

**Private & Confidential**  
**RHB Bank Bhd / RHB Islamic Bank Berhad**

**EXECUTIVE SUMMARY**

For circulation to 03/2019 Group Credit Committee to be held on 15/01/2019

Approving Authority: ☐ Group Credit Committee ☒ Board

For Affirmation by: ☐ Board Credit Committee

Connected Party			
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Exceptional Credit			
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
EAM*			
Yes	<input type="checkbox"/>	M	<input type="checkbox"/>
		MH	<input type="checkbox"/>
		H	<input type="checkbox"/>
No	<input type="checkbox"/>		<input checked="" type="checkbox"/>
AST Monitoring			
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
MAS 612 Classification (For SG Operation)*			
Pass	<input type="checkbox"/>	SM	<input type="checkbox"/>
SS	<input type="checkbox"/>	DF	<input type="checkbox"/>
Loss	<input type="checkbox"/>		<input type="checkbox"/>

*Remarks (\*)*

*M - Medium; MH - Medium High; H - High  
 SM - Special Mention, SS - Substandard,  
 DF - Doubtful,*

**1) BASIC COMPANY/GROUP INFORMATION**

CUSTOMERS	STANDALONE		Final Rating (For credit decision only)	Core Business
Customers	Current Rating	New Rating		
Pestech (Cambodia) PLC	3	3	3	- EPCC Contractor
<b>Rating Override</b>	Yes	No		
<i>If yes, how many notches?</i>				
<b>Remark</b> (To provide reason for override)				
<b>Corporate Guarantor</b>	Current Rating	New Rating		
Pestech International Berhad	GR17	GR18		
<b>Remark</b> (To provide reason for credit risk rating movement or final rating notch down)				

External Rating (if any)	RAM	MARC	S&P	Fitch	Moody's
<b>Remarks</b>					

Group	Current Rating	New Rating	Core Business & Group Activities

Moody's Credit Edge EDF / Risk Cal EDF			
EDF Score (%) as at dd/mm/yyyy	Borrower	Corporate Guarantor 1	Corporate Guarantor 2

## 2) REQUEST

New/additional		Review	√	Exception to CP		R&R		Others	
----------------	--	--------	---	-----------------	--	-----	--	--------	--

### Description, Purpose and Justification of Requests (excluding Review)

#### i) To approve a annual review of existing OD of USD3.0M

- The borrower's conduct of OD has been prompt with no excess or cheque return noted for the past 12 months. The renewal of the OD is also justifiable to continue to support the company's infrastructure projects in Cambodia where they currently have 3 projects in hand for the construction of power grid line with total project value of USD270.1M.

#### ii) To notify the changes of company registered name from Pestech (Cambodia) Ltd to Pestech (Cambodia) PLC

- The changes in the registered name of the company is in line with the company on-going IPO exercise where they had also increase their paid up capital from USD1K to USD71M. The company also restructured its ownership structure where it is now directly owned by the ultimate holding company i.e. Pestech International Berhad.

## 3) EXPOSURE/ SECURITY/ REPAYMENT (USD'000)

Customers/ Facility Type	O/S	Existing Limit	Inc/Dec +/-	New Limit	Spread	Security/Support/Coverage
OD	2,444.16	3,000	-	3,000	7.5% p.a. (or ECOF + 2% p.a.)	Corporate Guarantee from Pestech International Berhad
<b>Total</b>	<b>2,444.16</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>		

Secured:

Unsecured: USD3,000K

Total:

*Remark: For unsecured portion backed by securities/collaterals with no ascribed value under Group Credit Policy, to provide additional information.*

### Repayment Term for TL/ Structured Financing (if applicable)

N/A

## 4) KEY TERMS & CONDITIONS

General/ Financial Covenant	Complied	Not complied	Pending
<ul style="list-style-type: none"> <li>- <b>PESTECH INTERNATIONAL BERHARD</b> shall remain the ultimate holding company of the <b>PESTECH (CAMBODIA) PLC</b> throughout the tenure of the facility.</li> <li>- The facility shall rank <b>pari passu</b> with the facilities already provided or to be provided by other banks to application.</li> <li>- To maintain active operating account with <b>RHBIBL</b>.</li> <li>- <b>PESTECH INTERNATIONAL BERHARD</b> to obtain relevant approval from the <b>Bank Negara Malaysia</b> in order to provide guarantee for the facility.</li> <li>- Submission of formal written confirmation from panel solicitor that the cross country guarantee by <b>PESTECH INTERNATIONAL BERHARD</b> is enforceable in local jurisdiction.</li> <li>- Monthly fixed deposit build-up of USD37,500.00 until it reaches USD900,000.00 (30%) or limit reduction of equivalent amount if failed to deposit the fixed deposit. The first to commence one (1) month after loan disbursement.</li> <li>- Withdrawal of the fixed deposit is subject to Bank's Consent.</li> <li>- Any withdrawal of the fixed deposit will be subject to corresponding in approval limit.</li> <li>- CED/Branch to strictly monitor FD build-up and/or limit reduction</li> <li>- The FD is to be earmarked and withdrawal is strictly with the approval from the approving authority</li> </ul>	/		

## 5) BANKING INFORMATION

<b>Group R'ship since</b>	Oct 2017		
<b>Overall Conduct of Account</b>	Satisfactory with their existing bankers i.e. CIMB		
<b>Gross Earnings</b>		<b>Current (RM'000)</b>	<b>Projected (RM'000)</b>
	<b>Group</b>	NA	NA
	<b>New</b>		
<b>RARORC</b>		<b>Current</b>	<b>Projected</b>
	<b>Group</b>	%	%
	<b>New</b>	%	%
<b>RRWA</b>		<b>Current</b>	<b>Projected</b>
	<b>Group</b>	%	%
	<b>New</b>	%	%
<b>ROA</b>		<b>Current</b>	<b>Projected</b>
	<b>Group</b>	%	%
	<b>New</b>	%	%
<b>Remark</b>			

<b>Ancillary Business/ Cross-Selling</b>
OTT, CASA and FD

<b>A/C STRATEGY</b>	<b>Maintain</b>	√	<b>Grow</b>		<b>Exit</b>	
<b>Remark/ Justification</b>	N/A					

## 6) FINANCIAL HIGHLIGHTS

<b>FINANCIAL HIGHLIGHTS – PESTECH (Cambodia)/Borrower</b>						
(USD)	<b>Audited FYE 30 June 2015</b>	<b>Audited FYE 30 June 2016</b>	<b>Audited FYE 30 June 2017</b>	<b>Audited FYE 31 March 2018</b>	<b>Management FYE 30 June 2018</b>	<b>Remarks</b>
Turnover	37,125,081	29,433,337	29,785,482	61,524,211	77,156,234	
Profit before Tax	3,785,081	5,655,446	8,235,032	9,197,319	9,965,083	
Total Assets	37,523,574	57,999,651	75,660,410	133,649,957	151,429,822	
Total Liabilities	33,440,005	49,401,833	60,511,011	111,260,812	123,646,832	
Shareholder's fund	1,000	1,000	1,000	1,000	1,000	
Tangible Net worth	4,083,569	8,597,818	15,149,399	27,782,990	27,782,990	
Gross Operating Cash Flow	(179,481)	1,117,422	982,538	(2,714,771)	(2,714,771)	
Gross Profit Margin (%)	11.11	20.62	30.17	16.71	18.39	
EBITDA	3,831,174	5,726,001	8,530,562	10,282,402	10,244,384.50	
Net Profit Margin (%)	8.15	15.34	22.00	11.76	9.82	
Gearing (x)	N/A	N/A	N/A	0.15	0.16	The borrowers has OD facility with CIMB bank & RHB Bank in amount of USD100K & USD3.0M and revolving credit in amount of USD1.1M.
Amount due from customer on contracts	36,223,026	17,719,223	17,983,790	131,252,866	146,587,048	The contract proceeds due will be paid in instalment on agreed amount and tenor
Amount due to holding company PSB	31,608,100	46,796,440	54,687,508	64,648,928	64,648,928	Amount due to PSB is in relation to the cost of materials used for the construction projects.

### Comments:

- **Revenue:** Borrower has maintained constant revenue over the past two years - owing to its ongoing contracts for the three projects. For the FYE 30 June 2018, USD77.15 million (or 99%) was generated from project activities. The revenue growth in FYE 2018 (as compared with FYE 2017) mainly driven by higher contribution from Transmission and extension segment of the core business. The audited financials is from July 2017 to March 2018 due to special

audit conducted not changes in financial reporting year as the company still follows the June period for 12 months financial reporting as per Pestech International.

- **Gross profit margin:** The overall gross profit margin for the year ended (FYE) 30 June 2018 was 18.39%, lower from 30.17% in 2017 and 20.6% in 2016. Gross profit margin for projects is lower during the design and procurement stage and significantly improves as the project progress towards the construction and installation phase. Based on Borrower's budgeted costing, overall gross profit margin of the three on-going projects is as follows:

1. Oddor Meanchey – Bek Chan Project: 20% (Customer: Schneitec Energy)
2. Bek Chan – Sinhanoukville Project: 23% (Customer: Alex Corporation)
3. Stung Tatay Hydro Power Plant – Phnom Penh Transmission System Project: 15% (Customer: Alex Corporation)

The gross profit margin of the above three projects are reasonable while the cost of construction represents the direct construction, direct material costs and engineering services costs attributable to the revenue. .

- **Total Assets:** Borrower's total assets increased from approximately USD75.66 million in 2017 to USD151.42 million in 2018, a net increase of approximately USD75.76 million or 100.14% year-on-year. Borrower's assets comprise mainly the amounts due from customer on contracts i.e. Alex Corporation, which arise from the revenue recognized from construction of the two projects. The completion rates of 64.65% (SHV project) and 49.29% (Stung Tatay project) as at 30 June 2018 the project are certified by the relevant contractual parties (the project completion report is appended). There is also a concern raised by auditor on the going concern of the company in view of the liquidity ratio of less than 1x as the current liability portion exceeded current asset with current ratio of only 0.016x which has been the concern since the company's inception as the entire operations is supported financially via advances from parent company. As a comparison, the Groups Financials remains strong with capital base of more than RM200M which is able to continue to support the company's operations in Cambodia while the current liability are mostly constitute of amount due to parent company

- **Amount due to the holding company/ PSB:** The amount due to the holding company arise from the cost of materials (power system components and tower materials among others) for Borrower's construction projects for Alex Corporation. Borrower source all of its materials for the installation of substations and transmissions lines (except civil construction materials which Borrower source from local vendors) through its holding company PSB. Reason for the Group adopting such practice being PSB has a stronger credit standing and has been able to negotiate for better credit terms with its suppliers.

As such, Borrower has been relying on its parent company to finance its working capital in the form of extended trade credit terms for the two major projects with Alex Corporation which is sensible given the better credit standing of the Group and the nature of business which does not required long term capital investment.

#### Analysis of Projected Cash Flow (if applicable)

(USD)	FYE 30 June				
	2019	2020	2021	2022	2023
<b>Cash receipts</b>					
SHV Project	-	5,100,000	10,000,000	10,000,000	10,420,000
Tatay Project	-	-	6,000,000	6,000,000	6,000,000
Oddor Meanchey Project	3,250,000	6,500,000	6,500,000	6,500,000	3,250,000
O&M	612,000	1,245,420	1,289,010	1,334,125	1,380,819
<b>Sub-total</b>	<b>3,862,000</b>	<b>12,845,420</b>	<b>23,789,010</b>	<b>23,834,125</b>	<b>21,050,819</b>
<b>Cash payments (construction costs)</b>					
SHV Project	(29,873,215)	(5,669,510)	-	-	-
Tatay Project	(20,834,809)	(8,853,660)	(951,655)	-	-
Oddor Meanchey Project	(16,640,000)	(4,160,000)	-	-	-
O&M	(2,980,000)	(480,000)	(480,000)	(480,000)	(480,000)
Operating expenses	(926,400)	(1,019,040)	(1,120,944)	(1,233,038)	(1,356,342)
<b>Sub-total</b>	<b>(71,254,424)</b>	<b>(20,182,209)</b>	<b>(2,552,599)</b>	<b>(1,713,038)</b>	<b>(1,836,342)</b>
<b>Financing cash flow</b>					
Loan drawdowns	50,403,860	-	-	-	-
Advances from Group	31,600,000	12,000,000	-	-	-
Loan repayments	-	(2,000,000)	(8,000,000)	(6,000,000)	(12,377,778)
Interest payments	(7,393,750)	(3,250,000)	(3,172,000)	(8,385,000)	(8,073,000)
<b>Sub-total</b>	<b>74,610,110</b>	<b>6,750,000</b>	<b>(11,172,000)</b>	<b>(14,385,000)</b>	<b>(20,450,778)</b>

<b>Cumulative net cash flow</b>	<b><u>7,217,685</u></b>	<b><u>6,630,896</u></b>	<b><u>16,695,306</u></b>	<b><u>24,431,393</u></b>	<b><u>23,195,092</u></b>
---------------------------------	-------------------------	-------------------------	--------------------------	--------------------------	--------------------------

**Remarks:** Detailed cash flow projection for existing 2 projects excluding the new projects obtained in June 2018. The new cash inflow from the new project is positive expected to come in 2023 but we had excluded the receipt for conservative purpose.

**Assumptions:**

- Above cash flow projection is based on Borrower's existing contracts only.
- Cash receipts from customer is as per the construction duration of each contract and the staggered payments as set out in the respective contracts
- SHV project will be completed in 2020 and Tatay to be completed in 2021
- O&M services for the three projects to commence after completion of the respective projects with projected revenue of approximately:
  - o USD10K per month for Kampong Cham – Kratie Project
  - o USD270K per month for both Bek Chan – Sihanoukville Project and Stung Tatay Hydro Project each (borrower will provide O&M service to its client for free of charge for the first three years from commission dates of the respective projects)
- Gross profit margin for O&M is 50%.
- Operating expenses to increase 10% per year.
- The proposed loan repayments & interest payment is based on the customer's projection and furnished data as payment is made to their offshore loans which is secured via their parent company to support the construction activities in Cambodia

**Comments:**

- Applicant will drawdown additional USD50.4 million loan from an offshore bank in 2019 to meet the construction costs of the three projects.
- The parent company will provide additional financing of USD31.6 million and USD12 million in 2019 and 2020 respectively to part finance the construction costs.
- The year-end balance of cash is reserved for future projects applicant expects to secure in 2020 and 2021.
- Constructions of the three projects (SHV, Tatay and Oddor Meanchey) are on track. Collection for SHV will commence in FYE2020 (Y1 for SHV) and Tatay in FYE2021 (Y1 for SHV). To note, Borrower will commence collecting monthly payment directly from the EDC after commissioning of the respective transmission systems.

## 7) KEY RISKS

<b>Issues</b>	<b>Mitigation /Remarks</b>
Industry Risk	The industry outlook is still stable and positive since Cambodia is still a least developed country where they are aiming to electrify all household in Cambodia where the borrower's business outlook is positive in view of the lack of technical qualification of local firms to compete on the project delivery
Product risk	There are no known risks to the products in terms of any potential substitute products or technology. The investment of the Cambodian government and private sectors in the transmission system (substations and transmission lines), otherwise known as national grid, is vital for the development of the economy, more so in view of the government's policy to promote manufacturing and processing industries, which require larger electricity supply.
Supplier risk	Borrower sources (through its holding company, PSB) materials for its projects from various vendors. In terms of the power system components installed in power substations such as switchgears, relays, current transformers and voltage transformers, the Group generally sources from various reputable third party vendors such as Siemens (Malaysia), ABB (Malaysia) and Toshiba. For the tower materials such as steel bar and power cable, Borrower sources from vendors in China that can manufacture according to Borrower's design specifications.
Collection Risk	Borrower's ultimate customer is the EDC (Electricity Du Cambodge), the equivalent of Malaysia's Tenaga Nasional Berhad. Borrower has, over the years, established relationship with the EDC through its delivery track records. EDC is the most profitable state-owned company in Cambodia generating revenue and profit of 3,813.6 billion riels (or approximately USD930 million) and 368.7 billion riels (or USD89.9 million) in 2015 respectively. EDC's cash from operating activities in 2015 was 577.5 billion riels (or USD140.85 million).

## 8) CONCLUSION – RATIONALE TO DO DEAL

- Borrower is the market leader and largest supplier of sugar and MSG in Cambodia with more than 31 years' hands-on experience and their business reputation and track record are highly and widely recognized by local dealers/distributor and the manufacturers/suppliers from China.
- A proven track record of satisfactory repayment has been maintained with Maybank and Phillip Bank.
- There is no adverse remark observed in latest CBC Report, AML search and World Check.
- There is no check return noted in OD.
- Offered security is deemed to be within the good locations surrounded by many housing development projects and 30 minutes' drive from major commercial areas.
- Upon the approval, there will be more referrals of both deposits and loan customers brought into RHBIBL by the borrower due to the borrower has a wide networking with a good many buyers.
- The approval will also allow RHBIBL to further explore cross-selling of other banking facilities with the borrower i.e. OTT, CASA and FD, etc.
- The industry outlook remains positive, smoothing the way for the borrower to further grow their business.
- Cambodia's changing consumer landscape gives rise to an emerging young middle class, which will also drive the business growth.

## 9) CMD's RECOMMENDATION

## CMD'S COMMENTS:

## APPENDIX II

### REGULATORY REQUIREMENT & COMPLIANCE CONFIRMATION

<b>CONNECTED PARTY</b>	<b>Yes</b>	<b>No</b>	<b>Remark if Yes</b>	
		√		

<b>EAM (incl. 1 AST)</b>	<b>Yes</b>	<b>No</b>	<b>Remark if Yes</b>	
		√		

<b>BULLET/ BALLOON REPAYMENT</b>	<b>Yes</b>	<b>No</b>	<b>Remark if Yes</b>	
		√		

<b>ADVERSE REPORT</b>	<b>Yes</b>	<b>No</b>	<b>Remark if Yes</b>	
		√		
- CTOS		√		
- CCRIS/ Credit Bureau		√		
- DCHEQS		√		
- AML		√		

<b>SECURITY DOC COMPLETED &amp; IN ORDER/ INTACT</b>	<b>Yes</b>	<b>New</b>	<b>No</b>	<b>Remark if Not Complied</b>
		√		

<b>INDUSTRY BUSINESS LIMIT</b>				
Customer	Sector Classification	Sector Outlook	Exposure (USD'000)	Avail. Buffer (USD'000)
Pestech (Cambodia) PLC	Utilities	Positive	13.75	118.7

<b>COMPLIANCE WITH SCEL POLICY &amp; GUIDELINES</b>	We have conducted the required assessment and confirmed that there is (√one only):		
	i) No Disaggregation of exposures under Power of Control		√
	ii) Disaggregation of exposures under Power of Control		
	We have conducted the required assessment and confirmed that the single counterparty group is (√one only):		
	i) Not within the Target Group (i.e. exposure of RM600m or more to a single counterparty group) for Economic Dependence assessment		√
	ii) Within the Target Group for Economic Dependence assessment		

*Note: If item (ii) is triggered, ARM is carry out the required due diligence and complete "Checklist for Disaggregation/Aggregation of Exposure (SIC No. GRPO 06/2013)" for submission to CMD*

### APPENDIX III

#### INFORMATION OF OTHER BANKERS/ FINANCIAL INSTITUTIONS

	USD'000		Market share
	Pestech (Cambodia) PLC	Total	
RHBIBL	3,000	3,000	71.4%
CIMB	1,200	1,200	28.6%
<b>Total</b>	<b>4,200</b>	<b>4,200</b>	100%
<b>RHB's market share by Customer</b>	<b>71.4%</b>		



# APPENDIX IV

GROUP EXPOSURE PROFILE			
	Secured*	Clean^	Total
	USD'000		
- RHB Bank			
- RHB Labuan			
- RHB Singapore			
- RHB Brunei			
- RHB Thailand			
<b>Gross Total RHB BankBhd (SCEL) **</b>			
- Exemptions/deductions ***			
<b>Net Total RHB Bank Bhd (SCEL)- (a)</b>			
Total RHB Bank Bhd (beyond SCEL)****			
<b>Gross RHB Islamic Bank (SCEL) **</b>			
- Exemptions/deductions ***			
<b>Net Total RHB Islamic Bank (SCEL) - (b)</b>			
RHB Islamic Bank (beyond SCEL)****			
<b>Gross RHB Indochina Bank Ltd (SCEL) **</b>		<b>3,000</b>	<b>3,000</b>
- Exemptions/deductions ***			
<b>Net Total RHB IndochinaBank Ltd (SCEL) - (c)</b>			
Total RHB Indochina Bank Ltd (beyond SCEL)****			
<b>Gross RHB Leasing SdnBhd (SCEL) **</b>			
- Exemptions/deductions ***			
<b>Net Total RHB Leasing SdnBhd (SCEL) - (d)</b>			
Total RHB Leasing SdnBhd (beyond SCEL)****			
<b>Total RHB Bank Bhd – Consolidated SCEL (a) + (b) + (c) + (d)</b>		<b>3,000</b>	<b>3,000</b>
<b>Gross RHB Investment Bank (SCEL) **</b>			
- Exemptions/deductions ***			
<b>Net Total RHB Investment Bank (SCEL) - (e)</b>			
Total RHB Investment Bank (beyond SCEL)****			
Total <b>RHB Group</b> (a) + (b) + (c) + (d) + (e)			
Total RHB Group (incl. beyond SCEL)			
Total Other Banks			
Total Credit			
<b>% RHB Group Exposure / Total Credit</b>	<b>%</b>	<b>%</b>	<b>%</b>

\* based on value as per internal Credit Policy

\*\* aggregated based on Power of Control (PoC) and Economic Dependency (ED)

\*\*\*deduct exempt exposure/ eligible collaterals as per SCEL Policy

\*\*\*\* all other exposure derived based on Power of Control (before disaggregation)

^ To state if there are other securities which value not ascribed by CP (eg vessels, aircrafts)

	Indicate connected via PoC and/or ED	Secured*	Clean^	Total	Net Total after exemption/ deduction
RM'000					
- RHB Bank Bhd (SCEL)					
1) Bor 1	PoC				
2) Bor 2	PoC				
3)					
Subtotal (SCEL)					
- RHB Islamic Bank (SCEL)					
1)					
2)					
Subtotal (SCEL)					
- RHB Indochina Bank Ltd (SCEL)					
Pestech (Cambodia) PLC					3,000
Subtotal (SCEL)					
- RHB Leasing SdnBhd (SCEL)					
1)					
2)					
Subtotal (SCEL)					
Total Consolidated (SCEL)					3,000
Total Consolidated (beyond SCEL)#					
Total Consolidated (SCEL & beyond SCEL)					
- RHB Investment Bank (SCEL)					
1)					
2)					
Subtotal (SCEL)					

# If there is, kindly populate the details in the template:

Sub-Group	Name of Obligor	Entity	Secured*	Clean	Total	Net Total after exemption/ deduction
		e.g. RHB Bank				
		RHB Islamic				
Total						

Sub-Group	Name of Obligor	Entity	Secured*	Clean	Total	Net Total after exemption/ deduction
Total						

Credit Supervision & Review, RHBIBL												
Date	:	25-12-18	Branch : KTL									
To	:	Board of Directors										
Borrower(s)	:	Pestech (Cambodia) PLC	Credit Grade : 3									
Guarantor(s)	:	Pestech International Berhad										
Request/ Deviation	:	1. Annual Review off existing OD facility of USD3.0M 2. To notify of changing Company's name from Pestech (Cambodia) Limited to Pestech (Cambodia) PLC.										
Comment by Credit Supervision & Review, RHBIBL												
<p>1. The borrower's business as integrated power system engineering, procurement, construction &amp; commissioning (EPCC) remains unchanged. The OD account with us has been promptly paid with no excess or cheque return noted. The previous imposed condition to have a gradual FD built up is well in progress with current accumulated FD of USD412.5K or 13.8% from imposed condition of USD900K. (30% of total exposure)</p> <p>2. In this latest review, borrower has secured a new clean borrowing with CIMB with limit of USD1.2M (OD: USD100K, RC: USD1.1M) with low interest rate of 7.2% (RC) &amp; 7.5%(OD). The account is satisfactorily conducted with no excess or cheque return while the RC is for purchase of materials only with 90 days payment terms.</p> <p>3. The pending IPO exercise of the company with RHB securities remains on-going with book building exercise. The latest listing date is moved to 2019 with potential request to downsize the IPO of USD20M to a lower limit in view of the lower demand due to the low liquidity. If by end of 2018 is still not able to garnered enough demand, IPO size is plan to reduce to only USD15M instead.</p> <p>4. The changes in company name is also mainly due to regulatory requirement where private companies are required to change to PLC instead of Limited. This is to paved ways for the listing process while the PUC will also increase to USD71M with additional capital injection from holding company as part of the listing exercise.</p> <p>5. <u>Comment on financials:-</u></p> <p>i. The company continued to record higher revenue for the audited account up to March 2018 with revenue of USD61.5M from Jul 17 to March 18 which is an improvement of 160% compared to last FY2017 mainly contributed from the income streaming in from their completed and on-going power transmission and substation projects.</p> <p>ii. All financial ratios remain healthy except for liquidity ratio with the external auditor highlighting a going concern in view of the negative liquidity as current liability exceeded current asset with on-going concern since all business is supported by the group since inception of the company. This is not a major concern despite the concern raised as the group remain in strong position to continue to provide the liquidity required to continue the business operations as all current liabilities are mostly monies due to related party. Noted borrower has channeled most of their deposits to CIMB where there is some requirement from their contract awarder. Nevertheless, deposit with us is still healthy at around USD982K compared to USD2M with CIMB while we had the FD of USD412.5K with us. the comparison of financial ratio for preceding year as follows:-</p> <table border="1"> <thead> <tr> <th></th> <th>FY17</th> <th>FY18 (until March 18)</th> </tr> </thead> <tbody> <tr> <td>Current ratio</td> <td>0.054x</td> <td>0.016x</td> </tr> <tr> <td>Gearing</td> <td>0.15x</td> <td>No borrowings</td> </tr> </tbody> </table>					FY17	FY18 (until March 18)	Current ratio	0.054x	0.016x	Gearing	0.15x	No borrowings
	FY17	FY18 (until March 18)										
Current ratio	0.054x	0.016x										
Gearing	0.15x	No borrowings										

\* Gearing ratio remains healthy at 0.15x in 2018 while no borrowing in 2017 with operations wholly supported by Group.

- iii. The cash flow from operating activities is positive with EBITDA of USD10M which is able to repay the bank borrowings with interest coverage of 101x. However, the overall cash flow remains negative due to long collection period as the project proceeds only be collected after completion of the projects where borrower need to commit up front on all the construction cost to be supported by the holding company.
- iv. The OD continued to be justified to support their on-going projects with order book of USD269M. Repayment capacity based on EBIT continued to be strong with coverage of 36.6x based on March figure.
- v. The industry outlook continues to be bullish in view of the continued rising demand for electrification of Cambodia's provinces where infrastructure demand is still strong.

6. Financials for Pestech International Berhad:-

- a) During the financial year ended June 2018, the Group recorded revenue of RM834.05M as compared to RM498.3M in preceding financial year with growth mainly driven by higher contribution from the Transmission and Rail Electrification segments of the group where they are one of the few that have the expertise on rail electrification with projects granted mainly from Malaysia i.e. KTMB.
- b) The GPM has reduced to 16% from 28% in the preceding year mainly due to different stages of project execution and the margin of each project whereby they were predominantly at the stage of design and foundation construction.
- c) Revenue for project segment was recorded at RM819M as compared to RM488M in preceding year mainly due to more projects awarded and higher progressive construction revenue recognized while product segment at RM24.1M.
- d) Gearing increase to 1.4x in FY2018 compared to 1.09x in FY2017 with higher borrowings by RM231.3M where the borrowing was raised to support on-going contracts as the revenue has almost doubled in 2018. Current ratio remains healthy at 1.39x while quick ratio is also healthy at 1.26x where the current asset is mainly comprised of amount due from contract customers, cash and trade account receivables which constitute 87% of total current asset.
- e) There is continue deficit in cash flow generation from operating activities due to contract proceeds yet to be collected while the operations of business is relying on cash flow generated from drawdown of loans to support the increased project awarded in 2018. The cash flow from operation is however expected to improve with the improving completion stages and progressive billing coming in later stages of the contracts. Interest repayment for the current financial year is reliant on raising new loans to provide the cash flow for repayment.

7. Major risk highlight:-

- ✓ Performance/execution risk: The company has been reliable with ample experience in EPCC works which started in Malaysia since 1991. They had completed USD22M worth of power grid/substation project in Cambodia since inception with no adverse remark from major awarder i.e. EDC
- ✓ Payment risk from awarder: All contracts in Cambodia for power grid, substation and transformers are awarded from state owned Electricite du Cambodge where payment risk is minimal as the projects are all public infrastructure project back the Government of Cambodia while the National Power Company is also a monopoly figure where there is no competitor with good profitability. Therefore, there is no reason for any payment default as electricity supply is a vital economic growth factor and consumer necessity in the country.

6. Recommended for management approval as recommended

Concurred by:

-original signed-

\_\_\_\_\_  
Tang Siew Hon  
Senior Manager  
Date: 25/12/18

Concurred by:

\_\_\_\_\_  
Yong Ching San  
Head, Credit Management  
Date: 25/12/2018

1. Performance risk is acceptable based on satisfactory track record. Current order book stands at USD269 million at various stage of completion. The projects are funded by the group as reflected by advance from holding company of USD64.6 mil (2017: USD54.7 mil). Going forward, they will rely less from the group for funding. They are planning to raise fund via IPO and bond/sukuk to fund the project. The proposed IPO of USD20 million is managed by RHB and is expected to be completed in 1Q2019.
2. Mostly they sub-contracted the projects from main contractors but they managed to mitigate repayment risk by securing direct payment from EDC (project owner and state owned company). The projects are mainly on deferred payment basis. As at 31/3/2018 the amount due from contracts stood at USD131.3 million.

-original signed-

Husnuddin Abdul Mokti  
Head, International Credit Management  
Date:

**RHB INDOCHINA BANK LTD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART I – FACILITY SUMMARY)**

**Application No:** RHBIBL/0004/2017/0024

**Branch:** Kbal Thnal

**Borrower:** PESTECH (Cambodia) Ltd.

**Group/ Parent Company:** PESTECH International Berhad

1.0 REQUEST TYPE		2.0 ACCOUNT INFORMATION			
New		ARM/ SARM	Im Ousa		
Additional		Date of Submission to Cr Mgmt	25-12-2018		
Renewal	√	Date Rec'd Complete Doc	08-12-2018		
Amendment		Current Limit Expiry Date	20-11-2018 (OD)		
Restructuring		Next Limit Expiry Date	20-11-2019		
Others		Relationship Since	September 2017		
For Affirmation by Group Credit		Account Status	Performing		
Connected Party	NO	EAM*	NO	M	MH
Exceptional Credit	NO	AST Monitoring	NO		
		MAS 612 Classification (For SG Operation)*	Pass	SM	SS
			DF	Loss	

Remarks (\*): M – Medium; MH – Medium High; H – High, SM – Special Mention, SS – Substandard, DF – Doubtful

3.0 BORROWERS RISK RATING	STANDALONE		LGD Rating	Expected Loss Rating	Final Rating (For credit decision only)
	Current CRR Rating	New CRR Rating			
Borrowers					
PESTECH (Cambodia) Ltd.	3	3			3
Rating Override	Yes	No	√		
If yes, how many notches?					
Remark (To provide reason for override)					
Corporate Guarantor	Current CRR Rating	New CRR Rating			
PESTECH International Berhad	GR17	GR18			
Remark (To provide reason for credit risk rating movement or final rating notch down)					

External Rating (if any)	RAM	MARC	S&P	Fitch	Moody's
NA					
Remarks					

Group	Current Rating	New Rating	Core Business & Group Activities
PESTECH International Berhad (PIB)	GR17	GR18	Principally engaged in the provision of integrated services for the engineering, procurement, construction and commissioning ("EPCC") for the high voltage and extra high voltage transmission system, rail electrification and underground power cable. The Group is based out of Malaysia and has presence/footprint in nineteen (19) countries including Cambodia, Brunei, Myanmar, Papua New Guinea, The Philippines, Kyrgyzstan, China and Australia.

Moody's Credit Edge EDF / Risk Cal EDF			
EDF Score (%) as at 05/11/2018	Borrower	Corporate Guarantor 1	Corporate Guarantor 2
	NA	NA	NA

**RHB INDOCHINA BANK LTD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART I – FACILITY SUMMARY)**

**Application No:**RHBIBL/0004/2017/0024

**Branch:** Kbal Thnal

**Borrower:** PESTECH (Cambodia) Ltd.

**Group/ Parent Company:** PESTECH International Berhad

**4.0 DETAILS OF REQUEST**

- a.** To seek approval for annual review of existing OD facility of USD3 million.  
**b.** To notify of changing Company's name from Pestech (Cambodia) Limited to Pestech (Cambodia) PLC.

**5.0 FACILITY DETAILS (USD'000)**

Facility Type	O/S as at 08/11/18	Existing Limit	Increase/ Decrease +/-	New Limit	Pricing	Purpose
Overdraft	2,444.16	3,000.00	-	3,000.00	ECOF + 3.0% p.a. on daily rest subject to minimum 8.50% p.a.	Working capital for construction projects of electricity transmission system (borrower is contractor)
<b>Grand Total</b>	2,444.16	3,000.00	-	<b>3,000.00</b>		

**6.0 REPAYMENT TERMS**

Facility	Tenor/ Repayment Terms
<b>OD USD3 million</b>	Interest Rate : ECOF + 3.0% p.a. on daily rest subject to minimum 8.50% p.a.
	Tenure : 1 year subject to annual review
	Commitment Fee : 1% p.a. on unutilized amounts
	Repayment : Repayable on demand and interest in arrears to be serviced monthly
	Processing Fee : 0.5% on approved limit
	Renewal Fee : 0.5% on total approved amount
	Prepayment fee : 1% on the total approved limit cancelled and/or reduced prior to expiry of tenure.

**7.0 COMMENTS ON CONDUCT OF ACCOUNT**

Borrower maintains and conducts current account with RHBIBL and Cambodia Public Bank with details below:

- **Bank:** RHBIBL
- Account name: PESTECH (CAMBODIA) LIMITED
- Account No. 1010004000888817
- Account type: Current account

Date	Debit	No	Credit	No	Balance
Dec-17	(928,656.51)	12.00	706,000.00	1	(2,859,348.60)
Jan-18	(257,057.72)	81	449,970.00	2	(2,666,436.32)
Feb-18	(646,004.38)	139	664,970.00	2	(2,647,470.70)
Mar-18	(456,532.41)	67	631,650.61	2	(2,477,793.28)
Apr-18	(262,887.44)	47	319,700.00	2	(2,621,530.24)
May-18	(503,307.23)	194	719,470.00	2	(2,295,790.11)
Jun-18	(2,559,082.25)	98	3,584,940.00	3	(1,258,738.17)
Jul-18	(1,886,426.32)	94	244,086.65	3	(2,909,123.59)
Aug-18	(1,363,789.08)	115	1,517,335.00	4	(2,752,802.67)
<b>Total</b>	<b>(8,863,743.34)</b>	<b>847</b>	<b>8,838,122.26</b>	<b>21</b>	<b>(22,489,033.68)</b>
<b>Average</b>	<b>(984,860.37)</b>	<b>94</b>	<b>982,013.58</b>	<b>2</b>	<b>(2,498,781.52)</b>

**RHB INDOCHINA BANK LTD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART I – FACILITY SUMMARY)**

**Application No:** RHBIBL/0004/2017/0024

**Branch:** Kbal Thnal

**Borrower:** PESTECH (Cambodia) Ltd.

**Group/ Parent Company:** PESTECH International Berhad

**Comments:** The account conduct is active and reflects the operations of the borrower with average monthly deposits and withdrawals were USD982.01K/2 and USD984.86K/94 respectively while has no excess or cheque return with average utilization of USD83.29% .

- **Bank:** RHBIBL
- Account name: PESTECH (CAMBODIA) LIMITED
- Account type: Fixed Deposit

Account No	Account Type	Product Type	Ledger Balance
3010004000010430	G	FIXED-DEP GROUP	412,500.00
3010004000010440	T	FD12M-USD-R	37,500.00
3010004000010540	T	FD12M-USD-R	37,500.00
3010004000010640	T	FD12M-USD-R	37,500.00
3010004000010700	T	FD12M-USD-R	37,500.00
3010004000010740	T	FD12M-USD-R	37,500.00
3010004000010840	T	FD12M-USD-R	37,500.00
3010004000010970	T	FD12M-USD-R	37,500.00
3010004000010980	T	FD12M-USD-R	37,500.00
3010004000011040	T	FD12M-USD-R	37,500.00
3010004000011070	T	FD12M-USD-R	37,500.00
3010004000011160	T	FD12M-USD-R	37,500.00

To complied with Conditions Precedent with RHBIBL the borrower need to open monthly fixed deposit build-up of USD37,500.00 until it reaches USD900,000.00 (30%) or limit reduction of equivalent amount if failed to deposit the fixed deposit. The first to commence one (1) month after loan disbursement. As the result after loan disbursement the borrower has been open monthly fixed deposit build-up of USD37,500.00 from disbursement date until currently reaches USD412,500.00.

- **Bank:** CIMB
- Account name: PESTECH (CAMBODIA) LIMITED
- Account No. 1010121000020730
- Account type: Current account

Month	Cr.	No.	Dr.	No	End Balance
Sep-17	125,000.00	1	78,747.55	41	48,607.27
Oct-17	100,000.00	1	148,218.27	61	389.00
Nov-17	84,000.00	5	78,178.22	38	6,210.78
Dec-17	100,000.00	1	99,116.15	65	8,255.74
Jan-18	-	-	87,505.25	53	78,500.14
Feb-18	536,000.00	3	217,856.82	49	396,643.32
Mar-18	330,000.00	2	693,122.63	52	33,520.69
Apr-18	550,000.00	2	535,145.17	56	48,375.52
May-18	244,553.52	7	257,085.91	35	35,843.13
Jun-18	20,309,341.00	4	20,070,902.09	50	274,282.04
Jul-18	1,055,102.29	4	1,236,918.97	57	92,465.36
Aug-18	1,610,155.35	5	1,097,963.91	49	604,656.80



**RHB INDOCHINA BANK LTD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART I – FACILITY SUMMARY)**

**Application No:** RHBIBL/0004/2017/0024

**Branch:** Kbal Thnal

**Borrower:** PESTECH (Cambodia) Ltd.

**Group/ Parent Company:** PESTECH International Berhad

<b>Total</b>	<b>25,044,152.16</b>	<b>35</b>	<b>24,600,760.94</b>	<b>606</b>	<b>1,627,749.79</b>
<b>Average</b>	<b>2,087,012.68</b>	<b>3</b>	<b>2,050,063.41</b>	<b>51</b>	<b>135,645.82</b>

**Comments:** The account conduct is active and reflects the operations of the borrower with average monthly deposits and withdrawals were USD2.08M/3 and USD2.05M/51 respectively while has no excess on OD limit or cheque return.

- **Bank: Cambodian Public Bank**
- Account name: TAJRI-PESTECH JV Ltd.
- Account No. 0100210045023
- Account type: Current account

Month	Cr.	No.	Dr.	No	End Balance
Sep-17	1,070,720.39	4	551,879.31	12	725,219.33
Oct-17	401,243.03	1	679,652.83	26	446,809.53
Nov-17	1,516,984.68	4	571,504.34	17	1,404,289.87
Dec-17	3,000.00	1	1,396,788.01	33	14,610.22
Jan-18	1,000.00	1	15,000.00	1	610.22
Feb-18	-	-	-	-	610.22
Mar-18	-	-	-	-	610.22
Apr-18	-	-	10.00	1	600.22
May-18	-	-	-	-	580.22
Jun-18	-	-	10.00	1	590.22
Jul-18	-	-	-	-	590.22
Aug-18	-	-	-	-	580.22
<b>Total</b>	<b>2,992,948.10</b>	<b>11</b>	<b>3,214,844.49</b>	<b>91</b>	<b>2,595,700.71</b>
<b>Average</b>	<b>249,412.34</b>	<b>1</b>	<b>267,903.71</b>	<b>8</b>	<b>216,308.39</b>

**Comments:** The account conduct is not active due to the Borrower move their transactions to RHBIBL and CIMB Bank.

**8.0 EARNINGS/RETURN ON ASSET (ROA)**

	Ave Utilization	Last 12 months gross income	Current RARORC/ RRWA/ ROA	Next 12 months gross income	Projected RARORC/ RRWA/ ROA
	(%)	(USD'000)	(%)	(USD'000)	(%)
Borrower	N/A				
Group	N/A				

Explanation required if ROE is below target (12%):

**9.0 SECURITY DETAILS (USD'000)**

Description (Type, Location, Size, Owner's Name)	OMV	FSV	Value per CP
---	-----	-----	--------------

**RHB INDOCHINA BANK LTD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART I – FACILITY SUMMARY)**

**Application No:** RHBIBL/0004/2017/0024

**Branch:** Kbal Thnal

**Borrower:** PESTECH (Cambodia) Ltd.

**Group/ Parent Company:** PESTECH International Berhad

**9.0 SECURITY DETAILS (USD'000)**

Description (Type, Location, Size, Owner's Name)	OMV	FSV	Value per CP
<b>Existing</b>			
<ul style="list-style-type: none"> <li>Monthly FD built up of USD37.5K until it reaches USD900K or 30% of exposure</li> </ul>	412.5	412.5	412.5
Total	412.5	412.5	412.5
Total expected	900	900	900
Security Coverage (times) (current)	0.14x	0.14x	0.14x
Security Coverage (times) (expected)	0.3x	0.3x	0.3x
<b>Supporting Security</b> N/A			No value ascribed
<b>Security Analysis</b> (covers risk of disposability, valuation, location, restrictions-in-interest etc)			

**10.0 PERSONAL/CORPORATE GUARANTEES:**

Name	Risk Grade	Estimated Networth (RM' 000)	Remarks
PESTECH International Berhad ("PIB")	2	527,727 <sup>^</sup>	<p>PIB is the ultimate holding company of the borrower and is listed on the main board of Bursa Malaysia since 2012.</p> <p>PIB has a market capitalization of RM2.12 billion based on unaudited condensed consolidated statement as at 30 June 2018</p>

*Note: ^ Estimated tangible networth based on PIB's balance sheet as at 31 March 2017*

**11.0 EXISTING SECURITY DOCUMENTATION COMPLIANCE**

Item	Compliance			Explanations If Answer Is Negative And Actions Taken To Rectify
	Yes	No	N/A	
Existing Security Documentation Checked And Confirmed To Be Completed And In Order/ Intact (For Renewal/ Enhancement CAs)			√	

**RHB INDOCHINA BANK LTD  
CREDIT APPLICATION FORM CA-1  
(PART I – FACILITY SUMMARY)**

**Application No:** RHBIBL/0004/2017/0024

**Branch:** Kbal Thnal

**Borrower:** PESTECH (Cambodia) Ltd.

**Group/ Parent Company:** PESTECH International Berhad

**12.0 CONDITIONS PRECEDENT & COVENANTS**

Details	Complied		To Comply
	Yes	No	
<u>Existing Conditions Precedent</u>			
1. Acceptance of letter of offer on 17 October 2017	√		
2. Payment of processing fee of USD15,000 (0.5% of the approved limit)	√		
3. Corporate guarantee issued by PESTECH International Berhad on USD3 million OD approved limit	√		
4. Disbursement method: Proposed facility to be available to Borrower upon satisfying all the above conditions precedent.	√		
<u>Disbursement Conditions</u>			
- To maintain active operating account with <b>RHBIBL</b> .	√		
- <b>PESTECH INTERNATIONAL BERHARD</b> to obtain relevant approval from the <b>Bank Negara Malaysia</b> in order to provide guarantee for the facility.	√		
- Submission of Corporate Guarantee agreement by <b>PESTECH INTERNATIONAL BERHARD</b> .	√		
- <b>PESTECH INTERNATIONAL BERHARD</b> shall remain the ultimate holding company of the <b>PESTECH (CAMBODIA) LIMITED</b> throughout the tenure of the facility.	√		
- The facility shall rank <b>pari passu</b> with the facilities already provided or to be provided by other banks to application	√		
- Submission of formal written confirmation from panel solicitor that the cross country guarantee by <b>PESTECH INTERNATIONAL BERHARD</b> is enforceable in local jurisdiction.			
<u>Existing Covenants (Continuing Covenants)</u>			
- Monthly fixed deposit build-up of USD37,500.00 until it reaches USD900,000.00 (30%) or limit reduction of equivalent amount if failed to deposit the fixed deposit. The first to commence one (1) month after loan disbursement.			√
- Withdrawal of the fixed deposit is subject to Bank’s Consent.			√
- Any withdrawal of the fixed deposit will be subject to corresponding in approval limit.			√
- CED/Branch to strictly monitor FD build-up and/or limit reduction			√
- The FD is to be earmarked and withdrawal is strictly with the approval from the approving authority.			√
<u>New Covenants</u>			
Not applicable			
<i>Explanation required if any existing terms &amp; conditions are not complied with.</i>			

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

1.0 ACCOUNT INFORMATION		2.0 CLASSIFICATION	
Date Established	: 5 February 2010	CIS No	: 250001928
Registration No	: 00000957	Sector Code	: Utilities
Business Activity	: Provision of engineering, procurement, construction and commissioning (“EPCC”) services of high voltage (“HV”) and extra high voltage (“EHV”) power substation and HV and EHV transmission line and underground power cable	Purpose Code	:
		Exempt/Non-Exempt	:
		Priority Sector	:
Business Address	: No. 6 Street 588, Sangkat Boeung Kak II, Khan Toul Kok, Phnom Penh, Cambodia	Staff Code	:
		State Code	:
		Schedule Code	:
Business Premise is	: Rented	Race Code	: Non resident
Premise Owned by	: -	NRCC Status	: NRCC/NotNRCC
Contact Person	: Mr Van Sunkang (Finance Manager)		
Contact No/ Fax	: 092 727 391 / 023 882 105		

3.0 SHAREHOLDERS (S)/ DIRECTORS (D)/ GUARANTORS (G) DETAILS					
Name	Age	Relationship	% share-holding	Years with Co	Experience/ Qualification
Lim Ah Hock	66	Executive Director	33.56 <sup>(1)</sup>	6 years with Borrower (26 with Group)	<ul style="list-style-type: none"> <li>1978 - Bachelor of Science majoring in Mechanical Engineering from University of Strathclyde, Glasgow, United Kingdom</li> <li>Founder and Executive Chairman of PESTECH International Berhad</li> </ul>
Lim Pay Chuan (“Paul Lim”)	48	Executive Chairman	20.48 <sup>(2)</sup>	6 years with Borrower (16 with Group)	<ul style="list-style-type: none"> <li>Group CEO of PESTECH International</li> <li>1993 - Bachelor of Science in Electrical Engineering from University of Mississippi, USA</li> <li>1994 - Master of Engineering (Electrical) from Cornell University, USA</li> <li>Certified Project Management Professional with the Project Management Institute since 2011</li> <li>Member of the Institute of Engineers Malaysia since 2005</li> <li>Professional Engineer with Practising Certificate, Board of Engineers Malaysia since 2007</li> <li>Member of ASEAN Chartered Professional Engineers since 2016</li> <li>Certified International Professional Engineer with EMF Professional Engineer since 2017</li> </ul>

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

Note:

- (1) Lim Ah Hock's effective shareholdings in PCL include his direct shareholdings in PIB and his shareholdings in VESTECH Projects Sdn Bhd as at 15 June 2017
- (2) Paul Lim's effective shareholdings in PCL include his direct shareholdings in PIB and his shareholdings in VESTECH Projects Sdn Bhd as at 15 June 2017

**4.0 KEY MANAGEMENT**

Name	Age	Area of Responsibility	Years of Exp	Years with Co	Qualification
No. of Staff – (Full Time)		126 staff, comprising 44 local and 82 foreign staff.			

**Succession Plan for Key Personnel:**

The business is currently managed by the CEO Mr Han Fatt Juan who is a qualified professional engineer with over 25 years of working experience. The two directors and the CEO are directly involved in the tenders and negotiation for new contracts. The CEO and the Head of Project Mr N. Saravanan Jadarajah, who is also a qualified electrical engineer with over 20 years of working experiences, are responsible for the management and execution of the projects and they are assisted by a team of project managers which are individually assigned to a dedicated project.

Given the management structure/team highlighted above, there appear to be limited succession risks faced by the Borrower.

**5.0 DETAILS OF KEY SUPPLIERS/ BUYERS**

Buyers (Name / location / telephone)	% of Total Sales <sup>(1)</sup>	Years of Relation-ship	Terms of credit	Mode of Payment (DA, DP, LC, open a/c)
<b>Alex Corporation</b> <sup>(3)</sup> Address: No. 445, Phnom Penh Tower, 13A Floor, Monivong Blvd, Phnom Penh.	53.27	3	Based on contract agreement <sup>(2)</sup>	DP
<b>Diamond Power Ltd</b> <sup>(4)</sup> Address: No. 6 Street 588, Sangkat Boeung Kak II, Khan Toul Kok, Phnom Penh (shared office building with Borrower) Tel: 023 882 105	37.10	2	Based on contract agreement - Progress billing – 30 days from invoice date	DP
<b>Schneitec Energy Co., Ltd</b> Address: No.36, St.352, Village 1, Sangkat Boeng Kak II, Khan Toul Kork, Phnom Penh.	9.64	1	Based on contract agreement <sup>(5)</sup>	DP

Note:

- (1) Based on the contribution to total contract value.
- (2) Borrower will collect staggered payments from directly from Electricité Du Cambodge ("EDC") commencing one year from the commissioning of the project (completion of the relevant projects) over a period of 8 years.
- (3) Alex Corporation is owned by Senator Lao Meng Khin and his wife Mdm Cheoung Sopheak, who owned Shukaku Inc. (one of the largest property developer in Cambodia), and have interest in Sihanoukville Special Economic Zone and Cambodia's largest coal-fired power plant in Sihanoukville.
- (4) Diamond Power Limited's shareholding structure are as follows are:
  - 60% owned by Pestech International Berhad (through its wholly-owned subsidiary).
  - 10% owned by Mdm Kim Heang (wife of Neak Oknha Ly Yong Phat, who owned one of the largest conglomerates in Cambodia). Mdm. Kim Heang is also RHBIBL's existing customer) and
  - 30% owned by Diamond House Co., Ltd. which is owned by Oknha Hout Chantho
- (5) Borrower will collect staggered payments from directly from Electricité Du Cambodge ("EDC") commencing one year from the commissioning of the project (completion of the relevant projects) over a period of 4 years.

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

<b>Sellers</b> (Name / location / telephone) (top 3 in term of volume) Types of Product Traded	<b>% of Total Purchases</b>	<b>Years of Relation-ship</b>	<b>Terms of credit</b>	<b>Mode of Payment</b> (DA, DP, LC, open a/c)
PESTECH Sdn Bhd <sup>(1)</sup>	79.36	8 years	Interest free trade advance and repayable on demand	DP
<b>Pharorth Vattanak E&amp;C Co., Ltd</b> Address: No. 1A, St. 907, Sangkat Toul Sangke, Khan Russey Keo Phnom Penh Tel: 016 984 252	13.2	8 years	30 days	DP
<b>Cam-Tech Construction Co., Ltd</b> Address: No. 113, Mao Tse Toung Blvd (245), Parkway Square Center, 5th, 12308 Phnom Penh Tel: 096 624 447	2.4	8 years	30 days	DP

Note:

(1) PESTECH Sdn Bhd is the holding company of the Borrower and is in turn the wholly owned subsidiary of PESTECH International Berhad.

<b>6.0 MAIN COMPETITORS</b>	<b>TYPE OF PRODUCTS /SERVICES</b>
1) China Heavy Machinery Corporation	Build and operate hydropower plant and transmission system
2) China Datang Corporation	Build and operate hydropower plant and transmission system
3) Siemens	Supplier of power transmission equipment

<b>7.0 DETAILS OF OTHER BANKERS/ FINANCIAL INSTITUTIONS*</b>							
Name of Banker/ FI	Facility Type	Pricing	Total Facilities (USD'000)				Brief Description of Security
			Secured Portion	Clean Portion	Total	O/s as at 05/11/18	
<b>CIMB</b>	<b>OD/RC</b>	<b>7.5%/7.25%</b>	<b>NA</b>	<b>1,200</b>	<b>NA</b>	<b>1,200</b>	<b>CG by Pestech</b>
<b>Total</b>							

*\*Only for Borrower, group borrowings to be reflected in Executive Summary (Appendix).*

*Note: Details of borrowing of the Group is attached.*

Based on CBC reported as at 05/11/2018 reveals that borrower no borrowing with other FIs. However based on Financial statement as at 31 March 2018 and information from borrower revealed that Pestech (Cambodia) Limited has facilities with CIMB bank as below:

<b>Type of Borrowing</b>	<b>Overdraft</b>	<b>Revolving Credit</b>
Credit Limit	USD100,000	USD1,100,000.00
Tenure	Subject to annual review or period review and repayable on demand	90 days
Interest Rate	7.5% p.a	7.2% p.a
Repayment Schedule	Principal to be paid at each maturity repayment or immediately repayable upon demand and interest to be paid on a monthly basis.	Principal to be paid at each maturity or immediately upon demand and interest to be paid on monthly basis.
Security	Corporate guarantee by holding company PIB	

\*Note: Financial Statement as at 31 March 2018 (pages 30) is attached.

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

## 1.0 Request / Rationale

### Requests:

- a. To seek approval for annual review of existing OD facility of USD3 million.
- b. To notify of changing Company's name from Pestech (Cambodia) Limited to Pestech (Cambodia) PLC.

### Rational

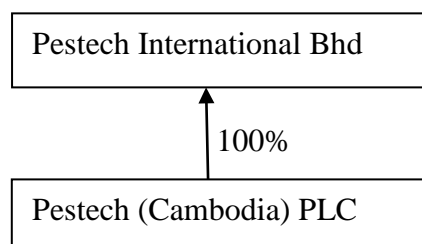
- a. The request of annual review of existing OD facility of USD3 million is to monitoring the business operation and the monthly repayment of the borrower. The renewal of OD facility will be used as working capital for the on-going and future construction of substations and transmission projects in Cambodia. Moreover the facility will only be used when there is funding requirements from secured projects with rather predictable cash flows. The use of the proposed facilities in such projects is short term by nature and the proposed facility is used in activities with relatively limited risks given borrower's experiences and track records in Cambodia. Please see cash flow projection for justification.
- b. The borrower has submitted the amended article of Incorporation to the Ministry of Commerce of Cambodia on 27 June 2018, Pestech (Cambodia) PLC has approved the following:
  - (i) Change name from (Pestech (Cambodia) Limited to Pestech (Cambodia) PLC due to regulatory changes
  - (ii) Increase in registered capital of PCL from USD1,000 to USD71,000,000.
  - (iii) Decrease in par value of PLC share capital of 71million PCL shares, with a par value of (USD0.1) per PCL share.
  - (iv) PIB being a direct shareholder of PCL holding 71Billion shares.
  - (v) Appointment of new member of the Board of Directors of PCL namely, Lim Pay Chuan (Chairman), Lim Ah Hock (Director), Han Juan (Director) and Tan Pu Hooi (Director).

\* The above information is disclosed to Bursa Malaysia where the exercise is in tandem with the proposed listing of Pestech (Cambodia) PLC in the Cambodia Securities Exchange.

## 2.0 Background Information on Borrower

PESTECH (Cambodia) Ltd. ("Borrower") was incorporated in Cambodia as a private limited company in Cambodia on 5 February 2010 under the name Tajri-PESTECH JV Limited. Borrower is the wholly-owned subsidiary of PESTECH International Berhad ("PIB"), a company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad since 2012. The company is previously owned by Pestech Sdn Bhd where under its new restructuring for the listing exercise, the company structure is changed to be wholly owned by PIB

Borrower corporate structure is as set out below:



Borrower is principally engaged in the provision of integrated power system engineering for the engineering, procurement, construction and commissioning ("EPCC") of high voltage ("HV") and extra high voltage ("EHV") substations, HV and EHV transmission lines as well as underground power cable systems in Cambodia.

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

Once a transmission system is built, Borrower will also provide operations and maintenance services (“O&M”) for the respective substation and transmission line. Although the agreement for the O&M of the on-going contracts will only be signed once the respective transmission system is built, there is a mutual understanding between the Borrower and its clients (Diamond Power and Alex Corporations) for the Borrower to be contracted for the O&M services. O&M services for Kampong Cham – Kratie transmission has been completed in November 2017. At present, there is no O&M services provided by Borrower yet.

**Updates on proposed IPO listing of Pestech (Cambodia) PLC**

The proposed IPO is still yet to materialized since the original plan to raised USD20M has met with challenges to raise the necessary demand during the book building process despite SECC has granted principal approval of the listing. RHB Indochina Securities is proposing to downsize the IPO size to USD15M if by end of the year the demand is still lagging. New proposed date for listing is postponed to Q1 2019.

**Description of Borrower’s competed and ongoing projects**

**North Phnom Penh – Kampong Cham Project (Status: completed)**

Borrower secured its first contract in Cambodia in March 2012 from Cambodia Transmission Limited. The project has a contract value of USD4.47 million and involved the design, building, testing and commissioning of a 110km 230 kV double-circuit transmission line from North Phnom Penh to Kampong Cham, and two (2) substation (“North Phnom Penh – Kampong Cham Project”). The project was fully completed in May 2013, eight (8) months ahead of its scheduled completion date.

**Battambang Project (Status: completed)**

In March 2012, Borrower secured a USD220,000 contract from the state-owned electricity company Electricité Du Cambodge (“EDC”) to build transmission line connecting Cambodia Power Grid 230/115kV substation to the substation of Cambodia Power Transmission Lines Co., Ltd in Battambang Province (“Battambang Project”). The project was fully completed in August 2012.

**Kampong Cham – Kratie Project (Status: Completed)**

In May 2015, Borrower secured a contract from Diamond Power Limited involving the design, engineering, installation and commissioning of a 125km 230kV transmission line interconnecting the new switchyard in Kampong Cham substation and the new substation in Kratie. The project has a contract value of USD17.2 million. The project was fully completed in November 2017.

**Oddor Meanchey– Bek Chan Project (Status: on-going)**

In June 2018, Borrower secured a direct agreement amongst Electricité Du Cambodge (“EDC”) and Schneitec Energy Co.,Ltd involving to Build Transfer Agreement (“BTA”) procurement and construction of 75km double circuit 115kV transmission lines from Oddor Meanchey to Siem Reap province, 115/22kV Oddor Meanchey substation and 230/22kV Bek Chan substation. The project has a contract value of USD26million. As per the contract with its customer, Borrower will collect payment in twelve monthly equal instalments for the contracts directly from EDC over a period of eight (4) years as follows:

<b>Cash receipts (USD'000)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
	6,500	6,500	6,500	6,500	<b>26,000</b>

\*estimated

As at 30 June 2018, the project was 0.00% completed.

**Bek Chan – Sihanoukville Project (Status: on-going)**

In April 2015, Borrower secured a contract from Alex Corporation Co., Ltd. involving EPCC for a 190km 230kV transmission lines and extension of two 230kV outgoing bay at Stunghav Substation in Sihanoukville. The contract was recently amended in April 2017 to upgrade the scope of work to include a 140km 500kV transmission line from Bekchan to Chamkar Loung. The project has a contract value of USD143.9 million (revised from USD86 million from the original contract). As per the contract with its customer, Borrower will collect monthly staggered payments for the contracts directly from EDC over a period of eight (8) years as follows:



**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

Cash receipts (USD'000)	Down payment	2020	2021	2022	2023	2024	2025	2026	2027	Total
	2,000	10,000	10,000	10,000	11,000	26,000	25,500	25,500	23,404	<b>143,904</b>

As at 30 June 2018, the project was 64.65% completed (certified completion progress is appended).

**Stung Tatay Hydro Power Plant – Phnom Penh Transmission System Project (Status: on-going)**

In April 2017, Borrower secured another contract from Alex for involving the:-

- EPCC for the 230kV transmission line of approximately 220km from the Stung Tatay Hydro Power Plant to a proposed new Bek Chan substation in Phnom Penh and
- Supply, installation and connection of two (2) 230kV line bays at Stung Tatay Hydro Power Plant switchyard.

The project has a contract value of USD100.2 million and the construction will take 36 months from its official commencement date. Borrower will collect monthly staggered payments for the contracts directly from EDC over a period of eight (8) years as follows:

Payments (USD'000)	Down payment	2021	2022	2023	2024	2025	2026	2027	2028	Total
	3,000	6,000	6,000	6,000	7,000	18,000	18,000	17,000	19,213	<b>100,213</b>

\* Y1 will commence after completion and delivery of the project expected in 2020 subject to change

As at 30 June 2018, the project was 49.29% completed (certified completion progress is appended)

**Summary of on-going projects**

No.	Project Name	Customer	Contract Value (USD' million)	Project Duration	Completion rate as at 30 June 2018
1	Oddor Meanchey – Bek Chan Project	Schneitec Energy	26.0	Jun 2018-Dec 2022	0.00%
2	Bek Chan - Sihanoukville Project	Alex Corporation	143.9	Apr 2015 - Nov 2019	64.6%
3	Stung Tatay Hydro Power Plant – Phnom Penh Transmission System Project	Alex Corporation	100.2	Apr 2017 - Nov 2020	49.2%

**Borrower's business model of the two projects with Alex Corporation.**

The contractual agreements with Alex Corporation, in many respects, give Borrowers the status of a concessionaire. Borrower finance the lion share of the construction cost and signs direct contract agreement with the EDC to get staggered payment over 8 years after completion of the respective projects.

**Background information of PESTECH International Berhad (PIB)**

PESTECH International Berhad (PESTECH) (Company No.: 948035-U) is a Malaysian integrated electrical power technology group of companies listed on the Main Market of Bursa Malaysia (stock code: PESTECH 5219) since 2012. It has a market capitalisation of RM2.12 billion (based on closing share price on 30 June 2018) It was founded by the Executive Chairman and the substantial shareholder, Mr Lim Ah Hock, in 1991 as an electrical trading company.

At present, the Group involves in four (4) major business segments:-

- Power Transmission Infrastructure and Products
- Power Generation and Rail Electrification
- Built and Operate of Transmission Asset
- Embedded System Software and Product Development

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

The Group has presence/footprint in nineteen (19) countries including Cambodia, Myanmar, Brunei, Papua New Guinea, The Philippines, Kyrgyzstan, China and Australia.

### 3.0 Financial Highlights

<b>FINANCIAL HIGHLIGHTS – PESTECH (Cambodia)/Borrower</b>						
(USD)	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Management</b>	<b>Remarks</b>
	<b>FYE 30</b>	<b>FYE 30</b>	<b>FYE 30</b>	<b>FYE 31</b>	<b>FYE 30 June</b>	
	<b>June 2015</b>	<b>June 2016</b>	<b>June 2017</b>	<b>March 2018</b>	<b>2018</b>	
Turnover	37,125,081	29,433,337	29,785,482	61,524,211	77,156,234	
Profit before Tax	3,785,081	5,655,446	8,235,032	9,197,319	9,965,083	
Total Assets	37,523,574	57,999,651	75,660,410	133,649,957	151,429,822	
Total Liabilities	33,440,005	49,401,833	60,511,011	111,260,812	123,646,832	
Shareholder's fund	1,000	1,000	1,000	1,000	1,000	
Tangible Net worth	4,083,569	8,597,818	15,149,399	27,782,990	27,782,990	
Gross Operating Cash Flow	(179,481)	1,117,422	982,538	(2,714,771)	(2,714,771)	
Gross Profit Margin (%)	11.11	20.62	30.17	16.71	18.39	
EBITDA	3,831,174	5,726,001	8,530,562	10,282,402	10,244,384.50	
Net Profit Margin (%)	8.15	15.34	22.00	11.76	9.82	
Gearing (x)	N/A	N/A	N/A	0.15	0.16	The borrowers has OD facility with CIMB bank & RHB Bank in amount of USD100K & USD3.0M and revolving credit in amount of USD1.1M.
Amount due from customer on contracts	36,223,026	17,719,223	17,983,790	131,252,866	146,587,048	The contract proceeds due will be paid in instalment on agreed amount and tenor
Amount due to holding company PSB	31,608,100	46,796,440	54,687,508	64,648,928	64,648,928	Amount due to PSB is in relation to the cost of materials used for the construction projects.

#### Financial Evaluation/Comments on Borrower:

- **Revenue:** Borrower has maintained constant revenue over the past two years - owing to its ongoing contracts for the three projects. For the FYE 30 June 2018, USD77.15 million (or 99%) was generated from project activities. The revenue growth in FYE 2018 (as compared with FYE 2017) mainly driven by higher contribution from Transmission and extension segment of the core business. The audited financials is from July 2017 to March 2018 due to special audit conducted not changes in financial reporting year as the company still follows the June period for 12 months financial reporting as per Pestech International.
- **Gross profit margin:** The overall gross profit margin for the year ended (FYE) 30 June 2018 was 18.39%, lower from 30.17% in 2017 and 20.6% in 2016. Gross profit margin for projects is lower during the design and procurement stage and significantly improves as the project progress towards the construction and installation phase. Based on Borrower's budgeted costing, overall gross profit margin of the three on-going projects is as follows:
  1. Oddor Meanchey – Bek Chan Project: 20% (Customer: Schneitec Energy)
  2. Bek Chan – Sinhanoukville Project: 23% (Customer: Alex Corporation)
  3. Stung Tatay Hydro Power Plant – Phnom Penh Transmission System Project: 15% (Customer: Alex Corporation)

The gross profit margin of the above three projects are reasonable while the cost of construction represents the direct construction, direct material costs and engineering services costs attributable to the revenue. .

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

- **Total Assets:** Borrower's total assets increased from approximately USD75.66 million in 2017 to USD151.42 million in 2018, a net increase of approximately USD75.76 million or 100.14% year-on-year. Borrower's assets comprise mainly the amounts due from customer on contracts i.e. Alex Corporation, which arise from the revenue recognized from construction of the two projects. The completion rates of 64.65% (SHV project) and 49.29% (Stung Tatay project) as at 30 June 2018 the project are certified by the relevant contractual parties (the project completion report is appended). There is also a concern raised by auditor on the going concern of the company in view of the liquidity ratio of less than 1x as the current liability portion exceeded current asset with current ratio of only 0.016x which has been the concern since the company's inception as the entire operations is supported financially via advances from parent company. As a comparison, the Groups Financials remains strong with capital base of more than RM200M which is able to continue to support the company's operations in Cambodia while the current liability are mostly constitute of amount due to parent company
- **Amount due to the holding company/ PSB:** The amount due to the holding company arise from the cost of materials (power system components and tower materials among others) for Borrower's construction projects for Alex Corporation. Borrower source all of its materials for the installation of substations and transmissions lines (except civil construction materials which Borrower source from local vendors) through its holding company PSB. Reason for the Group adopting such practice being PSB has a stronger credit standing and has been able to negotiate for better credit terms with its suppliers.

As such, Borrower has been relying on its parent company to finance its working capital in the form of extended trade credit terms for the two major projects with Alex Corporation which is sensible given the better credit standing of the Group and the nature of business which does not required long term capital investment.

- **The renewal of the USD3 million OD with RHB Indochina Bank:** The facility is used as working capital fund for Borrower's existing and future construction projects. Borrower has been relying on its parent company to finance the working capital for its construction projects in Cambodia. The proposed facility is part of PESTECH Group long term plan to gradually allow the Borrower to be financially independent. On 09<sup>th</sup> July 2018 Borrower has received notification from Securities and Exchange Commission of Cambodia in the Kingdom of Cambodia (SECC), vid its letter dated 06<sup>th</sup> July 2018, grant the approval-in-principle to borrower, for the purpose listing in Cambodia in accordance with the laws and regulations in force and RHB Indochina Securities has been appointed as the principal advisor for the IPO. Borrower plans to raise up to USD20 million from the IPO, subject to the market condition and the demand of the share. To date, the book raising exercise is still on going.
- **USD26 million new contract of (Schneitec Co.,Ltd)** The proposed OD facility will also be used as working capital for this new project. This new project, unlike the two existing projects with Alex Corporation, will be a progress billing project and required smaller working capital as such.

The following table sets out the typical cash flow requirements for a project with EDC. Note that the actual payment terms for the aforementioned new contract are being finalized and could be different than the following estimate:

<b>(USD' million)</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Total</b>
Construction cost	7.02	7.02	7.02		21.06
*					
Payment after COD				6.5	26M in 4 year instalment
Surplus / (shortfall)	(7.02)	(7.02)	(7.02)	6.5	

*Note: \* Assuming a gross profit margin of 19% and construction to complete in 3 years while payment received after completion instalment of 12 months*

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

**Borrower's Cash flow forecast**

(USD)	FYE 30 June				
	2019	2020	2021	2022	2023
<b>Cash receipts</b>					
SHV Project	-	5,100,000	10,000,000	10,000,000	10,420,000
Tatay Project	-	-	6,000,000	6,000,000	6,000,000
Oddor Meanchey Project	3,250,000	6,500,000	6,500,000	6,500,000	3,250,000
O&M	612,000	1,245,420	1,289,010	1,334,125	1,380,819
<b>Sub-total</b>	<b>3,862,000</b>	<b>12,845,420</b>	<b>23,789,010</b>	<b>23,834,125</b>	<b>21,050,819</b>
<b>Cash payments (construction costs)</b>					
SHV Project	(29,873,215)	(5,669,510)	-	-	-
Tatay Project	(20,834,809)	(8,853,660)	(951,655)	-	-
Oddor Meanchey Project	(16,640,000)	(4,160,000)	-	-	-
O&M	(2,980,000)	(480,000)	(480,000)	(480,000)	(480,000)
Operating expenses	(926,400)	(1,019,040)	(1,120,944)	(1,233,038)	(1,356,342)
<b>Sub-total</b>	<b>(71,254,424)</b>	<b>(20,182,209)</b>	<b>(2,552,599)</b>	<b>(1,713,038)</b>	<b>(1,836,342)</b>
<b>Financing cash flow</b>					
Loan drawdowns	50,403,860	-	-	-	-
Advances from Group	31,600,000	12,000,000	-	-	-
Loan repayments	-	(2,000,000)	(8,000,000)	(6,000,000)	(12,377,778)
Interest payments	(7,393,750)	(3,250,000)	(3,172,000)	(8,385,000)	(8,073,000)
<b>Sub-total</b>	<b>74,610,110</b>	<b>6,750,000</b>	<b>(11,172,000)</b>	<b>(14,385,000)</b>	<b>(20,450,778)</b>
<b>Cumulative net cash flow</b>	<b>7,217,685</b>	<b>6,630,896</b>	<b>16,695,306</b>	<b>24,431,393</b>	<b>23,195,092</b>

Remarks: Detailed cash flow projection for existing 2 projects excluding the new projects obtained in June 2018. The new cash inflow from the new project is positive expected to come in 2023 but we had excluded the receipt for conservative purpose.

**Assumptions:**

- Above cash flow projection is based on Borrower's existing contracts only.
- Cash receipts from customer is as per the construction duration of each contract and the staggered payments as set out in the respective contracts
- SHV project will be completed in 2020 and Tatay to be completed in 2021
- O&M services for the three projects to commence after completion of the respective projects with projected revenue of approximately:
  - o USD10K per month for Kampong Cham – Kratie Project
  - o USD270K per month for both Bek Chan – Sihanoukville Project and Stung Tatay Hydro Project each (borrower will provide O&M service to its client for free of charge for the first three years from commission dates of the respective projects)
- Gross profit margin for O&M is 50%.
- Operating expenses to increase 10% per year.
- The proposed loan repayments & interest payment is based on the customer's projection and furnished data as payment is made to their offshore loans which is secured via their parent company to support the construction activities in Cambodia

**Comments:**

- Applicant will drawdown additional USD50.4 million loan from an offshore bank in 2019 to meet the construction costs of the three projects.
- The parent company will provide additional financing of USD31.6 million and USD12 million in 2019 and 2020 respectively to part finance the construction costs.

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

- The year-end balance of cash is reserved for future projects applicant expects to secure in 2020 and 2021.
- Constructions of the three projects (SHV, Tatay and Oddor Meanchey) are on track. Collection for SHV will commence in FYE2020 (Y1 for SHV) and Tatay in FYE2021 (Y1 for SHV). To note, Borrower will commence collecting monthly payment directly from the EDC after commissioning of the respective transmission systems.

**Sensitized scenario**

(USD)	FYE 30 June				
	2019	2020	2021	2022	2023
<b>Cash receipts</b>					
SHV Project	-	5,100,000	10,000,000	10,000,000	10,420,000
Tatay Project	-	-	6,000,000	6,000,000	6,000,000
Oddor Meanchey Project	3,250,000	6,500,000	6,500,000	6,500,000	3,250,000
O&M	<u>612,000</u>	<u>1,245,420</u>	<u>1,289,010</u>	<u>1,334,125</u>	<u>1,380,819</u>
<b>Sub-total</b>	<b>3,862,000</b>	<b>12,845,420</b>	<b>23,789,010</b>	<b>23,834,125</b>	<b>21,050,819</b>
<b>Cash payments (construction costs)</b>					
SHV Project	(32,860,537)	(6,236,461)	-	-	-
Tatay Project	(22,918,290)	(9,739,026)	(1,046,821)	-	-
Oddor Meanchey Project	(18,304,000)	(4,576,000)	-	-	-
O&M	(2,980,000)	(480,000)	(480,000)	(480,000)	(480,000)
Operating expenses	<u>(926,400)</u>	<u>(1,019,040)</u>	<u>(1,120,944)</u>	<u>(1,233,038)</u>	<u>(1,356,342)</u>
<b>Sub-total</b>	<b>(77,989,227)</b>	<b>(22,050,526)</b>	<b>(2,647,765)</b>	<b>(1,713,038)</b>	<b>(1,836,342)</b>
<b>Financing cash flow</b>					
Loan drawdowns	50,403,860	-	-	-	-
Advances from Group	31,600,000	12,000,000	-	-	-
Loan repayments	-	(2,000,000)	(8,000,000)	(6,000,000)	(12,377,778)
Interest payments	<u>(7,393,750)</u>	<u>(3,250,000)</u>	<u>(3,172,000)</u>	<u>(8,385,000)</u>	<u>(8,073,000)</u>
<b>Sub-total</b>	<b><u>74,610,110</u></b>	<b><u>6,750,000</u></b>	<b><u>(11,172,000)</u></b>	<b><u>(14,385,000)</u></b>	<b><u>(20,450,778)</u></b>
<b>Cumulative net cash flow</b>	<b><u>482,883</u></b>	<b><u>(1,972,223)</u></b>	<b><u>7,997,022</u></b>	<b><u>15,733,108</u></b>	<b><u>14,496,808</u></b>

**Scenario:** The above sensitized scenario is based on the scenario where construction cost overrun by 10% for each year for the three projects.

**Comments:** Under the above scenario, there will be a shortfall of approximately USD2 million cash in 2020. RHBIBL overdraft would be utilised to cover the shortfall. Cashflow will turn positive from 2021 onward

**Financial Highlights of Guarantor**

FINANCIAL HIGHLIGHTS – PESTECH International Berhad / Guarantor				
(RM'000)	Audited	Audited	Unaudited	Remarks
	FY2016	FY2017	FY2018	
Turnover	517,551	498,319	843,057	Please refer to comment on finanaiclas
Profit before Tax	104,142	128,302	92,570	
Total Assets	<b>731,462</b>	<b>1,172,110</b>	<b>1,727,473</b>	
Total Liabilities	<b>389,314</b>	<b>707,744</b>	<b>1,199,746</b>	
Paid-Up Capital	93,297	211,265	212,670	
Gross Profit Margin (%)	28.93	28.44	16.14	
Net Profit Margin (%)	13.50	44.38	13.62	
Gearing	0.97x	1.09x	1.4x	
Current ratio	1.41x	1.48x	1.39x	

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

**Financial Evaluation/Comments on Guarantor/PIB:**

**Turnover:** PIB's revenue exhibited consistent high growth over the past three years. Revenue slightly drop from RM517.55 million in FYE 30 June 2016 to RM498.31 million in FYE 30 June 2017. For the first 9 month of FYE 30 June 2018, PIB generated a revenue of RM843.05 million, representing an increase of 69.18% from RM498.31 million in the same period in 2017.

PIB revenue is principally generated from EPCC contracts. For past 12 month of FYE 30 June 2018, revenue from project activities represented approximately 97.1% or RM819million of the total revenue (RM488 million in FYE 30 June 2017). Revenue continues to be driven from their core business in Transmission & rail electrification projects obtained.

**Profit before tax (PBT):** Likewise, PBT increase by 23.19% in FYE 30 June 2017 to RM128.30 million. For the first 9 month of FYE 30 June 2018, PBT slightly decreased by 27.84% year-on-year from RM128.302 million to RM92.57 million. The fluctuating profit margin is mainly due to the different phase of multiple projects undertaken by the Group.

**Tangible net worth:** As at 30 June 2018, PIB has a total tangible net worth of approximately RM458.7 million, a net increase of RM50.7 million or 12.4% from 30 June 2017.

**Gearing:-** The Group's gearing continued to deteriorate from 0.97x in 2016 to 1.4x by June 2018 due to new project award where all the construction cost for the infra project is funded by borrowings including all overseas subsidiary's business. The cash flow from operating activities is in negative territories due to the stages of major projects are still in its infancy where the cash flow would only improve at a higher completion stage where the proceeds will also be utilized to offset debt repayment as well.

**Liquidity:-** The liquidity ratio remains healthy at 1.39x while noted the deterioration from 1.48x the year before which was largely due to increase in short term liability. Nevertheless, major component of current asset is A/R due from customer which are not liquid assets but we take comfort on the fact that all the contract awarders are government or government related entities where the repayment is usually secured with low default risk.

#### 4.0 Key Credit Issues

##### 4.1 Industry Risk

<b>Sector (please specify): Utilities</b>			<b>Subsector (please specify): Electricity</b>		
<b>Sector Lending Direction</b>	<input type="checkbox"/> Get Market Share	<input type="checkbox"/> Accelerate	<input checked="" type="checkbox"/> Organic	<input type="checkbox"/> Slowdown	<input type="checkbox"/> Reduce
<b>Subsector Outlook</b>	<input checked="" type="checkbox"/> Strong		<input type="checkbox"/> Neutral		<input type="checkbox"/> Weak
<b>If Sector Falls Under Slowdown or Reduce, Justification for Maintain or Increase Exposure :</b>					

##### 4.2 Product Risks

Borrower is principally engaged in the provision of integrated engineering and construction services for the HV substation and HV transmission lines in Cambodia. There are no known risks to the products in terms of any potential substitute products or technology. The investment of the Cambodian government and private sectors in the transmission system (substations and transmission lines), otherwise known as national grid, is vital for the development of the economy, more so in view of the government's policy to promote manufacturing and processing industries, which require larger electricity supply. In its Power Development Strategy 2016 - 2025, the Cambodian government intend to increase power production capacity from 1,667 MW in 2015 to 4,498 MW by 2025. Similarly, transmission system will be increased from 1,473 km (kilometre) in 2015 to 4,021km by 2025 (CAGR: 18.5%).

##### 4.3 Suppliers Risk

Borrower sources (through its holding company, PSB) materials for its projects from various vendors. In terms of the power system components installed in power substations such as switchgears, relays, current transformers and voltage transformers, the Group generally sources from various reputable third party vendors such as Siemens (Malaysia), ABB PESTECH (Cambodia) Ltd.

**RHB BANK BERHAD**  
**CREDIT APPLICATION FORM CA-1**  
**(PART III – CREDIT ANALYSIS MEMORANDUM)**

<b>Application No:</b>	<b>Lending Unit: RHBIBL</b>	<b>Branch: Kbal Thnal</b>
<b>Borrower: PESTECH (Cambodia) Ltd.</b>		
<b>Group/ Parent Company: PESTECH International Berhad</b>		

(Malaysia) and Toshiba. For the tower materials such as steel bar and power cable, Borrower sources from vendors in China that can manufacture according to Borrower's design specifications.

#### **4.4 Buyers' Risk**

Borrower's ultimate customer is the EDC (Electricity Du Cambodge), the equivalent of Malaysia's Tenaga Nasional Berhad. Borrower has, over the years, established relationship with the EDC through its delivery track records. EDC is the most profitable state-owned company in Cambodia generating revenue and profit of 3,813.6 billion riels (or approximately USD930 million) and 368.7 billion riels (or USD89.9 million) in 2015 respectively. EDC's cash from operating activities in 2015 was 577.5 billion riels (or USD140.85 million).

*Source: 2015 Annual Report, Electricité Du Cambodge ("EDC")*

#### **4.5 Collection profile**

Borrower's has not experienced any collection problem. The two ongoing contracts with Alex Corporation will only be billed once the respective projects are completed as per the contractual agreements. Payments in relation to the project with Diamond Power, which is a progress billing contract, have been made timely in accordance with the construction progress and the agreed payment terms.

### **SUMMARY & RECOMMENDATIONS**

1. Borrower is well positioned to benefit from the growth in electricity demand in Cambodia.
2. Integrated business model across the transmission and distribution segment of power system engineering.
3. Track records of successful completion of projects in Cambodia.
4. Solid order book of USD1.63B that will continue into 2020.
5. Experience and dedicated key management team with strong technical expertise in power system engineering.
6. Established relationship with customers and industry player.
7. Borrower's ultimate customer is the EDC which is the most profitable state-owned company in Cambodia.
8. Project risk in terms of cost overrun is limited as Borrower generally lock-up supplier pricing when contracts are awarded. Borrower is familiar with the terrain and weather/flood profile in Cambodia through its past experiences, hence limited project execution risk.
9. Borrower business in Cambodia is sizeable and growing, the proposed facility will allow for larger business opportunities in the near future.
10. The borrower conducted good payment record and always updated information to RHBIL.

### **RECOMMENDATION BY LENDING UNIT**

-original signed-

**Im Ousa**  
**AM, Credit Relationship**  
**Date: 25-12-2018**

-Original signed-

**Chhun Sotheary**  
**Banking Services Manager**  
**Date: 25-12-2018**

Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018		
No of Months	18	12	12	12		
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified		
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton		
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing		
Statement Type	Annual	Annual	Annual	Annual		
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT		
Exchange Rate	1.000000	1.000000	1.000000	1.000000		
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT		
Balance Sheet	RM (000)	RM (000)	RM (000)	RM (000)	YoY Variance (%) Y1 Y2	YoY Variance (%) Y2 Y3
<b>Property, Plant and Equipment</b>	35,544	45,333	70,247	83,177	27.54%	54.96%
PPE - Freehold land	6,098	11,834			94.06%	#VALUE!
PPE - Freehold building	5,745	5,745			0.00%	#VALUE!
PPE - Leasehold land	1,657	1,657			0.00%	#VALUE!
PPE - Plant and machinery	20,244	20,338			0.46%	#VALUE!
PPE - Motor vehicles	5,818	6,378			9.63%	#VALUE!
PPE - Office equipment	5,781	6,525			12.87%	#VALUE!
PPE - Renovation	487	706			44.97%	#VALUE!
PPE - Capital work-in-progress / Asset-under-construction	818	7,378			801.96%	#VALUE!
PPE - Miscellaneous	1		70,247	83,177	#VALUE!	#VALUE!
PPE - Accumulated depreciation and impairment [-]	-11,105	-15,228			37.13%	#VALUE!
<b>Intangible Assets</b>	75,460	80,630	86,595	90,520	6.85%	7.40%
Intangibles - Miscellaneous	75,460	80,630	86,595	90,520	6.85%	7.40%
<b>Investment in subsidiary, associate and joint venture</b>				309	#VALUE!	#VALUE!
Investment in associated companies				309	#VALUE!	#VALUE!
<b>Other investment (non-current)</b>		3,690	4,570	13,474	#VALUE!	23.85%
Other investment (non-current) - Hedging derivative		3,690	4,570	13,474	#VALUE!	23.85%
<b>Deferred Tax Assets</b>	310	310			0.00%	#VALUE!
<b>Other Non-Current Assets</b>		219,971	416,174	435,503	#VALUE!	89.19%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>111,314</b>	<b>349,934</b>	<b>577,586</b>	<b>622,983</b>	214.37%	65.06%
<b>Inventory</b>	83,156	69,233	39,517	33,882	-16.74%	-42.92%



Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018		
No of Months	18	12	12	12		
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified		
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton		
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing		
Statement Type	Annual	Annual	Annual	Annual		
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT		
Exchange Rate	1.000000	1.000000	1.000000	1.000000		
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT		
Balance Sheet	RM (000)	RM (000)	RM (000)	RM (000)	YoY Variance (%) Y1 Y2	YoY Variance (%) Y2 Y3
Inventory - Miscellaneous	83,156	69,233	39,517	33,882	-16.74%	-42.92%
<b>Trade Receivables (current)</b>	<b>117,076</b>	<b>86,168</b>	<b>95,794</b>	<b>122,391</b>	-26.40%	11.17%
Trade receivables (current) - Amount due from third party	79,295	52,057			-34.35%	#VALUE!
Trade receivables (current) - Retention sum receivable	37,781	34,111			-9.71%	#VALUE!
Trade receivables (current) - Miscellaneous			95,794	122,391	#VALUE!	#VALUE!
<b>Amount due from holding &amp; related companies (current)</b>	<b>23</b>	<b>34</b>	<b>39</b>	<b>81</b>	47.83%	14.71%
Other receivables (current) - Amount due from joint venture / other related parties	23	34	39	81	47.83%	14.71%
<b>Other Receivables (current)</b>	<b>30,172</b>	<b>16,798</b>	<b>53,615</b>	<b>33,541</b>	-44.33%	219.17%
Other receivables (current) - Sundry receivables from third parties	30,172	16,798			-44.33%	#VALUE!
Other receivables (current) - Miscellaneous			53,615	33,541	#VALUE!	#VALUE!
<b>Amount due from contract customers (current)</b>	<b>135,633</b>	<b>184,799</b>	<b>342,643</b>	<b>708,639</b>	36.25%	85.41%
<b>Other investment (current)</b>	<b>644</b>				#VALUE!	#VALUE!
Other investment (current) - Hedging derivative	644				#VALUE!	#VALUE!
<b>Cash and Cash Equivalents</b>	<b>30,358</b>	<b>16,491</b>	<b>22,150</b>	<b>118,608</b>	-45.68%	34.32%
Cash and cash equivalents - Cash on hand and at banks	30,236	16,031	22,150	113,566	-46.98%	38.17%
Cash and cash equivalents - Deposits with financial institutions (Unencumbered)	122	460		5,042	277.05%	#VALUE!
<b>Tax Receivable</b>		<b>8,005</b>	<b>14,465</b>	<b>18,093</b>	#VALUE!	80.70%
Tax receivable - Miscellaneous		8,005	14,465	18,093	#VALUE!	80.70%
<b>Other Current Assets</b>			<b>26,301</b>	<b>49,459</b>	#VALUE!	#VALUE!
<b>TOTAL CURRENT ASSETS</b>	<b>397,062</b>	<b>381,528</b>	<b>594,524</b>	<b>1,084,694</b>	-3.91%	55.83%
<b>TOTAL ASSETS</b>	<b>508,376</b>	<b>731,462</b>	<b>1,172,110</b>	<b>1,707,677</b>	43.88%	60.24%
<b>Trade Payables (non-current)</b>			<b>31,275</b>		#VALUE!	#VALUE!
Trade payables (non-current) - Miscellaneous			31,275		#VALUE!	#VALUE!
<b>Borrowings and Debt Securities (non-current)</b>	<b>38,640</b>	<b>113,598</b>	<b>275,016</b>	<b>373,010</b>	193.99%	142.10%

Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018
No of Months	18	12	12	12
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing
Statement Type	Annual	Annual	Annual	Annual
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Exchange Rate	1.000000	1.000000	1.000000	1.000000
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT

Balance Sheet	RM (000)	RM (000)	RM (000)	RM (000)
Borrowings and Debt Securities (non-current) - Term loan	35,731	112,127	274,362	372,428
Borrowings and Debt Securities (non-current) - Hire purchase / finance lease payable	2,909	1,471	654	582
<b>Deferred Tax Liability</b>	<b>5,555</b>	<b>4,983</b>	<b>241</b>	<b>241</b>

<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>44,195</b>	<b>118,581</b>	<b>306,532</b>	<b>373,251</b>
--------------------------------------	---------------	----------------	----------------	----------------

<b>Trade Payables (current)</b>	60,584	19,672	130,746	392,356
Trade payables (current) - Amount due to third party	60,584	19,672		
Trade payables (current) - Miscellaneous			130,746	392,356
<b>Amount due to holding &amp; related companies (current)</b>	790	872	626	31
Other payables (current) - Amount due to directors / shareholders	790	872	626	31
<b>Other Payables &amp; Accruals (current)</b>	12,738	26,931	27,211	28,770
Other payables (current) - Miscellaneous	12,738	26,931	27,211	28,770
<b>Amount due to contract customers (current)</b>		1,933	2,456	5,827
<b>Borrowings and Debt Securities (current)</b>	148,975	217,025	232,433	363,149
Borrowings and Debt Securities (current) - Bank overdraft	4,784	6,024	6,852	9,749
Borrowings and Debt Securities (current) - Term loan	31,459	29,301	4,768	25,954
Borrowings and Debt Securities (current) - Bills payable	90,867	125,864	120,037	236,232
Borrowings and Debt Securities (current) - Revolving credit	20,327	54,389	99,509	90,670
Borrowings and Debt Securities (current) - Hire purchase / finance lease payable	1,538	1,447	1,267	544
<b>Provision for taxation</b>	2,493	4,300	7,740	17,963
Provision for taxation - Miscellaneous	2,493	4,300	7,740	17,963

<b>TOTAL CURRENT LIABILITIES</b>	<b>225,580</b>	<b>270,733</b>	<b>401,212</b>	<b>808,096</b>
----------------------------------	----------------	----------------	----------------	----------------

<b>TOTAL LIABILITIES</b>	<b>269,775</b>	<b>389,314</b>	<b>707,744</b>	<b>1,181,347</b>
--------------------------	----------------	----------------	----------------	------------------

<b>Issued Capital</b>	92,897	93,297	211,265	212,672
Ordinary shares	92,897	93,297		
Share capital - Miscellaneous			211,265	212,672
<b>Share Premium</b>	84,971	89,380		
<b>Retained Earnings / Accumulated Deficit</b>	97,231	161,533	230,057	279,493
<b>Reserves</b>	-34,708	-28,159	-33,323	-34,897
Reserve - Currency translation	-1,571	4,978	-10,294	-186
Reserve - Capital	-33,137	-33,137	-23,029	-34,711
<b>Non-Controlling Interests</b>	-1,790	26,097	56,367	69,062

<b>TOTAL EQUITY</b>	<b>238,601</b>	<b>342,148</b>	<b>464,366</b>	<b>526,330</b>
---------------------	----------------	----------------	----------------	----------------

<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>508,376</b>	<b>731,462</b>	<b>1,172,110</b>	<b>1,707,677</b>
---------------------------------------	----------------	----------------	------------------	------------------

REMARKS

Balance Sheet  
2018-06-30 Audited  
Current Assets Remarks: -  
Non Current Assets Remarks: -  
Current Liabilities Remarks: -  
Non Current Liabilities Remarks: -  
Net worth Owners Equity Remarks: -

Balance Sheet  
2015-06-30 Audited  
Current Assets Remarks: -  
Non Current Assets Remarks: -  
Current Liabilities Remarks: -  
Non Current Liabilities Remarks: -  
Net worth Owners Equity Remarks: -

Balance Sheet  
2016-06-30 Audited  
Current Assets Remarks: -  
Non Current Assets Remarks: -  
Current Liabilities Remarks: -  
Non Current Liabilities Remarks: -  
Net worth Owners Equity Remarks: -

Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018
No of Months	18	12	12	12
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing
Statement Type	Annual	Annual	Annual	Annual
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Exchange Rate	1.000000	1.000000	1.000000	1.000000
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Balance Sheet	RM (000)	RM (000)	RM (000)	RM (000)

YoY Variance (%) Y1 Y2	YoY Variance (%) Y2 Y3
------------------------------	------------------------------

Balance Sheet  
2017-06-30 Audited  
Current Assets Remarks: -  
Non Current Assets Remarks: -  
Current Liabilities Remarks: -  
Non Current Liabilities Remarks: -  
Net worth Owners Equity Remarks: -

Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018	
No of Months	18	12	12	12	
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified	
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	
Statement Type	Annual	Annual	Annual	Annual	
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	
Exchange Rate	1.000000	1.000000	1.000000	1.000000	
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	
Income Statement	RM (000)	RM (000)	RM (000)	RM (000)	YoY Variance (%) Y1 Y2
Revenue - Miscellaneous	394,822	517,551	498,319	834,910	31.08%
<b>REVENUE</b>	<b>394,822</b>	<b>517,551</b>	<b>498,319</b>	<b>834,910</b>	31.08%
Cost of sales - Miscellaneous [-]	-290,116	-367,843	-356,582	-706,447	26.79%
<b>COST OF SALES [-]</b>	<b>-290,116</b>	<b>-367,843</b>	<b>-356,582</b>	<b>-706,447</b>	26.79%
<b>GROSS PROFIT</b>	<b>104,706</b>	<b>149,708</b>	<b>141,737</b>	<b>128,463</b>	42.98%
<b>Other Income</b>	18,495	19,300	34,447	46,712	4.35%
Other income - Miscellaneous	18,495	19,300	34,447	46,712	4.35%
<b>Operating expense (excluding depreciation and amortisation) [-]</b>	-42,778	-55,404	-36,036	-59,741	29.52%
Operating expense - Administrative expense [-]	-42,778	-55,404			29.52%
Operating expense - Miscellaneous			-36,036	-59,741	#VALUE!
<b>EBITDA</b>	<b>80,423</b>	<b>113,604</b>	<b>140,148</b>	<b>115,434</b>	41.26%
<b>Interest / Finance Expense [-]</b>	-6,522	-9,463	-11,846	-23,014	45.09%
<b>Share of Profit / (Loss) from associated companies / joint venture</b>	-757			180	#VALUE!
Share of Profit / (Loss) from associated companies	-757			180	#VALUE!
<b>PROFIT BEFORE TAX</b>	<b>73,144</b>	<b>104,141</b>	<b>128,302</b>	<b>92,600</b>	42.38%
<b>Taxation [-]</b>	-18,423	-7,529	-4,357	-16,813	-59.13%
Current tax (credit) / Expense [-]	-18,423	-7,529			-59.13%
Taxation - Miscellaneous			-4,357	-16,813	#VALUE!
<b>PROFIT AFTER TAX, from continued operations</b>	<b>54,721</b>	<b>96,612</b>	<b>123,945</b>	<b>75,787</b>	76.55%
<b>NET PROFIT AFTER TAX</b>	<b>54,721</b>	<b>96,612</b>	<b>123,945</b>	<b>75,787</b>	76.55%
Retained earnings opening balance / (Accumulated deficit) opening balance	59,667	97,231	161,533	230,057	
Net Profit after tax	54,721	96,612	123,945	75,787	
Attributable to non-controlling interest / Minority Interest [-]	113	-26,736	-29,034	-17,817	
Dividends paid [-]	-17,270	-5,574	-22,470		

Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018
No of Months	18	12	12	12
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing
Statement Type	Annual	Annual	Annual	Annual
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Exchange Rate	1.000000	1.000000	1.000000	1.000000
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT

Income Statement	RM (000)	RM (000)	RM (000)	RM (000)	YoY Variance (%) Y1 Y2
Other Positive / (Negative) movement items			-3,917	-8,534	
Retained earnings / Accumulated deficit closing balance [-]	97,231	161,533	230,057	279,493	

REMARKS

P&L  
2018-06-30 Audited  
Income Expense Remarks: -  
Adjustment To RE Remarks: -

P&L  
2015-06-30 Audited  
Income Expense Remarks: -  
Adjustment To RE Remarks: -

P&L  
2016-06-30 Audited  
Income Expense Remarks: -  
Adjustment To RE Remarks: -

P&L  
2017-06-30 Audited  
Income Expense Remarks: -  
Adjustment To RE Remarks: -

Financial Year Ended	30/06/2016	30/06/2017	30/06/2018
No of Months	12	12	12
Report Type	Un-Qualified	Un-Qualified	Un-Qualified
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing
Statement Type	Annual	Annual	Annual
Reconcile To	ST-2017-016337	ST-2017-016338	ST-2018-0320
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Exchange Rate	1.000000	1.000000	1.000000
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Cash Flow Statement	RM (000)	RM (000)	RM (000)

<b>Profit / loss before tax</b>	104,141	128,302
---------------------------------	---------	---------

Changes in PPE accumulated depreciation and impairment	4,123	-15,228
Changes in Inventory	13,923	29,716
Changes in Trade receivables	30,908	-9,626
Changes in Other receivables	13,374	-36,817
Changes in Other Current & Non Current Asset	-219,971	-222,504
Changes in Trade payables	-40,912	142,349
Changes in Other payables	14,193	280
Changes in Amount due from/to contract customers	-47,233	-157,321
Changes in Current taxation	-13,727	-7,377
Changes in Deferred taxation	-572	-4,432

Operating Activities	-245,894	-280,960
----------------------	----------	----------

<b>Net cash generated from / (used in) operating activities</b>	<b>-141,753</b>	<b>-152,658</b>
---	-----------------	-----------------

Changes in PPE cost	-13,912	-9,686
Changes in Intangible asset cost	-5,170	-5,965
Changes in Investment in subsidiary, associate and joint venture		
Changes in Other investments	-3,046	-880
Changes in Amount due from holding and related companies	-11	-5
Changes in Amount due to holding and related companies	82	-246

<b>Net cash generated from / (used in) investing activities</b>	<b>-22,057</b>	<b>-16,782</b>
---	----------------	----------------

Changes in Other financial liabilities	143,008	176,826
Changes in Issued capital	400	117,968
Changes in Share premium	4,409	-89,380
Changes in Reserves	6,549	-5,164
Changes in Non-controlling interest	27,887	30,270
Dividends paid	-5,574	-22,470
Other changes in Retained earnings	-26,736	-32,951

<b>Net cash generated from / (used in) financing activities</b>	<b>149,943</b>	<b>175,099</b>
---	----------------	----------------

<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>-13,867</b>	<b>5,659</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>30,358</b>	<b>16,491</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>16,491</b>	<b>22,150</b>

Financial Year Ended	30/06/2015	30/06/2016	30/06/2017	30/06/2018
No of Months	18	12	12	12
Report Type	Un-Qualified	Un-Qualified	Un-Qualified	Un-Qualified
Auditor	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton	SJ Grant Thornton
Created By	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing	Yip Kok Sing
Statement Type	Annual	Annual	Annual	Annual
Source Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
Exchange Rate	1.000000	1.000000	1.000000	1.000000
Target Currency	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT	MALAYSIAN RINGGIT
<b>FINANCIAL RATIOS</b>				
<b>BALANCE SHEET</b>				
Total Assets	508,376	731,462	1,172,110	1,707,677
Total Liabilities	269,775	389,314	707,744	1,181,347
Advances from 3rd parties - Non Trade	790	872	626	31
Advances to 3rd parties - Non Trade	23	34	39	81
Total Debts	187,615	330,623	507,449	736,159
Long Term Debt	38,640	113,598	275,016	373,010
Paid-up Capital	177,868	182,677	211,265	212,672
Tangible Networth (TNW)	163,141	261,518	377,771	435,810
Adjusted TNW (includes subordinated amount due to related parties - non-trade)	163,141	261,518	377,771	435,810
Contingent Liabilities	-	-	-	-
<b>P/L</b>				
Turnover	394,822	517,551	498,319	834,910
Gross Profit	104,706	149,708	141,737	128,463
EBITDA	80,423	113,604	140,148	115,434
Profit Before Tax	73,144	104,141	128,302	92,600
Profit After Tax	54,721	96,612	123,945	75,787
<b>CASH FLOW STATEMENT</b>				
Operating Cash Flow	n/a	(141,753)	(152,658)	(91,724)
Retained Cash Flow To Total Liabilities	n/a	(0.38)	(0.25)	(0.08)
<b>PROFITABILITY RATIOS</b>				
Gross Profit Margin	26.52%	28.93%	28.44%	15.39%
EBITDA Margin	20.37%	21.95%	28.12%	13.83%
PBT Margin	18.53%	20.12%	25.75%	11.09%
Net Profit Margin	13.86%	18.67%	24.87%	9.08%
Dividend Payout Ratio	31.56%	5.77%	18.13%	n/a
Return on Equity	15.29%	28.24%	26.69%	14.40%
<b>COVERAGE RATIOS</b>				
Interest Coverage	12.33	12.01	11.83	5.02
Cash Cover For Interest	6.98	1.74	1.87	5.15
EBITDA / (Short term debt + Interest expense)	0.35	0.50	0.57	0.30
EBITDA (After tax) / (Short term debt + Interest expense)	0.27	0.47	0.56	0.26
Cash Ratio	0.14	0.06	0.06	0.15
Cash Balance To Total Liabilities	0.11	0.04	0.03	0.10
<b>LIQUIDITY RATIOS</b>				
Current Ratio	1.76	1.41	1.48	1.34
Quick Ratio	0.65	0.38	0.29	0.30
Net working capital requirement	275,281	318,595	313,477	466,729
Working Capital Requirement / Sales	1.05	0.62	0.63	0.56
<b>WORKING CAPITAL RATIOS</b>				
Accounts Receivable Days on Hand	350.43	191.10	321.14	363.30
Inventory Days on Hand	156.93	68.70	40.45	17.51
Account Payable Days on Hand	114.33	21.44	168.36	205.73
Working Capital Cycle	393.03	238.36	193.23	175.08
<b>GEARING RATIOS</b>				
Leverage (excludes Subordinated Amounts Due to Related Companies)	n/a	n/a	n/a	n/a
Bank Borrowings / TNW (Gearing)	1.15	1.26	1.34	1.69
Borrowed Funds to Total Equities	0.79	0.97	1.09	1.40
Bank Borrowing / Adjusted TNW	1.15	1.26	1.34	1.69
Bank Borrowing (including contingent liabilities) / Adjusted TNW	1.15	1.26	1.34	1.69
<b>GROWTH RATIOS</b>				
% Growth YOY- Sales	n/a	96.63%	-3.72%	67.55%
% Growth YOY- EBITDA	n/a	111.89%	23.37%	-17.63%
% Growth YOY- NPBT	n/a	113.57%	23.20%	-27.83%