

PRICING SUPPLEMENT

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

Tranche 1 Series 1

Issuance of RM37.1 million in nominal value of Perpetual Sukuk Musharakah
pursuant to a Perpetual Sukuk Musharakah Programme of
RM1,000.0 million in nominal value

Lead Arranger and Lead Manager



RHB INVESTMENT BANK BERHAD
(Registration No. 197401002639 (19663-P))

The date of this Pricing Supplement is 12 October 2020

This document (“**Pricing Supplement**”) is issued to give details of the proposed issue of Tranche 1 Series 1 of Perpetual Sukuk Musharakah of RM37.1 million in nominal value (“**Subject Perpetual Sukuk Musharakah**”) pursuant to a Perpetual Sukuk Musharakah Programme of RM1,000.0 million in nominal value (“**Perpetual Sukuk Musharakah Programme**”) by **PESTECH INTERNATIONAL BERHAD** (Registration No. 201101019901 (948035-U)) (“**Issuer**”).

Full information on the Issuer and the offer of the Subject Perpetual Sukuk Musharakah is only available on the basis of a combination of this Pricing Supplement and the information memorandum dated 7 July 2020 (as may be supplemented from time to time) (“**Information Memorandum**”).

Unless otherwise defined in this Pricing Supplement, capitalised terms used herein have the same meaning as in the Information Memorandum. In case of any conflict between the terms of this Pricing Supplement and/or the Information Memorandum, the terms set forth in this Pricing Supplement shall govern.

The Issuer has authorised the Lead Manager and/or its affiliates to circulate or distribute this Pricing Supplement on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Subject Perpetual Sukuk Musharakah only to prospective investors who fall within the ambit of the Selling Restrictions for the purpose of the sale of the Subject Perpetual Sukuk Musharakah and that no further evidence of authorisation is required.

This Pricing Supplement is for information purposes only and does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction.

This Pricing Supplement and its contents are strictly confidential and are made strictly on the basis that the recipient shall ensure that they will remain confidential. Accordingly, this Pricing Supplement and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Pricing Supplement is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Pricing Supplement who does not fall within the ambit of the Selling Restrictions must immediately notify the Lead Manager and return this Pricing Supplement to the Lead Manager or the Issuer.

This Pricing Supplement or any document delivered under or in relation to the issue, offer and sale of the Subject Perpetual Sukuk Musharakah is not, and should not be construed as, a recommendation by the Issuer, the Lead Manager or any other party to the recipient to subscribe for or purchase the Subject Perpetual Sukuk Musharakah. This Pricing Supplement is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all inclusive. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Subject Perpetual Sukuk Musharakah and all other relevant matters, and each recipient should consult its own professional advisers.

The recipient must return this Pricing Supplement and any other information in connection therewith to the Lead Manager promptly upon the Lead Manager’ request.

THERE ARE RESTRICTIONS ON THE DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING OR SALE OF THE SUBJECT PERPETUAL SUKUK MUSHARAKAH IN MALAYSIA. PERSONS INTO WHOSE POSSESSION THIS PRICING SUPPLEMENT COMES ARE REQUIRED BY THE ISSUER, THE LEAD ARRANGER AND THE LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTIONS. FOR A DESCRIPTION OF THE RESTRICTIONS ON THE OFFERING AND SALE OF SUBJECT PERPETUAL SUKUK MUSHARAKAH AND ON DISTRIBUTION OF THIS PRICING SUPPLEMENT IN MALAYSIA, PLEASE REFER TO SECTION 2 OF

THE INFORMATION MEMORANDUM FOR THE PERPETUAL SUKUK MUSHARAKAH PROGRAMME DATED 7 JULY 2020.

Specific Final Terms

The following items under this heading “**Specific Final Terms**” are the particular terms which relate to the Subject Perpetual Sukuk Musharakah to which this Pricing Supplement relates.

1. **Issuer** : **PESTECH INTERNATIONAL BERHAD**
2. **Tranche** : **1 (“First Tranche”)**
3. **Series** : **1**
4. **Nominal Amount** : **RM37,100,000.00**
5. **Issue Date** : **16 October 2020**
6. **Tenure** : **Perpetual Non-Callable 3 years**
7. **First Call Date** : **3rd anniversary of the Issue Date**
8. **Call Date** : **First Call Date and each Periodic Distribution Date thereafter**
9. **Periodic Distribution Frequency** : **Semi-annual**
10. **Initial Periodic Distribution Rate** : **6.00% p.a.**
11. **Relevant Reset Periodic Distribution Rate** : **The Initial Periodic Distribution Rate + Step-Up Margin applicable on each Stepped-Up Date(s)**
12. **Reset Period/Stepped-Up Date(s)** :

Reset Period	Stepped-up Date
<u>1st Reset Period</u> The period from, and including the First Call Date until the preceding day of the 4 th anniversary of the Issue Date	On the First Call Date
<u>Subsequent Reset Period</u> The period from, and including the 4 th anniversary of the Issue Date until the redemption of the Subject Perpetual Sukuk Musharakah	On the 4 th anniversary of the Issue Date and subsequent anniversary date(s)

- 13. Step-Up Margin** :
- | Reset Period | Step-up Margin |
|------------------------------|--|
| 1 st Reset Period | 3.00% p.a. |
| Subsequent Reset Periods | An additional 1.00% p.a. thereafter on every subsequent Reset Period, subject to the Maximum Rate. |
- 14. Maximum Rate** : 15.00% p.a.
- 15. Margin in relation to the Make-Whole Amount** : 3.105%
- 16. Utilisation of Proceeds** : The proceeds raised from the issuance of the Subject Perpetual Sukuk Musharakah under the Perpetual Sukuk Musharakah Programme shall be utilised by PESTECH Group for the following Shariah-compliant purposes:
- (a) refinancing of existing financing/borrowings;
 - (b) working capital; and
 - (c) defray fees, costs and expenses in relation to the issuance of the Subject Perpetual Sukuk Musharakah and the Perpetual Sukuk Musharakah Programme
- 17. Credit Rating and rating agency** : Not rated
- 18. Tranche Maximum Amount** : RM100,000,000.00
- 19. Tranche Security** : The First Tranche of the Subject Perpetual Sukuk Musharakah under the Perpetual Sukuk Musharakah Programme shall be secured by first ranking legal assignment and charge over the Reserve Account (as defined below) and the credit balances therein as well as the amounts standing to the credit of the Reserve Account which are invested in Permitted Investments.

For the avoidance of doubt, the Tranche Security mentioned above will be given in favour of the Security Trustee for the benefit of the Sukukholders of the First Tranche (including the subsequent Series under the First Tranche) of up to RM100.0 million.

20. **Eligible Replacement Security** : Not applicable

21. **Designated Accounts** : **For First Tranche**

The Issuer shall open and maintain designated account as follow:

Name of account	Pestech International Berhad – Malaysian Trustees Bhd (Reserve Account – First Tranche) (“ Reserve Account ”)
Parties responsible for opening the account	Issuer
Parties responsible for maintaining/operating the account	Security Trustee
Signatories to the account	Security Trustee
Sources of funds	The Reserve Account shall capture the following: (1) Receipt of monies in accordance with the Letters of Undertaking; (2) The proceeds, income and/or profit earned from the Permitted Investments; and (3) Monies to be deposited to fund the build-up of Sinking Fund Balance (as defined herein) and/or the Expected Periodic Distribution Amount by the Issuer.
Utilisation of funds	Money standing to the credit of Reserve Account shall be utilised in accordance with the priority of cashflow below:

	<p>(1) Payment for the Expected Periodic Distribution Amount;</p> <p>(2) To meet the principal redemption in the event the Issuer exercises the call option and/or occurrence of an early redemption of the First Tranche as well as any shortfall in meeting all the payments obligations under the First Tranche; and</p> <p>(3) For Permitted Investments.</p>
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“**Letters of Undertaking**” refers to collectively:

- (a) Irrevocable and unconditional undertaking by Pestech Sdn Bhd to transfer 5%, 15% and 100% for its financial year ending 30 June 2021, 30 June 2022 and 30 June 2023 respectively of the proceeds to be received from Junjung Project and Prince Court Project.

Junjung Project shall mean the contract agreement dated 26 February 2019 made between Tenaga Nasional Berhad as the employer and Pestech Sdn Bhd as the contractor for the establishment of PMU500/275kv Junjung (3X1050MVA) for a sum of RM168,394,800.00 (including any supplementals, modifications, addendums, variations or novations thereof).

Prince Court Project shall mean the contract agreement dated 26 February 2019 made between Tenaga Nasional Berhad as the employer and the unincorporated joint venture between Pembinaan Tajri Sdn Bhd and Pestech Sdn Bhd for the establishment of double circuit 275kv XLPE underground cable from PMU Prince Court to PMU Ampang for a sum of RM112,500,000.00 (including any supplementals, modifications, addendums, variations or novations thereof);

- (b) Irrevocable and unconditional undertaking by Pestech Technology Sdn Bhd to transfer 5%, 15% and 100% for its financial year ending 30 June 2021, 30 June 2022 and 30

June 2023 respectively of the proceeds from Southern Double Track Project; and

Southern Double Track Project shall mean the following contracts with a total work consideration of RM430,000,000.00:

(i) fixed price, date certain, turnkey engineering, procurement, construction and maintenance contract relating to the signalling systems pursuant to the sub-contract agreement made between Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd as the main sub-contractor and Ansaldo STS PESTECH Consortium formed between Ansaldo STS Malaysia Sdn Bhd (now known as Hitachi Rail STS Malaysia Sdn Bhd) and PESTECH Technology Sdn Bhd as the sub-contractor dated 29 March 2019 where the portion of work consideration under the consortium for PESTECH Technology Sdn Bhd is RM30,000,000.00 (including any supplementals, modifications, addendums, variations or novations thereof); and

(ii) fixed price, date certain, turnkey engineering, procurement, construction and maintenance contract relating to the electrification systems pursuant to the sub-contract agreement dated 18 December 2018 and its supplemental agreement dated 17 August 2019, both made between Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd as the main sub-contractor and PESTECH Technology Sdn Bhd as the sub-contractor for a work consideration of RM400,000,000.00 (including any supplementals, modifications, addendums, variations or novations thereof),

in relation the electrified double track from Gemas to Johor Bahru

- 22. Build-up schedule of principal in reserve account** : The Issuer shall build up the required minimum amount in the Reserve Account (“**Sinking Fund Balance**”) which shall be equivalent to:

- (a) The next Expected Periodic Distribution Amount in relation to the First Tranche – Series 1 which shall be deposited into the Reserve Account six (6) months prior to its due date; and
- (b) The principal in relation to the First Tranche – Series 1 for the respective First Call Date subject to a build-up schedule as set out below.

By Financial Year Ending 30 June	Cumulative Build- up (RM)
2021	2,968,000
2022	9,275,000
2023	37,100,000

* The build-up amount as per the build-up schedule above will be utilised to redeem the principal of the First Tranche – Series 1.

For the avoidance of doubt, the Reserve Account is only required to be built-up to an amount equivalent to the Nominal Amount and the remaining unpaid Expected Periodic Distribution Amount up to the First Call Date.

23. Sinking Fund Event Redemption

- : If at any time a Sinking Fund Event has occurred and is continuing, then the Issuer may, at its option, redeem all or part of the Subject Perpetual Sukuk Musharakah at the relevant Exercise Price.

So long as the Issuer has not redeemed the Subject Perpetual Sukuk Musharakah pursuant to the Sinking Fund Event Redemption, the Periodic Distribution Rate in respect of the Subject Perpetual Sukuk Musharakah shall be increased to 15% –with effect from (and including) the date on which the Sinking Fund Event occurred.

If the Sinking Fund Event is remedied by the Issuer to the satisfaction of the Sukuk Trustee and the Issuer has delivered to the Facility Agent and the Sukuk Trustee a certificate signed by a director or the chief financial officer of the Issuer certifying that the Sinking Fund Event has been remedied, then the rate as agreed above shall cease to apply and the Periodic Distribution Rate in respect of the Subject Perpetual Sukuk Musharakah shall revert to the applicable Periodic Distribution Rate as if

the Sinking Fund Event has not occurred, with effect from the Periodic Distribution Date immediately after the date on which the Sinking Fund Event is remedied to the satisfaction of the Sukuk Trustee.

For further details on Sinking Fund Event and Sinking Fund Event Redemption, please refer to the Information Memorandum.

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| 24. | Specific representations and warranties | : | Not applicable |
| 25. | Specific positive covenants | : | Not applicable |
| 26. | Specific negative covenants | : | Not applicable |
| 27. | Specific information covenants | : | Not applicable |
| 28. | Any other terms and conditions | : | Not applicable |

RESPONSIBILITY

The Issuer, having made all enquiries as were reasonable, confirms that the information contained in this Pricing Supplement is in accordance with the facts and is not false, not misleading and does not contain any material omission.

Signed on behalf of

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

A handwritten signature in blue ink is written over a horizontal dotted line. The signature is stylized and appears to be a cursive representation of a name.