations;

(vi) due execution and delivery by PPW, a shareholder of DPL, of the undertaking and covenant (in agreed form);

(vii) due execution of an agreement between the RGC, DPL and the Purchaser for the novation, assignment and/or substitution of DPL in favour of the Purchaser in the Implementation Agreement, in such form, substance and terms satisfactory to the Purchaser;

(viii) due execution of an agreement between EDC, DPL and the Purchaser for the novation, assignment and/or substitution of DPL in favour of the Purchaser in the Power Transmission Agreement, in such form, substance and terms satisfactory to the Purchaser;

(ix) due termination of all and any direct agreements that has been entered into by DPL in relation to the Project;

(x) all required consents being obtained and remaining in full force and effect; and

(xi) there being no material adverse change in the terms and conditions of the Project Agreements, regulatory regime, administrative policies or business environment in the period between the date of the BTA and Completion affecting the Project, which in the opinion of the Purchaser results in or is likely to result in a reduction in the value of the Project or the receivables.

3.2 DPL shall ensure the satisfaction of the Conditions set out in paragraphs 3.1(iv) to (x) above as soon as practicable on or before 31 December 2022 or such other date as may be mutually agreed by the parties ("**Stop Date**"). If any of these Conditions are not fulfilled before the Stop Date due to no fault or omission on the part of DPL, the Purchaser may (but is not obliged to), extend the timeline for the satisfaction of the relevant Conditions to such date as may be fixed by the Purchaser ("**Long Stop Date**").

3.3 The parties shall (among others) co-operate in the preparation of the relevant applications to the government authorities regarding the Transaction and other matters contemplated under the BTA, deal with all requests and enquiries from the governmental authorities in respect of the parties' obligations under the BTA, and provide the necessary information and assistance reasonably required by the relevant governmental authority.

3.4 If any of the Conditions is not fulfilled or waived on or before the Stop Date or Long Stop Date (as applicable), the Purchaser may elect to void, invalidate and rescind the BTA, to effect the Completion so far as practicable or to fix a new date for the Completion.

3.5 Subject to paragraph 3.4 above, DPL shall have the right to void, invalidate and rescind the BTA if and only if paragraph 3.1(iii) above is not fulfilled by the Purchaser on or before the Long Stop Date and following the rescission, there shall not be any liability, claim, reimbursements or damages claimable by any of the parties.

4. Representations and Warranties

4.1 DPL has provided various representations and warranties in relation to, among others, its authority and capacity to enter into the BTA, the accuracy and adequacy of information disclosed to the Purchaser, compliance with applicable laws, authority to carry on the Project as well as various representations and warranties in relation to the Project Agreements and Entitlements*, and the effects of the Transaction.

* *For purposes of this paragraph 4.1, "**Entitlements**" means all obligations, rights, entitlements, interest, benefits, of the Project, including without limitation:*

(i) any warranty, guarantee, undertaking, rights, benefits, obligation or performance which remains owing by a counterparty in relation to the Project as at the Completion Date;

(ii) incentives and other tax benefits as may be provided under the Project Agreements;

(iii) any possession, occupation and/or enjoyment of the relevant immovable properties;

(iv) any receivables, excluding those receivables invoiced prior to the Completion Date in accordance with the Project Agreements but remaining outstanding in favour of DPL;

(v) any claims;

(vi) where applicable, employment of any personnel to carry out the Project; and

(vii) any right, benefit, title (if any), interest, possession and claims over any fixtures, ancillary equipment and spare parts, special tools, chattels and such other movable property necessary for the Project.

5. Termination

5.1 On the occurrence of any of the following events, the Purchaser shall give notice to DPL specifying the default or breach and requiring DPL to remedy the said default or breach within thirty (30) days of the date of such notice:

SALIENT TERMS OF BTA *(Cont'd)*

(i) DPL breaches any terms or conditions of the BTA or if it fails to perform or observe any undertakings, covenants, obligations or agreement under the BTA;

(ii) any of the warranties were, when given, or will be or would be, at Completion not complied with or otherwise untrue or misleading;

(iii) the entitlements or any part of the Project is defective, deficient, damaged or rendered invalid, by any cause occurred or occurring prior to and as at the Completion Date; and/or

(iv) there is a material adverse change in the Project after the date of the BTA and prior to the Completion Date or there is an occurrence of any event or circumstance which affects or is likely to affect in a materially adverse manner the business/operations, financial position or prospects of DPL which has an effect on the Project and/or entitlements.

5.2 If DPL fails to remedy the relevant default or breach within the said thirty (30) days (or such other agreed period), the BTA may be terminated by the Purchaser upon written notice to DPL. DPL shall indemnify the Purchaser for all damages, costs, charges and expenses incurred by the Purchaser in connection with the negotiation and preparation, breach or non-compliance with the BTA and termination or rescission of the BTA and all matters connected therewith.

6. Governing law and dispute resolution

6.1 The BTA shall be governed by and be construed in accordance with the laws of the Kingdom of Cambodia.

6.2 The parties shall attempt, for a period of thirty (30) days after receipt of the relevant notification, to settle amicably any disputes or differences of any kind arising between the parties in connection with the BTA.

6.3 In the event the parties are unable to resolve any dispute in the manner described in paragraph 6.2 above, such dispute shall be referred to and finally settled by arbitration in accordance with the arbitration rules of the National Commercial Arbitration Centre of the Kingdom of Cambodia applicable at the time of submission of the said dispute.

6.4 Nothing in the dispute resolution provisions contained in the BTA shall be construed as preventing any party from seeking conservatory or similar interim measures in the court of competent jurisdiction of the Kingdom of Cambodia.

Undertaking and Covenant dated 23 November 2022 provided by PPW in favour of the Purchaser ("Undertaking and Covenant")

Pursuant to paragraph 3.1(vi) above, the Undertaking and Covenant has been provided by PPW in favour of the Purchaser. The salient terms of the Undertaking and Covenant, among others, are as follows:

1. PPW unconditionally, continuously, and irrevocably guarantees and undertakes to the Purchaser, as a primary obligor, full and complete performance of all obligations and undertakings of DPL under the BTA and all anticipated transactions under the BTA;

2. if the Purchaser terminates the BTA pursuant to the provisions of the BTA, the Undertaking and Covenant shall continue to bind PPW and remain in full force and effect until all terms and conditions of the BTA on the part of DPL have been performed and observed to the satisfaction of the Purchaser;

3. the Undertaking and Covenant shall be unconditional, irrevocable and shall survive and remain valid and enforceable at all times until the expiration or termination of the Project Agreements; and

4. the Undertaking and Covenant shall be governed by and interpreted in accordance with the laws of Malaysia and PPW agrees to submit to the exclusive jurisdiction of the courts in Malaysia.

SUMMARY FINANCIAL INFORMATION OF DPL

A summary of the financial information of DPL, being the special purpose company holding the Project, based on its audited financial statements for the past 3 FYEs 30 June 2020 to 30 June 2022 is set out below:

	(Restated) FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
	USD'000	USD'000	USD'000
Revenue	5,282	5,301	5,321
Operating profit/(loss)	(296)	870	620
Profit before tax	6,464	8,333	8,602
Profit after tax	6,464	8,333	8,602
Total assets	155,285	156,284	153,961
Total liabilities	82,999	74,146	60,396
Total equity / NA	72,286	82,139	93,565
Total borrowings	58,527	53,159	43,612
Gearing (times)	0.81	0.65	0.47

Commentaries

(a) FYE 30 June 2022 vs FYE 30 June 2021

Our Group's revenue increased marginally by USD0.02 million or 0.38% from USD5.30 million in FYE 30 June 2021 to USD5.32 million in FYE 30 June 2022 mainly due to the fair value differences arising from the recognition of revenue over the Concession Period.

Our Group's profit after tax increased by USD0.27 million or 3.23% from USD8.33 million in FYE 30 June 2021 to USD8.60 million in FYE 30 June 2022 mainly due to lower finance costs which decreased from USD3.26 million in FYE 30 June 2021 to USD2.81 million in FYE 30 June 2022.

For information, the earnings of DPL is not subject to tax pursuant to the profit tax exemption period of 9 years commencing from the COD (i.e., expiring on 31 December 2026) granted by RGC.

(b) FYE 30 June 2021 vs FYE 30 June 2020

Our Group's revenue increased marginally by USD0.02 million or 0.36% from USD5.28 million in FYE 30 June 2020 to USD5.30 million in FYE 30 June 2021 mainly due to the fair value differences arising from the recognition of revenue over the Concession Period.

Our Group's profit after tax increased by USD1.87 million or 28.91% from USD6.46 million in FYE 30 June 2020 to USD8.33 million in FYE 30 June 2021 mainly due to the following:

(i) lower operating expenses which decreased from USD5.57 million in FYE 30 June 2020 to USD4.41 million in FYE 30 June 2021 mainly attributable to the absence of loan early settlement penalty of USD0.62 million and facility fee of USD0.32 million which were incurred in FYE 30 June 2020;

(ii) higher finance income which increased from USD10.43 million in FYE 30 June 2020 to USD10.72 million in FYE 30 June 2021; and

(iii) lower finance costs which decreased from USD3.67 million in FYE 30 June 2020 to USD3.26 million in FYE 30 June 2021.

SALIENT TERMS OF PROJECT AGREEMENTS

The salient terms of Implementation Agreement, IA Novation Agreement and Amendment to the Implementation Agreement dated 6 April 2015 ("**IA Amendment No. 1**") are as follows:

A. Implementation Agreement

1. Commencement, Duration and Cessation

1.1 The Implementation Agreement commences and is effective from 25 June 2013 and shall continue for the term of PTA, unless otherwise terminated pursuant to the terms of the Implementation Agreement.

1.2 The Implementation Agreement shall immediately cease to have effect if the PTA ceases to have any effect and shall automatically be terminated if the PTA is fully terminated for any reason.

2. Grant of Rights and Transfer of the Project

2.1 An exclusive right is granted to LYP by MIME throughout the term of the Implementation Agreement to design, finance, insure, construct, operate and maintain and manage and transfer the Project in accordance with the terms and conditions of the Implementation Agreement and the PTA.

3. Obligations and Warranties of MIME

3.1 Subject to LYP's compliance with the terms and conditions of the Implementation Agreement, MIME agrees to (among others) promote and support all applications by LYP for the grant by the RGC and/or such other relevant governmental authorities of all required governmental approvals and MIME shall not revoke any governmental approval without cause.

3.2 RGC confirms that incentives according to the Investment, Taxation, Customs, Concession and other laws and related sub-decrees of the Kingdom of Cambodia shall be granted to LYP for the purpose of development and operation of the Project and certain tax incentives (including a profit tax exemption of 9 years commencing from the COD) have been granted to LYP for the Project.

4. Obligations of LYP

4.1 LYP shall make or cause to be made all applications for the grant of all governmental approvals necessary for LYP to develop and maintain the Project as contemplated under the PTA and the Implementation Agreement.

5. Assignment and Novation

5.1 Subject as contemplated under the Implementation Agreement (including for the novation of the Implementation Agreement by LYP to a special purpose company), LYP shall not be entitled to assign its rights and/or transfer its obligations under the Implementation Agreement without the prior written consent of MIME.

5.2 MIME shall not be entitled to assign its rights and/or transfer its obligations under the Implementation Agreement without the prior written consent of LYP.

6. Default and Termination

6.1 MIME has the right to terminate the Implementation Agreement upon the occurrence of any of the following events of default:

(i) LYP materially fails to comply with or operate in conformity with any material provision of the Implementation Agreement;

(ii) any assignment or transfer by LYP of the Implementation Agreement in breach of paragraph 5.1 above;

(iii) except for the purpose of amalgamation or reconstruction of LYP (which does not materially affect LYP's ability to perform its obligations under the Implementation Agreement), the occurrence of any of the following non-remediable events of default:

(a) passing of a shareholders' resolution for the winding-up of LYP;
(b) appointment of a receiver or a provisional manager over the whole or a material part of LYP's assets;
(c) making by a court of an order for the winding up or the dissolution or liquidation of LYP;

(iv) termination of the PTA due to LYP's default;

(v) LYP fails to obtain financial closing within the timeline stipulated under the PTA and EDC has terminated the PTA.

6.2 LYP has the right to terminate the Implementation Agreement upon the occurrence of any of the following events of default:

(i) MIME materially fails to comply with or operate in conformity with any material provision of the Implementation Agreement;

(ii) MIME does not fulfil its specific obligations under the Implementation Agreement (including the obligations as set out in paragraph 3 above);

(iii) any assignment or transfer by MIME of the Implementation Agreement in breach of paragraph 5.2 above;

(iv) MIME dissolves or liquidates (other than voluntary dissolution or liquidation as part of a reorganisation or reconstruction, which does not materially affect the ability of the resulting entity to perform its obligations under the Implementation Agreement).

7. Liability and Indemnification

7.1 LYP will hold MIME fully indemnified in respect of any actual losses, damages, death, injuries, liabilities, costs, penalties, fines and reasonable expenses arising pursuant to the following:

(i) in connection with, arising out of, or resulting from, any material breach of any term, condition, warranty, covenant or obligation to be performed by LYP under the Implementation Agreement;

(ii) in connection with any claim, proceeding or action brought against MIME resulting from any unlawful or negligent action or omission of LYP in connection with its ownership of or activities or operations on the Project site or its design, financing, construction, operation or maintenance of the plant and apparatus associated with the Project ("**Facility**"); or

(iii) liabilities in respect of the unlawful discharge, dispersal, release, storage, treatment, generation, disposal and/or escape of pollutants or other toxic or hazardous substances from the Facility, the unlawful contamination of the soil, air, or water around the Project site, or any pollution abatement, replacement, removal or other decontamination or monitoring obligations with respect thereto.

The above indemnity shall not extend to any loss, damage, death, injury, liability, cost or expense to the extent that it was caused by any act or omission of MIME or the failure of MIME to take reasonable steps in mitigation thereof and shall not apply to any loss, damage, death, injury, liability, cost or expense in respect of, and to the extent that, MIME is compensated pursuant to the terms of any other agreement or to the extent covered by insurance. The above indemnity shall not apply for any occurrences for which MIME has been separately indemnified by EDC.

7.2 MIME will hold LYP fully indemnified in respect of any losses, damages, death, injuries, liabilities, costs and expenses pursuant to any of the following:

(i) in connection with, arising out of, or resulting from, any material breach of any term, condition, warranty, covenant or obligation to be performed by MIME under the Implementation Agreement; and

(ii) in connection with any claim, proceeding or action brought against LYP resulting from liabilities in respect of the discharge, dispersal, release, storage, treatment, generation, disposal and/or escape of pollutants or other toxic or hazardous substances within areas owned or operated by MIME, its agents or subcontractors during the term of the Implementation Agreement.

The above indemnity shall not extend to any loss, damage, death, injury, liability, cost or expense to the extent that it was caused by any act or omission of LYP or the failure of LYP to take reasonable steps in mitigation thereof and shall not apply to any loss, damage, death, injury, liability, cost or expense in respect of, and to the extent that, LYP is compensated pursuant to the terms of any other agreement or to the extent covered by insurance.

8. Disputes

8.1 Any disputes in connection with the Implementation Agreement, which are unable to be resolved amicably by way of mutual discussions, shall be referred to and be settled by arbitration in accordance with the Singapore International Arbitration Centre (SIAC) Rules. The arbitration proceedings shall be held in Singapore at the SIAC arbitration centre or in such other nearby location as the arbitrator(s) may agree.

9. Governing Law

9.1 The Implementation Agreement shall be governed by and construed in accordance with the laws of the Kingdom of Cambodia, excluding provisions under the dispute resolution provision of the Implementation Agreement which may direct the application to the laws of another jurisdiction. In the event there are no applicable laws in Cambodia, except as otherwise provided in the Implementation Agreement, the laws of England shall apply.

B. IA Novation Agreement

Pursuant to the terms of the Implementation Agreement (and as set out in paragraph 5.1 above), MME, LYP and DPL have entered into the IA Novation Agreement for the novation of the rights and obligations of LYP under the Implementation Agreement to DPL, being the special purpose company, effective from 20 March 2015.

From the effective date, DPL shall become a party to the Implementation Agreement and be bound by the terms of the Implementation Agreement as if it is a party to the Implementation Agreement in lieu of LYP.

C. IA Amendment No. 1

Further to the IA Novation Agreement, MME and DPL have entered into the IA Amendment No. 1 to amend certain provisions of the Implementation Agreement arising from the above novation.

The salient terms of PTA, PTA Novation Agreement and Amendment Agreement to the PTA dated 8 April 2015 ("**PTA Amendment No. 1**") are as follows:

A. PTA

1. Project Development

1.1 LYP undertakes to:

(i) finance and construct, test and commission the Project in accordance with the PTA and Implementation Agreement so as to timely achieve the COD;

(ii) construct and complete the Project such that it may at the COD and at all times thereafter operate in compliance with all applicable laws, standards, specifications and the Grid Code of Cambodia; and

(iii) cause the Project to be designed and constructed according to the specification and the agreed construction schedule as annexed to the PTA.

1.2 EDC shall require LYP, and LYP agrees to transfer the Project to EDC or its designee in good operational condition, at the end of the term of the PTA (being a period of 25 years from the COD, unless earlier terminated in accordance with the PTA and Implementation Agreement) ("**Term**").

1.3 LYP shall apply and make diligent effort to obtain and maintain all necessary governmental approvals from RGC and/or such other relevant governmental authorities for the development, construction or operation of the Project throughout the Term ("**Applications**").

2. Commencement and Effective Date

2.1 The duration and validity of the PTA shall commence on the date of the PTA, being 21 August 2013 and shall continue for the Term.

2.2 The effective date of the PTA shall be the later of:

(i) the date by which EDC has confirmed to LYP that it has received or (where permitted) waived its rights to receive the relevant required documents from LYP; and

(ii) the date LYP has confirmed to EDC that it has received or (where permitted) waived its right to receive the relevant Royal Decrees, written confirmation from the EDC board of directors and the Implementation Agreement.

2.3 The scheduled COD for the Project being the date the Project is scheduled to commence commercial operation shall be 30 November 2017.

The COD was subsequently changed to 1 January 2018, pursuant to EDC declaration and the Project has been fully commissioned on 1 January 2018.

3. EDC's Right to Use the Project

3.1 EDC has the exclusive right to use 100% of the Project capacity that is available from time to time. LYP shall use the Project capacity solely to enable it to perform its obligations under the PTA and the Implementation Agreement and shall not license or allow any third party to use the Project capacity for the transmission of electrical energy.

3.2 LYP will make the Project capacity available to EDC throughout the Term commencing from the COD and operate the Project in accordance with the terms of the PTA.

3.3 If LYP ceases to operate the Project (other than for scheduled outage or forced outage) after the COD for at least 72 consecutive hours following a Company Event of Default (as defined in paragraph 7.1 below) and the expiration of the relevant cure period, then EDC shall immediately be entitled to enter the Project site and operate the Project until it decides to terminate the PTA or when it is satisfied that LYP has the capability to resume normal operations of the Project.

4. Power Transmission Charges

4.1 LYP shall be entitled to receive the power transmission charge from EDC during the Term of the Project until the expiry of the Term or the earlier termination of the PTA. ***Please refer to paragraph C below for the rates of the power transmission charge.***

4.2 The charges will be invoiced on a monthly basis (which is computed based on the applicable annual charge divided by 12) and payment shall be made by EDC within 30 days of its receipt of the invoice.

5. Indemnity and Liability

5.1 Subject to paragraph 5.2 below, each party shall indemnify, defend and hold harmless the other party from and against all liabilities, damages, losses, expenses and claims of any nature for death, personal injury and for damage to or loss of any property arising out of or in any way connected with the indemnifying party's default, negligence or wilful misconduct in the performance of its obligations under the PTA, except to the extent that such death, personal injury, damage or loss is attributable to a negligent or intentional act or omission of the claiming party or the failure of the claiming party to take reasonable steps in mitigation thereof.

5.2 Unless as otherwise stated in the PTA, no party shall be liable for consequential or indirect damages or losses (including loss of profit) suffered by the other party.

5.3 No party shall be entitled to make any claim for indemnity until the claim amount for all such claims by such claiming party at the time exceeds USD0.20 million in the aggregate or such claim, if not made, will be barred by the relevant statutory limitation period.

6. Assignment and Security

6.1 Save for security assignments to lenders, neither party may assign its rights and/or transfer its obligations under the PTA without the prior written consent of the other party.

6.2 The rights and obligations of LYP under the PTA shall be novated to a special purpose company within 6 months of the date of PTA and prior to submitting any Applications.

6.3 LYP shall not assign or otherwise transfer any material part of the plant and apparatus associated with the Project or its assets without the prior written consent of EDC.

7. Defaults and Termination

7.1 EDC may terminate the PTA upon the occurrence of, among others, any of the following events ("**Company Event of Default**") unless such event is caused by or attributable to EDC:

(i) termination of the Implementation Agreement due to the default of LYP;

(ii) any assignment or transfer by LYP in breach of paragraph 6.1 above;

(iii) except for the purpose of amalgamation or reconstruction of LYP which does not materially affect the ability of LYP to perform its obligations under the PTA:

(a) passing of shareholders' resolution for the winding up of LYP;

(b) the appointment of a receiver or a provisional manager over the whole or a material part of LYP's assets; or

(c) the making by a court of an order for the winding up or the dissolution or liquidation of LYP.

7.2 LYP may terminate the PTA upon the occurrence of, among others, any of the following events ("**EDC Event of Default**") unless such event is caused by or attributable to LYP:

(i) EDC dissolves or liquidates, other than voluntary dissolution or liquidation as part of a reorganisation or reconstruction, which does not materially affect the ability of the resulting entity to perform its obligations under the PTA; or

(ii) termination of the Implementation Agreement due to the default of MIME.

7.3 If EDC terminates the PTA due to a Company Event of Default, EDC shall purchase the Project assets from LYP based on an agreed pricing formula.

7.4 If LYP terminates the PTA because of an EDC Event of Default or a force majeure-political event, LYP has an option to require EDC to purchase the Project and EDC shall have the obligation to purchase the Project at the price based on an agreed pricing formula.

8. Resolution of Disputes

8.1 Any disputes in connection with the PTA, which cannot be resolved amicably by way of mutual discussions, shall be referred to arbitration at Singapore International Arbitration Centre (SIAC) in Singapore using SIAC Rules.

9. Governing Law

9.1 The PTA shall be governed by and construed in accordance with the laws of the Kingdom of Cambodia, excluding provisions under the dispute resolutions provision of the PTA which may direct the application to the laws of another jurisdiction. In the event there are no applicable laws in Cambodia, except as otherwise provided in the PTA, the laws of England shall apply.

B. <u>PTA Novation Agreement</u>

Pursuant to the terms of the PTA (and as set out in paragraph 6.2 above), EDC, LYP and DPL have entered into the PTA Novation Agreement for the novation of the rights and obligations of LYP under the PTA to DPL, being the special purpose company, effective from 24 March 2015.

DPL shall, from the effective date, become a party to the PTA, enjoying all of the rights and being subject to all obligations of LYP under the PTA as if DPL has been a party to the PTA in lieu of LYP.

C. <u>PTA Amendment No. 1</u>

Subsequent to the PTA Novation Agreement, EDC and DPL have entered into the PTA Amendment No. 1 to amend certain provisions of the PTA (including those arising from the above novation). Such amendments include a revision to the power transmission charges for use of the Project, as elaborated below:

(i) DPL shall be entitled to receive from EDC the following amount to be paid periodically by EDC during the Concession Period:

(a) For the first 3 years from the COD, USD12,250,000 per annum; and

(b) From the 4th year from the COD until the end of the Concession Period, USD18,215,910 per annum.

VALUATION LETTER BY FHCA

bakertilly

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8 November 2022

The Board of Directors
PESTECH INTERNATIONAL BERHAD
No 26, Jalan UTARID U5/14
Seksyen U5
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Strictly Private & Confidential

Dear Sirs

FAIR MARKET VALUE OF A 230Kv KAMPONG CHAM – KRATIE TRANSMISSION SYSTEM PROJECT LOCATED IN CAMBODIA ("PROJECT") ("EVALUATION")

1.0 INTRODUCTION

Pestech International Berhad ("**PIB**" or "**Company**") proposes to dispose the Project for a disposal consideration to be determined at a later stage ("**Proposed Disposal**").

FHMH Corporate Advisory Sdn Bhd ("**FHCA**") has been appointed by the Board of Directors of PIB on 7 October 2022 as the Independent Business Valuer to assess and opine on the fair market value of the Project ("**Letter**") for the purposes of the inclusion in the circular to the shareholders of PIB in connection with the Proposed Disposal.

2.0 BACKGROUND INFORMATION OF THE PROJECT

The Project is held by Diamond Power Limited ("**DPL**"), a 60% owned subsidiary of Pestech Power Sdn Bhd, which is the wholly-owned subsidiary of PIB. Based on the Power Transfer Agreement ("**PTA**") dated 21 August 2013 entered between Electricite Du Cambodge ("**EDC**") and L.Y.P. Group Co., Ltd ("**LYP**"), the Project has the duration and validity period of 25 years concession period from the Commercial Operation Date ("**COD**"), which was on 1 January 2018. Currently, the Project has a remaining 20 years of concession period.

3.0 TERMS OF REFERENCE

The basis of our opinion is the fair market value which is defined as the arms' length price at which such asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, in an open and unrestricted market and both having reasonable knowledge of relevant facts. The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristic of a typical buyer or seller.

Sources of Information

The sources of information which we have used to form our opinion on the fair market value of the Project are as follows:-

(i) Audited financial statements of DPL for the financial year ended 30 June ("**FYE**") 2022;
(ii) Management accounts ("**MA**") of DPL for the 2-month financial period ended ("**FPE**") 31 August 2022;

(iii) Cash flow forecast and projections of the Project from the FYE 2023 to the FYE 2043 ("**Future Financials**");
(iv) PTA and the Implementation Agreement ("**IA**") dated 25 June 2015;
(v) Novation Agreement dated 24 March 2015 for the PTA entered between EDC, LYP and DPL, of which DPL will assume the role and responsibility and the Project Company;
(vi) Novation Agreement dated 20 March 2015 for the IA entered between the Ministry of Mines and Energy of Cambodia, LYP and DPL, of which DPL will assume the role and responsibility and the Project Company;
(vii) Operation and Maintenance Agreement dated 26 February 2018 entered between DPL and Pestech (Cambodia) Limited ("**O&M Agreement**")
(viii) Facility Agreement dated 29 July 2019 entered between DPL and Bank of China (Hong Kong) Limited, Phnom Penh Branch;
(ix) Insurance policies issued by Edge Broker (London) Ltd and Forte Insurance (Cambodia) Plc in relation to the Project ("**Insurance Policies**");
(x) Letter dated 26 August 2021 issued by the Ministry of Economy and Finance, General Department of Taxation ("**GDT**") in relation to the tax exemption granted to DPL for a period of nine (9) years commencing on the COD;
(ii) Representations and explanations by the management and representative of the Company ("**Management**"); and
(iii) Other publicly available information in respect of the industry that the Project.

Nothing has come to our attention that the information that was publicly available or supplied or otherwise made available to us by the Management, which such information formed a substantial basis of our opinion and we express no opinion on such documents, financials and/or other information, are invalid, inaccurate and/or incomplete. We have also relied on the Management to exercise due care to ensure that all information and documents provided to us and that all relevant facts, information and representations necessary for our Evaluation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

We have not undertaken an independent investigation into the business and the Future Financials of the Project. We have also assumed that the Proposed Disposal will be implemented based on the terms as set out in the relevant agreements without material waiver or modification. It should be noted that valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein, the prevailing economic, market and other conditions that may change significantly over a relatively short period of time. It should also be highlighted that the valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the relevant reports were based

Date of Opinion

The date of our opinion is 17 October 2022 (herein also referred to as the "**Date of Opinion**"), which is our date of valuation.

Scope and Limitation of Review

FHCA was not involved in the formulation or any deliberation and negotiation on the terms and conditions of any corporate exercise intended to be undertaken by the Company. Our role as the Independent Business Valuer does not extend to expressing an opinion on the commercial merits of any corporate exercise intended to be undertaken by the Company and this remains solely the responsibility of the Board of the Company, although we may draw upon their views in arriving at our opinion.

As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Evaluation and/or any corporate exercise contemplated by the parties.

The Management is responsible to make available to us all relevant information pertaining to the Evaluation, including informing us of any material changes in the subject matters which may have an impact on our opinion. Our work includes holding discussions and making enquiries with the Management regarding representations made on the Project. We rely on the Management's oral and written representations and in no event shall we, our partners, principals, directors, shareholders, agents or employees are liable for any misrepresentations by the Management. Our procedures and inquiries did not include any verification work that constitutes an audit on the information that we have relied upon in preparing this Letter. Further, certain information relied upon are only representation of the Management.

With regards to the Future Financials furnished to us by the Management, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgement by the Management on the future financial performance of the Project and of which the Management is solely responsible for the bases and assumptions and the preparation and presentation of the same. The preparation of this Letter is based upon market, economy, industry and other conditions prevailing as at the Date of Opinion, as well as publicly available information and information provided to us by the Company. Such conditions may change significantly over a relatively short period of time. No representation or warranty, whether expressed or implied, is given by FHCA that the information and documents provided will remain unaltered subsequent to the issuance of this Letter.

We will obtain a responsibility statement from the Management that all material facts, financial and other information essential to our Evaluation have been disclosed to us and that they have seen this Letter and they, individually and collectively, accept full responsibility for the accuracy of such information contained in this Letter, and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

4.0 VALUATION METHODOLOGY

Basis and Method Used to Form an Opinion on Evaluation

In establishing our opinion on the Evaluation, FHCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the Project's future earnings generating capabilities, projected future cash flows, its sustainability as well as various business considerations and risk factors affecting its business.

The valuation methodology considered and selected by FHCA to evaluate the fair market value of the Project is based on the Discounted Free Cash Flow to Firm ("**FCFF**") Methodology as the underlying value of the Project is to be derived from its concession business as per the PTA, of which has a remaining concession period of approximately 20 years.

Further, FHCA has also considered other valuation methodologies and found that the following methodologies are not suitable in the assessment of the fair market value of the Project based on the following factors:-

Valuation Methodologies	Discussion
Revalued Net Asset Valuation ("**RNAV**")	RNAV method seeks to adjust the net asset of a company to take into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. It should be noted that the underlying value of the Project are more likely to be derived from its future business operations instead of its asset.
Comparable Transaction Analysis ("**CTA**")	CTA is a valuation method which seeks to compare against other recent comparable transactions undertaken by companies listed on local and/or regional stock exchanges that had entered into proposed acquisitions of similar assets. It also reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past. As the prevailing market condition had changed drastically in view of the COVID-19 pandemic, CTA, which typically make reference to precedent transactions transacted in the past three (3) years, may not accurately reflect the fair market value of the Project. We have conducted our searches on precedent transactions for the past three (3) years from S&P Capital IQ as at Date of Opinion and concluded that there were no recent comparable transactions of similar assets/ project.
Relative Valuation Approach ("**RVA**")	RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the RVA, reference was made to the valuation statistics of comparable companies to get an indication of the current market expectation with regards to the implied value of the Project and compared the implied trading multiples to determine the Project's financial worth. We have concluded that RVA is not suitable to determine the fair market value of the Project as RVA seek to compare a company's implied trading multiple but not on a project.

Discounted FCFF Methodology

Discounted FCFF Methodology is a valuation methodology which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company.

Enterprise value = Present value of Projected FCFF based on the Future Financials

$$V_o = \frac{FCFF_1}{(1+DR)^1} + \frac{FCFF_n}{(1+DR)^n}$$

Where:
V_o = Value today
$FCFF_1$ = Expected FCFF in year 1
*DR = Discount rate derived using the Weighted Average Cost of Capital ("**WACC**")*
n = represent time, in years into the future

The projected FCFF was determined annually based on the Project's Future Financials which shall be discounted using the WACC. The WACC formula is as follows:

WACC = [Cost of Equity X Equity / Capital] + [Cost of Debt X Debt / Capital X (1 – Corporate Tax Rate)]

The cost of equity takes into account a combination of risk factors associated with the industry in which the Project is involved in, namely, the systematic risk, i.e. the inherent market risk such as the interest rate fluctuation, and the capital structure, i.e. the financing risk. These risks are translated into the cost of equity which is built upon the Capital Asset Pricing Model ("**CAPM**"). The cost of equity formula is as follows:

Cost of equity = Risk-Free Rate + [Re-geared Beta X (Market Return – Risk-Free Rate)]

For the purposes of the Discounted FCFF Methodology, reference was made to companies that primarily involved in the energy sector which hold certain concession assets with majority of its revenue derived from the transmission and distribution of electricity as well as listed on the Cambodia Securities Exchange ("**CSE**"). Considering the searches made on CSE did not return with satisfactory findings, similar reference was made to valuation statistic of publicly listed companies listed on the exchanges in South-East Asia and we have found those companies that are listed on the Philippine Stock Exchange ("**PSE**"), the Hanoi Stock Exchange ("**HNX**"), the Ho Chi Minh City Stock Exchange ("**HOSE**") and the Indonesia Stock Exchange ("**IDX**"). The selected companies are those in which we consider to be broadly comparable to the Project ("**Comparable Companies**"), are summarised later in this section.

In arriving at the appropriate discount rate, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the betas of available Comparable Companies with relevant adjustments made taking into consideration the gearing and the risk profile as well as other risk factors that may affect the Project.

All information obtained was sourced from S&P Capital IQ as at the Date of Opinion unless stated otherwise.

For the purpose of assessing the indicative fair market value of the Project, the Comparable Companies' betas are adjusted (de-geared) for their individual gearing ratio, and then re-geared based on the Project's funding ratio of 70% debt and 30% equity as represented by the Management.

It is important to note that the Comparable Companies tabulated herein are by no means exhaustive and may differ from the Project in terms of, inter alia, composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, future prospects, capital structure, marketability of their securities and other criteria.

One should also note that any comparisons made with respect to the Comparable Companies are merely to provide an indication to the implied valuation of the Project and the selection of Comparable Companies and adjustments made are highly subjective and judgmental and the selected companies may not be entirely comparable due to various factors.

The details of the Comparable Companies and the input parameters for CAPM as extracted from S&P Capital IQ as at the Date of Opinion are set out as follows:

Comparable Companies	Exchange/ Country	Principal activities
Alsons Consolidated Resources Inc ("**Alsons**")	PSE/ the Philippine	Engages in the energy and power, property development, and other investment businesses primarily in the Philippines.
Vivant Corporation Inc ("**Vivant**")	PSE/ the Philippine	Engages in the generation, distribution, and retails electric power in the Philippines.

Comparable Companies	Exchange/ Country	Principal activities
Pha Lai Thermal Power Joint Stock Company ("**Pha Lai**")	HOSE/ Vietnam	Engages in the generation and sale of electricity in Vietnam.
PT Cingkaran Listrindo ("**CL**")	IDX/ Indonesia	Engages in the generation, marketing, distribution, and agency of electric power in Indonesia.
Vinacomin-Power Holding Corporation ("**Vinacomin**")	HNX/ Vietnam	Engages in the investment, construction, exploitation, operation, and management of thermal and hydro power plants.

Comparable Companies	Market Cap (RM million)	Levered Beta	Net Debt/ Equity	Unlevered Beta
Alsons	407.89	0.45	186.59	0.19
Vivant	1,050,17	0.71	3.93	0.70
Pha Lai	939.28	0.70	0.00	0.70
CL	3,206.47	0.89	40.90	0.68
Vinacomin	1,245.20	0.51	98.60	0.28
Median				0.68

Bases and Assumptions for Future Financials

The Future Financials have been prepared based on a set of assumptions made by the Management of the Project, which includes assumptions about future events and outlook that may or may not necessarily occur. In particular, the Future Financials are dependent on the achievability of the specific assumptions as set out below.

The FCFF for each financial year in the Future Financials used to derive at the Discounted FCFF valuation are extracted from the estimate, forecast and projections based on the Management's best estimate. Further, the Discounted FCFF Methodology is a commonly used investment appraisal technique to evaluate the attractiveness of an investment opportunity which takes into consideration, amongst others, the time value of money as well as future cash flows to be derived from the business over a specific period of time. The actual results may vary considerably from the Future Financials.

As the Discounted FCFF methodology entails the discounting of future cash flows to be earned by the equity holders at a specified discount rate to arrive at the fair value of the investment, the riskiness of generating such cash flows will also be taken into consideration.

Notwithstanding the above, we wish to highlight that the Discounted FCFF valuation is based on prevailing economic, market and other conditions as at Date of Opinion for valuation parameters, in addition to publicly available information and information provided by the Company. Such conditions may change significantly over a short period of time. The resultant effect of such changes may materially and/or adversely affect the valuation. In particular, the Future Financials are dependent on the achievability of the specific assumptions as set out below. The results of the Future Financials can be materially affected by economic and other circumstances.

The specific key assumptions are as follows:-

(i) Revenue is derive based on the power transmission charges, which are set out in the PTA. The power transmission charges commencing from the COD of the Project until the end of its concession period are as follows:-

(a) For the first three years from the COD: USD 12,250,000 per year; and
(b) For the 4th year from the COD: USD18,215,910 per year.

(ii) Operating and maintenance cost is undertaken by Pestech (Cambodia) Limited, at a monthly operating fee of USD102,000, which shall translate to USD1,224,000 per annum. As set out in the O&M Agreement, the said cost shall be revised up at a rate of 3.5% per annum up to the end of the concession period;

(iii) Other operating fees includes the rental, electricity and salary are estimated at USD420,000 per annum until the end of the concession period, insurance payments are as per the Insurance Policies and payment to EDC;

(iv) DLP has obtained the tax exemption for a period of nine (9) year as per the letter dated 26 August 2021 issued by GDT and is assumed that the potential buyer will obtain the said tax exemption and commence payment on the FYE 2028 onwards. Taxation is estimated based on Cambodia corporate tax rate of 20.0%;

(v) No capital expenditure is estimated throughout the concession period as the Management represented that it is part and parcel of the operation and maintenance cost.

General Assumptions

(i) There will be no significant changes in the principal activities, key management personal, operating policies, accounting and business policies presently adopted by the Management;

(ii) The Future Financials have been prepared based on prevailing economic conditions and information available as at the date of its preparation and does not encompass any assessment of the potential for future changes in the economic conditions in Cambodia;

(iii) There will be no significant changes to the prevailing economic, political and market conditions in Cambodia that will have direct and indirect effects on the activities of the Project and performance of the Project and the business of the customers and suppliers;

(iv) There will be no material changes to the present legislation and Cambodian government's regulations and other operation regulations or restrictions affecting the activities or the market in which the Project operates;

(v) There will be no significant changes in the credit period granted or received by the Project;

(vi) The statutory income tax rate and other relevant duty and tax rate will remain at their respective existing rates with no significant changes in the bases of taxation and there will be no significant changes in the structure which would adversely affect the cash flows of the Project;

(vii) There will be no material adverse effect from service disruptions, equipment or network breakdown or other similar occurrences, wars, epidemic, terrorist attacks and other natural risks, both domestic and foreign, which will adversely affect the operations, income and expenditure of the Project;

(viii) The rate of inflation will not fluctuate significantly from their projected levels;

(ix) There will be no significant changes in wages, supplies, administration, overhead expenses and other costs other than those forecast and projected;

(x) There will be no termination of any significant agreements or contracts from which the legal rights accrue to the Project, wherein the assumption of revenue is derived; Such agreements or contracts are assumed to be renewed based on current terms upon expiry, except for the PTA and the O&M Agreement;

(xi) There will be adequate supply of manpower and other relevant resources for its business activities; and

(xii) There will be no major legal proceedings against the Project which will adversely affect the activities or performance of the Project.

Evaluation of fair market value of the Project

In the evaluation of the fair market value of the Project, and based on the Discounted FCFF Methodology using the Future Financials as provided by the Management and the inputs from the Comparable Companies, the following were noted:

CAPM Inputs	
Net Debt/Equity Ratio of Project [1]	233.3%
Risk-Free Rate [2]	5.28%
Market Return [3]	4.24%
Country Risk Premium [4]	5.44%
Re-geared Beta [5]	1.94
Illiquidity Premium [6]	4.00%
Cost of equity derived using CAPM	22.94%
Cost of debt after tax [7]	4.04%
WACC	9.71%
Enterprise Value ("**EV**") of the Project	**USD121.65 million (Equivalent to RM573.89 million)** [8]

Notes:

[1] *Based on of the Project's funding ratio of 30% equity and 70% debts.*

[2] *As there are no reliable sources on the risk-free rate in Cambodia, we have applied the Fisher Effect methodology in arriving at the risk-free rate in Cambodia by taking into consideration the historical inflation rate of Cambodia and compare against the risk-free rate and the inflation rate of a mature market, i.e. the United States of America ("**US**"). Fisher Effect is an economic theory that describe the relationship between inflation and both real and nominal interest rate. The risk-free rate adopted is calculated based on the formulae set out as follows:-*

$$Rf = (1+US\ Rf) \times \frac{(1 + \text{Cambodia inflation rate})}{(1+ \text{US inflation rate})} - 1$$

Where:

Rf	*Implied risk-free rate of Cambodia*
US RF	*Based on the US 20 years Treasury Rate of 4.29% as of the Date of Opinion, in view that the Project has the concession period of remaining 20 years.*
Cambodia inflation rate	*Based on the average historical ten (10) years inflation rate as extracted from World Bank. A 10-year period is selected as it is reflective of the most recent economic cycle.*
US inflation rate	*Based on the average historical ten (10) years inflation rate as extracted from World Bank.*

Other than the US being a mature market, the selection and adoption of the US risk free rate and inflation rate are also due to the availability of long-term historical data as well as the main currency in Cambodia is USD.

[3] Based on the equity risk premium of a mature equity market as extracted from http://pages.stern.nyu.edu/~adamodar/ as at 5 January 2022, being the latest available information.

[4] Based on the country risk premium of Cambodia as extracted from http://pages.stern.nyu.edu/~adamodar/ as at 5 January 2022, being the latest available information, considering that the Project is situated in Cambodia.

[5] Re-geared beta is arrived at based on the net debt/equity ratio of the Project.

[6] An illiquidity premium of 4.0% had been applied to derive the discount rate using CAPM to account for the lack of marketability and unsystematic risk as extracted from http://people.stern.nyu.edu/adamodar/pdfiles/country/illiquidity.pdf.

[7] Based on the highest applicable interest rate for the Project's existing banking facility with Bank of China (Hong Kong) Limited.

[8] The exchange rate adopted is USD1.00: RM4.7175 as at the Date of Opinion as extracted from Bank Negara Malaysia

No terminal value is being considered as the Project has a finite period as per the PTA.

Based on the underlying assumptions of the Future Financials, we have performed a sensitivity analysis on two key parameters, namely the discount rate and the variable cost as these assumptions have significant impact on the implied valuation of the Project. We have stress tested the Future Financials by varying the values adopted in the discount rate by a 1.0% upward and certain variable cost by a 3.0% upward variance to arrive at a reasonable range of valuation of the Project. As the revenue for the Project is fixed under the PTA, hence on the prudent basis, we do not consider any upward adjustment in relation to the Project's revenue.

The variance parameters for the discount rate and certain variable cost are selected after considering the followings:-

(i) The average annual real GDP growth for Cambodia from year 2011 to 2021 is 5.9% as extracted from the World Bank. Cambodia's GDP growth for 2019, 2020 and 2021 were 7.0%, -3.1% and 3.0% respectively;

(ii) Cambodia core inflation rate from 2011 to 2022 based on information extracted from trading economic ranges from 0.7% to 6.2%; and

(iii) The average annual inflation rate for Cambodia from year 2011 to 2021 is 3.0% as extracted from World Bank. Cambodia's inflation rate for 2019, 2020 and 2021 were 1.9%, 2.9% and 2.9% respectively.

Based on the above, we are of the opinion that the 1.0% upward and 3.0% upward variance adopted for the discount rate and certain variable cost are reasonable to take into consideration the range of possible fluctuations in the business to not only take into consideration the potential downturn due to unforeseen circumstances.

Premise on the above, the fair valuation of the Project ranges from USD114.20 million to USD121.65 million, equivalent to RM538.74 million to RM573.89 million.

5.0 LIMITATIONS

One should also recognise that there is no publicly listed company which may be considered to be identical to the Project in terms of, inter-alia, scale of business operations, risk, profile, accounting and tax policies, track record, future prospects, competitive environment, financial positions and that such business may have fundamentally different profitability objectives.

One should also note that any comparison made with respect to the Comparable Companies are merely to provide a comparison to the implied valuation of the Project and the selection of Comparable Companies are highly subjective and judgemental and the selected Comparable Companies may not be entirely comparable due to various factor.

Further, the Discounted FCFF Methodology to a certain extent places reliance on the Future Financials, which is the net result of forecasting a range of variables for significant periods of time, most of which cannot be forecast and projected with a high degree of precision.

The valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein. Key variables such as economic growth, demand, competition and regulatory policies are beyond the control of the DPL. The Future Financials are also typically very sensitive to small changes in key variables and changes in environmental and economic conditions.

As such, relatively small changes in key variables can have a significant impact on the output of the abovementioned valuation model. It should also be noted that the valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the Future Financials were based.

As a result, the range of values that can be produced by a particular valuation model can be quite wide using combinations of assumptions which individually may appear reasonable. A degree of professional judgement is required to establish the range of values in any valuation exercise.

6.0 CONCLUSION

It should be recognised that the valuation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgement. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the fair market value of the Project, FHCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the Project's future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

The valuation methodology considered and selected by FHCA to opine of the fair market value of the Project is based on solely the Discounted FCFF Methodology.

Based on the Discounted FCFF Methodology, the fair market value on the Project ranges from USD114.20 million to USD121.65 million, equivalent to RM538.74 million to RM573.89 million.

7.0 RESTRICTIONS

Save for the purpose stated herein, this Letter cannot be relied upon by any party other than the Company. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Letter, in whole or in part. We are not required to give testimony or to be in attendance in court with reference to the opinion herein provided. Neither FHCA nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this Letter, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this Letter, or any part hereof.

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Should FHCA become aware of any significant change affecting the information contained in this Letter or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or have reasonable grounds to believe that there is material omission in this Letter, we will immediately notify the Board of the Company.

Yours faithfully

FHMH CORPORATE ADVISORY SDN BHD

NG WOON LIT
DIRECTOR

DING SU-LYNN
DIRECTOR

PESTECH INTERNATIONAL BERHAD
(Company No.: 201101019901 (948035-U))
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member firm of Grant Thornton International Ltd.

GrantThornton

REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022
(Prepared for inclusion in the Circular to Shareholders)

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Date: 9 December 2022

The Board of Directors
PESTECH International Berhad
No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

PESTECH INTERNATIONAL BERHAD (THE "COMPANY")

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN A CIRCULAR TO SHAREHOLDERS

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of the Company and its subsidiaries (collectively known as the "Group") as at 30 June 2022, together with the notes and assumptions thereto (as set out in Appendix A for which we have stamped for the purpose of identification), prepared by the Directors of the Company for inclusion in the Circular to Shareholders of the Company ("Circular to Shareholders") in connection with the Proposed Disposal by Diamond Power Limited, a 60%-owned indirect subsidiary of the Company, of the 230kV Kampong Cham-Kratie Transmission System for a total consideration of USD118.00 million ("Proposed Disposal").

The applicable criteria on the basis of which the Directors has compiled the pro forma consolidated statement of financial position are described in the notes to the pro forma consolidated statement of financial position.

The pro forma consolidated statement of financial position as at 30 June 2022 have been compiled by the Directors of the Company to illustrate the effects of the Proposed Disposal as if the Proposed Disposal has been implemented and completed on 30 June 2022. As part of this process, information about the Group's financial position as at 30 June 2022 have been extracted by the Directors of the Company from the Group's audited consolidated statements of financial position as at 30 June 2022, on which was reported by us to the members of the Company on 17 October 2022 without any modification.

Directors' responsibilities for the Pro forma consolidated statement of financial Position

The Directors of the Company are responsible for compiling the pro forma consolidated statement of financial position as at 30 June 2022 on the basis set out in the notes to the pro forma consolidated statement of financial position and in accordance with the Malaysian Institute of Accountants'("MIA") Guidance Note for Issuers of Pro Forma Financial Information.

GrantThornton

Reporting Accountants' Independence and Quality Control

We are independent in accordance with By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Control ("ISQC") 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, about whether the pro forma consolidated statement of financial position have been complied, in all material respects, by the Directors of the Company on the basis set out in the notes to the pro forma consolidated statement of financial position and in accordance with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statement of financial position on the basis set out in the notes to the pro forma consolidated statement of financial position and in accordance with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.

The purpose of the pro forma consolidated statement of financial position included in the Circular to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position have been compiled, in all material aspects, on basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statement of financial position provides a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statement of financial position reflects the proper application of those adjustments to the Company's audited consolidated statements of financial position as at 30 June 2022.

GrantThornton

Reporting Accountants' Responsibilities (cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statement of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statement of financial position of the Group have been properly compiled, in all material respects, on the basis as set out in the notes to the pro forma consolidated statement of financial position and in accordance with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

Other Matter

This report has been prepared solely for the purpose of inclusion in the Circular to Shareholders in connection with the Proposed Disposal. As such, this letter should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

The pro forma consolidated statement of financial position as at 30 June 2022 has been compiled for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Company as at 30 June 2022 had the Proposed Disposal as set out in Note 2 been effected on 30 June 2022, and should be read in conjunction with the notes accompanying the pro forma consolidated statement of financial position.

		Audited as at 30 June 2022 RM'000	Effect of Proposed Disposal RM'000	Proforma I RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		248,988		248,988
Intangible assets	3.1	92,799	(72,292)	20,507
Investment in associates		1,230		1,230
Derivative financial assets	3.2	2,975	(2,975)	-
Contract assets	3.3	956,942	(475,683)	481,259
Total non-current assets		1,302,934		751,984
Current assets				
Contract assets	3.3	1,190,822	(80,296)	1,110,526
Inventories		28,570		28,570
Trade receivables		222,174		222,174
Other receivables	3.4	108,870	(9,938)	98,932
Amount due from associate		2,833		2,833
Tax recoverable		5,561		5,561
Cash and short-term deposits	3.5	168,980	269,893	438,873
Total current assets		1,727,810		1,907,469
Total assets		3,030,744		2,659,453
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the Company:				
Share capital		232,942		232,942
Treasury shares		(4,183)		(4,183)
Fair value reserve	3.6	(1,336)	(1,661)	(2,997)
Exchange translation reserve	3.7	24,855	(124)	24,731
Capital reserve		8,534		8,534
Merger deficit		(33,137)		(33,137)
Retained earnings	3.8	425,466	(83,847)	341,619
		653,141		567,509
Perpetual SUKUK		100,000		100,000
Non-controlling interests	3.9	174,342	(56,738)	117,604
		7,483		785,113

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

The pro forma consolidated statement of financial position as at 30 June 2022 has been compiled for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Company as at 30 June 2022 had the Proposed Disposal as set out in Note 2 been effected on 30 June 2022, and should be read in conjunction with the notes accompanying the pro forma consolidated statement of financial position (cont'd).

		Audited as at 30 June 2022 RM'000	Effect of Proposed Disposal RM'000	Proforma I RM'000
EQUITY AND LIABILITIES (CONT'D)				
LIABILITIES				
Non-current liabilities				
Derivative financial liabilities		6,264		6,264
Lease liabilities		10,579		10,579
Loans and borrowings	3.10	780,147	(103,817)	676,330
Deferred tax liabilities		4,693		4,693
Trade payables		21,722		21,722
Total non-current liabilities		823,405		719,588
Current liabilities				
Contract liabilities		2,377		2,377
Trade payables		572,431		572,431
Other payables		117,661		117,661
Lease liabilities		2,256		2,256
Loans and borrowings	3.10	581,358	(125,104)	456,254
Derivative financial liabilities		535		535
Tax payable		3,238		3,238
Total current liabilities		1,279,856		1,154,752
Total liabilities		2,103,261		1,874,340
Total equity and liabilities		3,030,744		2,659,453
Issued & paid-up share capital (Unit'000)		992,221		992,221
Net assets per share (excluding treasury shares)		0.66		0.58
Total borrowing		1,361,505		1,132,584
Net borrowings (excluding cash and short-term deposits)		1,192,525		693,711
Gearing ratio (times)		1.47		1.44
Net gearing (times)*		1.29		0.88

* Computed based on net borrowings, after excluding cash and short-term deposits divided by total equity.

Stamped for the purpose of identification on:
09 DEC 2022
GRANT THORNTON MALAYSIA PLT

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. BASIS OF PREPARATION

The pro forma consolidated statement of financial position of Pestech International Berhad (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 together with the notes to the pro forma consolidated statement of financial position, for which the Directors are solely responsible, has been compiled for illustrative purpose only, in connection with the Proposed Disposal of the 230kV Kampong Cham-Kratie Transmission System (the "Project") which owned by Diamond Power Limited ("DPL"), a 60%-owned indirect subsidiary of the Company, pursuant to the Business Transfer Agreement entered between DPL and Cambodian Transmission II Co. Ltd, a wholly-owned subsidiary of Leader Transmission Limited on 20 October 2022, for a total cash consideration of United States Dollar ("USD") 118.00 million ("Proposed Disposal").

The pro forma consolidated statement of financial position as at 30 June 2022 and the notes thereon have been compiled based on the assumptions that the Proposed Disposal as set out in Note 2 had been effected on 30 June 2022.

Applicable criteria

The pro forma consolidated statement of financial position as at 30 June 2022 have been compiled by the Directors in accordance with the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information for illustrative purposes only to show the effects of the Proposed Disposal as set out in Note 2 on the audited consolidated statement of financial position of the Group as at 30 June 2022, and should be read in conjunction with the notes in this section.

The pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been attained had the events and transactions actually occurred at the respective dates. Such information, because of its hypothetical nature, may not give a true picture of the actual financial position of the Group. Furthermore, such information does not purport to predict the Group's future financial position.

The pro forma consolidated statement of financial position as at 30 June 2022 have been compiled based on the audited consolidated statement of financial position of the Group as at 30 June 2022, which have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the consolidated statement of financial position and the accounting policies adopted by the Group.

The auditors' report of the audited consolidated statement of financial position of the Group as at 30 June 2022 was not subject to any qualification, modification or disclaimer of opinion.

The historical financial information of the Group is presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information has been rounded to nearest RM'000, unless otherwise stated.

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

2. PRO FORMA ADJUSTMENTS - PRO FORMA I

Pro forma I illustrate the effects of the Proposed Disposal which entail the following:

Loss on disposal of the Project

The expected loss on disposal of the Project are as follows:

Description	**Note**	**RM'000**
Disposal consideration	(a)	520,144
Less: Net carrying amount as at 30 June 2022		
- Contract asset from a customer on concession arrangement		(555,979)
- Intangible asset		(72,292)
- Insurance prepayment		(9,938)
Less: Estimated expenses for the Proposed Disposal to be incurred by the Company	(b)	(524)
Less: Estimated capital gain tax	(c)	(20,806)
Loss from Proposed Disposal		(139,395)
Loss from Proposed Disposal (after tax) attributed to:		
Owners of the Company		(83,847)
Non-controlling interests		(55,548)
		(139,395)

(a) The Disposal consideration of USD118.0 million is translated to RM520.14 million at RM4.408: USD1, middle rate quoted by Bank Negara Malaysia at 5:00 p.m. on 30 June 2022, being the rate ruling the audited consolidated statement of financial position of the Group as at 30 June 2022.

(b) The other cost of disposal consists of professional fees, fees payable to the relevant authorities, costs of convening the extraordinary general meeting of the Company, as well as other miscellaneous expenses to be incurred in relation to the Proposed Disposal.

(c) DPL estimated the capital gain tax payable to Cambodian tax authority based on Determination Based Method, i.e. capital gain tax of 20% on the 20% of the Disposal consideration. The actual capital gain tax is subject to the final assessment by a tax consultant to be appointed by DPL prior to the completion of the Proposed Disposal.

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

2. PRO FORMA ADJUSTMENTS - PRO FORMA I (CONT'D)

Pro forma I illustrate the effects of the Proposed Disposal which entail the following (cont'd):

Proposed utilisation of proceeds

For the purpose of illustration in the pro forma consolidated statement of financial position, it is assumed that the cash consideration of USD118.0 million, which is equivalents to RM520.14 million has been received and partially utilised on 30 June 2022 in the following manner:

		As at 30 June 2022	
Description	**Note**	**USD'000**	**RM'000***
In respect of DPL:			
Repayment of bank borrowings	(a)	37,012	163,149
Working capital	(b)	1,813	7,992
Withholding tax of 14%	(c)	5,183	22,846
Dividend distribution by DPL	(c)	24,728	109,001
Estimated expenses for the Proposed Disposal		4,720	20,806
In respect of the Group (other than DPL):			
Repayment of bank borrowings	(a)	14,921	65,772
Working capital	(b)	25,274	111,408
Dividend distribution by PIB	(c)	4,230	18,646
Estimated expenses for the Proposed Disposal		119	524
		118,000	**520,144**

* *Translated at RM4.408: USD1, middle rate quoted by Bank Negara Malaysia at 5:00 p.m. on 30 June 2022, being the rate ruling the audited consolidated statement of financial position of the Group as at 30 June 2022.*

Notes:

(a) DPL intends to utilise up to USD37.01 million (equivalent to RM163.15 million) to repay its entire bank borrowings which were procured to finance the construction of the Project. The outstanding balance of the borrowing as at 30 June 2022 amounted to USD43.61 million (equivalent to RM192.24 million). USD6.6 million of the borrowing has been settled subsequent to 30 June 2022. This repayment is not illustrated in the pro forma consolidated statement of financial position.

DPL expected to realise the derivative financial asset – Interest rate swap upon the full settlement of the borrowing.

The Group also intends to utilise up to USD14.92 million (equivalent to RM65.77 million) to partly repay the bank borrowings of the Group (other than DPL) upon completion of the Proposed Disposal and the dividend distribution.

(b) The Group intends to utilise up to approximately USD32.27 million (equivalent to RM142.25 million) of the proceeds from the Proposed Disposal to meet their working capital requirements. The working capital including outstanding amount of USD12.64 million (equivalent to RM55.74 million) owing by DPL to the Group.

As the working capital purpose has yet to be ascertained and no definitive agreements have been entered into with any parties at this stage, for purposes of illustration of the pro forma consolidated statement of financial position, the proceeds earmarked for working capital requirements have been included in cash and short-term deposits.

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

2. PRO FORMA ADJUSTMENTS - PRO FORMA I (CONT'D)

Pro forma I illustrate the effects of the Proposed Disposal which entail the following (cont'd):

Proposed utilisation of proceeds (cont'd)

Notes (cont'd):

(c) Upon completion of the Proposed Disposal and settlement of all DPL's liabilities, DPL intends to distribute the remaining Disposal Consideration of USD61.82 million (equivalent to RM272.5 million) to its shareholders, i.e., Pestech Power Sdn Bhd ("PPW") and Diamond House Co., Ltd ("DHCL") (collectively known as "DPL Distribution"), of which USD24.73 million (equivalent to RM109.00 million) will be distributed to DHCL. The DPL Distribution attributable to PPW will be subject to withholding tax of 14%. Therefore, the estimated net amount to be received by PPW after deducting the withholding tax pursuant to the DPL Distribution is approximately USD31.90 million (equivalent to RM150.82 million). The estimated withholding tax is including in the working capital.

Subject to the completion of the Proposed Disposal and DPL Distribution as well as approval by the Board, it is the intention of the Company to distribute approximately USD4.23 million, equivalent to approximately RM18.65 million, to the Company's shareholders via a special dividend.

Given that the dividend distribution is subject to the completion of the Proposed Disposal, for purposes of illustration of the pro forma consolidated statement of financial position, the proceeds earmarked for distribution to shareholders have been included in cash and short-term deposits.

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

3. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.1 INTANGIBLE ASSETS

The movements of the intangible assets are as follows:

	RM'000
Audited as at 30 June 2022	92,799
Disposal of intangible asset related to the Project	(72,292)
Pro Forma I	20,507

3.2 DERIVATIVE FINANCIAL ASSETS

The movements of the derivative financial assets are as follows:

	RM'000
Audited as at 30 June 2022	2,975
Realisation upon fully settlement of bank borrowings	(2,975)
Pro Forma I	-

3.3 CONTRACT ASSETS

The movements of the contract assets (current and non-current) are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Audited as at 30 June 2022	1,190,822	956,942	2,147,764
Disposal of the Project	(80,296)	(475,683)	(555,979)
Pro Forma I	1,110,526	481,259	1,591,785

3.4 OTHER RECEIVABLES

The movements of the other receivables are as follows:

	RM'000
Audited as at 30 June 2022	108,870
Forfeiture of insurance related to the Project	(9,938)
Pro Forma I	98,932

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

3. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

3.5 CASH AND SHORT-TERM DEPOSITS

The movements of the cash and short-term deposits are as follows:

	RM'000
Audited as at 30 June 2022	168,980
Proceeds from disposal of the Project	520,144
Repayment of bank borrowings	(228,921)
Estimated expenses (including capital gain tax) related to the Proposed Disposal	(21,330)
Pro Forma I	438,873

3.6 FAIR VALUE RESERVE

The movements of fair value reserve are as follows:

	RM'000
Audited as at 30 June 2022	1,336
Realisation upon fully settlement of bank borrowings	1,661
Pro Forma I	2,997

3.7 EXCHANGE TRANSLATION RESERVE

The movements of exchange translation reserve are as follows:

	RM'000
Audited as at 30 June 2022	24,855
Arising upon settlement of derivative financial assets	(124)
Pro Forma I	24,731

3.8 RETAINED EARNINGS

The movements of retained earnings are as follows:

	RM'000
Audited as at 30 June 2022	425,466
Loss on Disposal of the Project	(83,847)
Pro Forma I	341,619

PESTECH INTERNATIONAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

3. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

3.9 NON-CONTROLLING INTERESTS

The movements of non-controlling interests are as follows:

	RM'000
Audited as at 30 June 2022	174,342
Loss on Disposal of the Project	(55,548)
Realisation of derivative financial assets	(1,190)
Pro Forma I	117,604

3.10 LOANS AND BORROWINGS

The movements of loans and borrowings (current and non-current) are as follows:

	Current RM'000	**Non-current** RM'000	**Total** RM'000
Audited as at 30 June 2022	581,358	780,147	1,361,505
Repayment of bank borrowings	(125,104)	(103,817)	(228,921)
Pro Forma I	456,254	676,330	1,132,584

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries 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 misleading.

All statements and information in relation to CTL II contained in this Circular were obtained from and confirmed by the directors and management of CTL II. The sole responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTERESTS

2.1 TA Securities

TA Securities, being the Principal Adviser to our Company for the Proposed Disposal, 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 it appears in this Circular.

TA Securities confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to our Company for the Proposed Disposal.

2.2 Grant Thornton Malaysia PLT

Grant Thornton Malaysia PLT, being the Reporting Accountants for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the pro forma consolidated statement of financial position of our Company as at 30 June 2022 together with the Reporting Accountants' letter thereon and all references thereto in the form and context in which it appears in this Circular.

Grant Thornton Malaysia PLT confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Reporting Accountants for the Proposed Disposal.

2.3 FHCA

FHCA, being the Independent Business Valuer for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation letter in relation to the Project and all references thereto in the form and context in which it appears in this Circular.

FHCA confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Independent Business Valuer for the Proposed Disposal.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

As at the LPD, save as disclosed below, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the profits and/or NA of our Group:

	RM'000
Capital expenditure	
Authorised and contracted for:	
- Acquisition of a land	2,491

3.2 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any material contingent liabilities incurred by us which may have a substantial impact on the financial position of our Group:

(i) In the matter of the adjudication proceedings between PESTECH Sdn Bhd ("**PSB**") and Dhaya Maju Infrastructure (Asia) Sdn. Bhd. ("**DMIA**"):

AIAC Case Reference No.: AIAC/D/ADJ-3603-2021

On 16 February 2021, PSB, a wholly-owned subsidiary of our Company, commenced adjudication proceedings against DMIA to recover monies due and owing by DMIA for works carried out by PSB in relation to the design, construction, completion, testing, commission and maintenance of the system works carried out under a letter of award dated 17 March 2016 for a project known as "Projek Menaiktaraf Kemudahan Infrastruktur Landasan Keretapi Berkembar di Lembah Klang (KDVT)".

On 27 May 2021, the adjudicator found in favour of PSB, allowing PSB's claim in the sum of RM21,046,922.69 and awarded interest as well as costs in favour of PSB ("**Adjudication Decision**").

Pursuant to the Adjudication Decision, DMIA was directed to pay a total sum of approximately RM21,649,987.73 (including costs of the said adjudication proceedings) plus interests to PSB ("**Total Adjudicated Amount**").

On 31 May 2021, PSB had filed an application in the High Court to enforce the Adjudication Decision ("**PSB's Enforcement Application**"). DMIA filed an application in the High Court to set aside the Adjudication Decision ("**DMIA's Setting Aside Application**") on 16 July 2021.

As part of an agreement for DMIA to settle the outstanding amounts due and owing to PSB under the Adjudication Decision, both the PSB's Enforcement Application and the DMIA's Setting Aside Application were withdrawn with the consent of both parties on 26 November 2021, with liberty to file afresh.

As at 31 October 2022, DMIA has made a total payment in the sum of RM21,649,987.73 (without interests) towards the Total Adjudicated Amount.

(ii) In the matter of the adjudication proceedings between PESTECH Technology Sdn Bhd ("**PTE**") and Lion Pacific Sdn Bhd ("**LPSB**")

On 30 October 2019, PTE, a wholly-owned subsidiary of our Company, obtained an adjudication decision in their favour as a result of the adjudication proceedings initiated by PTE against LPSB under the Construction Industry Payment & Adjudication Act 2012 for non-payment of works done pursuant to the sub-contract with LPSB, whereby LPSB appointed PTE as a sub-contractor to complete the systems package works ("**Works**") in the project known as "Extension of the Rail Link from the Subang Commuter Station to Subang Skypark Phase 1" ("**Project**").

The adjudicator found in favour of PTE that LPSB shall pay a total sum of approximately RM12,522,732.71 plus interests to PTE ("**PTE Adjudication Decision**").

On 19 February 2020, LPSB filed applications in the High Court to set aside/stay the PTE Adjudication Decision ("**LPSB's Setting Aside / Stay Application").**

On 23 July 2020, PTE filed an application to enforce the PTE Adjudication Decision ("**PTE's Enforcement Application**").

On 29 September 2020, the High Court dismissed LPSB's Setting Aside / Stay Application and allowed PTE's Enforcement Application.

Being dissatisfied with the High Court's decision given on 29 September 2020, LPSB filed appeals to the Court of Appeal against the said High Court's decision ("**LPSB's Appeals**").

The hearing for LPSB's Appeals came up on 27 October 2021. The Court of Appeal allowed LPSB's Appeals and the PTE Adjudication Decision was effectively set aside.

Being dissatisfied with the Court of Appeal's decision given on 27 October 2021, PTE filed applications for leave to appeal to the Federal Court on 23 November 2021 ("**PTE's Leave for Appeal**").

The hearing before the Federal Court for the PTE's Leave for Appeal is fixed on 1 November 2022. The Federal Court had allowed PTE's Leave for Appeal, i.e., PTE may appeal to the Federal Court against the Court of Appeal's decision. Pursuant to the leave, PTE filed the relevant notices of appeal on 14 November 2022. The case management for the appeal at the Federal Court is fixed on 30 December 2022, amongst others, to fix hearing dates.

(iii) In the matter of the High Court proceedings between PTE and LPSB

On 2 March 2021, LPSB initiated a further suit in the High Court against PTE, raising new allegations arising out of the Works under the Project ("**New High Court Suit**").

PTE in turn filed an application to stay the New High Court Suit pending arbitration pursuant to Section 10 of the Arbitration Act 2005 ("**PTE's Stay Application**").

On 20 October 2021, the High Court allowed the PTE's Stay Application.

Being dissatisfied with the High Court's decision given on 20 October 2021, LPSB filed an appeal to the Court of Appeal against the said decision of the High Court ("**LPSB's Stay Appeal**").

However, before the LPSB's Stay Appeal was heard before the Court of Appeal, PTE and LPSB have entered into a Consent Judgment, wherein parties have agreed to proceed with the New High Court Suit at the High Court.

This matter is fixed for a case management before the High Court on 21 November 2022. LPSB requested for more time to file the Reply and Defence to Counterclaim until 28 November 2022. The Court allowed and fixed the next case management on 8 December 2022.

(iv) In the matter of the arbitration proceedings between Transgrid Ventures Sdn Bhd ("**TGV**") and Colas Rail System Engineering Sdn Bhd (now known as CRSE Sdn Bhd) ("**CRSE**")

On 18 December 2017, TGV commenced arbitration proceedings against CRSE, a wholly-owned subsidiary of PTE, for an alleged outstanding sum of RM29,362,000.00 under the sub-contract entered into between the parties vide a letter of award dated 10 January 2017 ("**Impugned LOA**") ("**Original Claims**").

On 31 October 2019, CRSE obtained the arbitration award with costs totalling approximately RM383,414.79 granted in their favour ("**CRSE Arbitration Award**").

However, TGV commenced 2 applications in the High Court to claim for the Original Claims ("**Section 42 Application**") and to vary and set aside the CRSE Arbitration Award ("**Section 37 Application**"). Concurrently, CRSE filed an application to the High Court to enforce and recognise the CRSE Arbitration Award against TGV ("**CRSE Enforcement Application**").

In respect of the Section 42 Application, the High Court dismissed TGV's application on 6 October 2020, and TGV filed an appeal to the Court of Appeal on 2 November 2020 ("**TGV COA Appeal 1**").

In respect of the Section 37 Application, the High Court dismissed TGV's application on 11 January 2021, and TGV filed an appeal to the Court of Appeal on 8 February 2021 ("**TGV COA Appeal 2**").

In respect of the CRSE Enforcement Application, the High Court allowed CRSE's application on 11 January 2021 ("**CRSE High Court Order**"). On 8 February 2021, TGV filed an appeal to the Court of Appeal being dissatisfied with the CRSE High Court Order ("**TGV COA Appeal 3**").

The TGV COA Appeal 1, TGV COA Appeal 2 and TGV COA Appeal 3 are fixed for case management on 8 December 2022 and hearing dates have not been fixed.

4. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Constitution of our Company;

(ii) the audited consolidated financial statements of our Company for the past 2 FYEs 30 June 2021 and 30 June 2022 as well as unaudited consolidated financial statements of our Company for the 3-month financial period ended 30 September 2022;

(iii) the BTA;

(iv) the valuation letter in relation to the Project as prepared by FHCA as set out in Appendix IV of this Circular;

(v) the pro forma consolidated statement of financial position of our Company as at 30 June 2022 together with the Reporting Accountants' letter thereon as set out in Appendix V of this Circular; and

(vi) the letters of consent and declaration of conflict of interest referred to in Section 2 of this Appendix.

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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 of PESTECH International Berhad ("**PIB**" or "**Company**") will be conducted virtually via remote participation and voting at the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 28 December 2022 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY DIAMOND POWER LIMITED ("DPL"), A 60%-OWNED INDIRECT SUBSIDIARY OF PIB, OF THE 230 KILOVOLT KAMPONG CHAM-KRATIE TRANSMISSION SYSTEM ("PROJECT") TO CAMBODIAN TRANSMISSION II CO. LTD ("CTL II") FOR A TOTAL CONSIDERATION OF USD118.00 MILLION ("PROPOSED DISPOSAL")

"**THAT** subject to the approvals of all relevant authorities being obtained (where required), approval be and is hereby given to DPL to divest, assign, novate and substitute in favour of CTL II the contractual position of DPL under the relevant project agreements, including:

(i) Implementation Agreement dated 25 June 2013 entered into between the Royal Government of Cambodia (as represented by the Ministry of Mines and Energy) and L.Y.P Group Co., Ltd, as novated to DPL on 20 March 2015 and amended on 6 April 2015; and

(ii) Power Transmission Agreement dated 21 August 2013 entered into between Electricité du Cambodge and L.Y.P Group Co., Ltd, as novated to DPL on 24 March 2015 and amended on 8 April 2015,

for a total cash consideration of USD118.00 million, pursuant to and in accordance with the terms and conditions of the Business Transfer Agreement dated 20 October 2022 entered into between DPL and CTL II (as further elaborated in the Company's circular to shareholders in relation to the Proposed Disposal dated 13 December 2022).

AND THAT the Board of Directors be and are hereby empowered and authorised to sign, execute, deliver or caused to be delivered on behalf of the Company all such documents and/or agreements (including but not limited to any deed, undertaking and/or covenant), do all things and acts and to deal with all matters relating thereto or as may be required or as the Board of Directors may consider necessary, expedient and/or appropriate to give full effect to and complete the Proposed Disposal with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities in connection with the Proposed Disposal."

BY ORDER OF THE BOARD

PAN SENG WEE (SSM PC No. 202008003688) (MAICSA 7034299)
TEH BEE CHOO (SSM PC No. 202008002493) (MIA 7562)
CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)
Company Secretaries

Shah Alam
13 December 2022

Notes:

*(1) In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 December 2022 ("**General Meeting Record of Depositors**") shall be eligible to attend the extraordinary general meeting of the Company ("**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 and vote at the EGM shall have the same rights as the member to speak 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 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 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 notarially certified copy of that power or authority shall be deposited at the office of the 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 forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.

(8) The resolutions set out in this Notice of EGM will be put to vote by poll.

(9) The EGM will be conducted virtually at the Broadcast Venue. Members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.

PESTECH

PESTECH INTERNATIONAL BERHAD
(Registration No. 201101019901 (948035-U))
(Incorporated in Malaysia)

Form of Proxy

CDS Account No.	Number of ordinary shares

I/We____ NRIC No./Passport No./Company No. ____________________

of ____

being a member/members of PESTECH International Berhad hereby appoint:

Full name (in block)	NRIC/Passport No.
Address:	

*and/or *delete if inapplicable

Full name (in block)	NRIC/Passport No.
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 virtually via remote participation and voting at the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 28 December 2022 at 10:00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTION	FOR	AGAINST
Ordinary Resolution – Proposed Disposal		

Please indicate with an "X" in the appropriate spaces how you wish your proxy to vote. 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
Date :
Contact No. :

* Delete if inapplicable.

Notes:

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
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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