

HEITECH PADU BERHAD (“HEITECH” OR THE “COMPANY”)

- (I) PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF HEITECH AND ITS SUBSIDIARIES TO INCLUDE THE BUSINESS OF DEVELOPMENT, OWNERSHIP, OPERATION AND MAINTENANCE OF RENEWABLE ENERGY POWER PLANT AS WELL AS RELATED ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING (“EPCC”) SERVICES IN RELATION TO ENERGY SOLUTIONS (“PROPOSED DIVERSIFICATION”);
- (II) PROPOSED BONUS ISSUE OF 27,836,955 NEW ORDINARY SHARES IN HEITECH (“SHARES”) (“BONUS SHARES”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 4 EXISTING SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”); AND
- (III) PROPOSED PRIVATE PLACEMENT OF UP TO 27,836,955 NEW SHARES, REPRESENTING UP TO 20% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES AFTER THE COMPLETION OF THE PROPOSED BONUS ISSUE (“PROPOSED PRIVATE PLACEMENT”)

(COLLECTIVELY, THE “PROPOSALS”)

1. INTRODUCTION

On 24 February 2025, the Board of Directors of HeiTech (“**Board**”) announced that the Company formed a consortium with Voith Hydro GmbH & Co KG (“**Voith Hydro**”) (“**Consortium**”) and had received a Letter of Acceptance dated 21 February 2025 from TNB Power Generation Sdn Bhd (“**TNB Genco**”), a wholly-owned subsidiary of Tenaga Nasional Berhad (“**TNB**”), for an EPCC contract for the Life Extension Program of Sungai Perak Hydroelectric Scheme which covers electrical, mechanical and associated civil works for 3 hydroelectric stations at Sungai Perak known as SJ Temengor, SJ Bersia and SJ Kenering (“**Hydroelectric EPCC Project**”).

On behalf of the Board, RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that the Company proposes to undertake the Proposals.

The details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Diversification

2.1.1 Background of existing businesses

HeiTech and its subsidiaries (collectively, the “**Group**”) are principally involved in the provision of information and communication technology (“**ICT**”) services and solutions to public sector, private sector and government linked agencies. The Group offers a comprehensive suite of information technology (“**IT**”) services comprising system integration, application development, managed infrastructure services, niche and digital solutions as well as other ICT related products and services.

A summary of the Group's audited consolidated revenue and profit/(loss) after tax and minority interests ("PATAMI" or "LATAMI") for the past 4 financial years ended 31 December ("FYE") 2021 to FYE 2024 is as follows:

Segments	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	Segments	FYE 2024 (RM'000)
Core 1 ⁽¹⁾	167,876	120,645	86,702	TMG ⁽²⁾	231,481
Core 2 ⁽¹⁾	28,117	33,373	49,169	IMG ⁽²⁾	56,520
Core 3 ⁽¹⁾	75,825	141,660	146,117	NMG ⁽²⁾	51,404
Consolidation adjustments	(2,316)	(1,825)	(4,126)		(2,434)
Revenue	269,502	293,853	277,862		336,971
Core 1 ⁽¹⁾	(15,085)	(3,102)	(11,527)	TMG ⁽²⁾	15,515
Core 2 ⁽¹⁾	2,424	(4,346)	(13,423)	IMG ⁽²⁾	(6,678)
Core 3 ⁽¹⁾	(6,556)	(2,421)	27,684	NMG ⁽²⁾	(353)
Consolidation adjustments	3,439	-	4,426		(1,778)
(LATAMI) / PATAMI	(15,778)	(9,869)	7,160		6,706

Notes:

(1) Represents the Group's offerings as set out below:

Core 1 : System integration and application development focusing on business acquisition mainly for the public sector market (such as the health sector, internal security sector, government-linked companies and agencies), developing smart solutions and smart city specifically for local councils, and ancillary products surrounding financial solutions serving all market segments

Core 2 : Engineering works for the energy sector, bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile application, cooperative and smart council systems, simulation and training

Core 3 : Business acquisition mainly for the transportation, financial services and concession business sectors

(2) In light of the evolving business landscape, the Group had revised its organisational structure during the FYE 2024 to align the decision-making processes by redefining its segmentation based on business maturity to ensure a more streamlined approach towards addressing distinct operational needs as follows:

TMG : Core 1 and the IT contracting business of Core 3 were combined as Technology Market Group ("TMG") to refine the market acquisition and delivery processes and teams into a more streamlined approach

IMG : Core 2 is re-clustered as Investment Market Group ("IMG") to focus on new market areas for IT products and offerings such as commercials, small and medium enterprises, local councils and state governments

NMG : Sectors such as defence, renewable energy, health and automated driving licenses testing system, which were previously under Core 2 have been combined as Niche Market Group ("NMG")

Core 1, being the Group's key business in the public sector, has always been the Group's main revenue contributor. However, over the past few years after the COVID-19 pandemic, the Group has been facing stiff competition which resulted in volatility in its revenue. Public sector spending on system development and system maintenance was low with strong competition from other IT providers. Nevertheless, the Group was able to retain its existing customers' maintenance contracts, albeit with reduced scope and contract value. This has been reflected in Core 1's revenue reduction from approximately RM167.9 million for the FYE 2021 to RM86.7 million for the FYE 2023, which resulted in its loss position from the FYE 2021 to FYE 2023.

Similarly, the business of Core 2 also faced challenges after the COVID-19 pandemic despite efforts to enhance its market presence in enterprise solutions, public facing application and renewable energy engineering works. While revenue has grown from approximately RM28.1 million for the FYE 2021 to approximately RM49.2 million for the FYE 2023, profitability remained a concern with losses widening for the FYE 2023 primarily due to high operating and development costs, coupled with increased competition due to new market penetration.

The business of Core 3, which focuses on commercial and transportation sectors, recorded an increase in revenue from approximately RM75.8 million for the FYE 2021 to approximately RM146.1 million for the FYE 2023, which was mainly driven by the Group's established presence and recurring projects from clients in the transportation sector. In addition, the IT leasing contracts that were awarded during the FYE 2023 have also contributed to approximately RM27.7 million in PATAMI as compared to losses recorded in prior years.

For the FYE 2024, TMG recorded a revenue and PATAMI of approximately RM231.5 million and RM15.5 million respectively primarily driven by major contracts secured in the public sector. However, the IMG and NMG segments recorded losses during the FYE 2024 mainly due to high operating costs associated with entering new IT markets as well as the increased costs relating to ongoing contracts in the health and defence sectors.

2.1.2 Details of the Proposed Diversification

While the Group has made progress in growing its IT business in TMG, IMG and NMG, it remains cognisant of the challenges in the ICT industry such as, among others, low government spending, rapid technological advancements, increasing market competition and shifting market demands. To mitigate these risks and ensure long-term sustainability, the Group intends to undertake the Proposed Diversification to diversify its existing business for additional revenue and income stream.

HeiTech's involvement in the renewable energy sector dates back to 2015 with its acquisition of Duta Technic Sdn Bhd ("**Duta Technic**"), a registered contractor for TNB specialising in high-voltage power infrastructure. To further strengthen its renewable energy portfolio, HeiTech had in 2018 established a wholly-owned subsidiary, HeiTech Eco Energy Sdn Bhd ("**HeiTech Eco Energy**"), to focus on sustainable energy solutions.

On 24 February 2025, the Consortium had received a Letter of Acceptance dated 21 February 2025 from TNB Genco, a wholly-owned subsidiary of TNB, for the Hydroelectric EPCC Project.

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The said contract commenced on 31 March 2025 and cover a period of up to 99 months from the commencement date (i.e. up to 30 June 2033). The total contract value of the Hydroelectric EPCC Project is approximately RM2.5 billion, the breakdown of which is as follows:

	(A) Contract value in Euro		(B) Contract value in RM	(A) + (B) Total contract value in RM
	(€'000)	(RM'000)	(RM'000)	(RM'000)
Voith Hydro	291,430	⁽¹⁾ 1,447,358	134,026	1,581,384
HeiTech	-	-	902,962	902,962
Total	291,430	⁽¹⁾1,447,358	1,036,988	2,484,346

Note:

(1) Based on the exchange rate of €1:RM4.9664 as at 25 April 2025, being the latest practicable date prior to the date of this announcement (“**LPD**”).

Based on the above, Voith Hydro is entitled to approximately RM134.0 million and €291.4 million (equivalent to approximately RM1.4 billion) while HeiTech is entitled to approximately RM903.0 million under the contract.

Pursuant to the above, the Board envisages that the business of development, ownership, operation and maintenance of renewable energy power plants as well as related EPCC services in relation to energy solutions (“**New Business**”) will become a major contributor to the Group’s earnings going forward. Under the New Business, the Hydroelectric EPCC Project is expected to be the primary revenue driver, while the Group pursues further opportunities in the development, ownership, operation, and maintenance of renewable energy power plants as well as related EPCC services in relation to energy solutions that may arise in the future.

Pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), the Company is required to obtain its shareholders’ approval for any transaction or business arrangement which might reasonably be expected to result in either:

- (i) the diversion of 25% or more of net assets (“**NA**”) of the Group to an operation which differs widely from its existing operations; or
- (ii) the contribution from such an operation (including any associated transactions or loans effected or intended, and contingent liabilities or commitments) of 25% or more of the net profits of the Group.

In this regard, the Company will seek its shareholders’ approval for the Proposed Diversification at an extraordinary general meeting (“**EGM**”) to be convened.

Notwithstanding the Proposed Diversification, the Group intends to continue with its existing business activities in the ICT segment while regularly reviewing its operations to further enhance its financial performance.

2.1.3 Details of the Hydroelectric EPCC Project

The Hydroelectric EPCC Project forms part of TNB Genco's initiatives to refurbish its hydroelectric power plants under the Life Extension Program of Sungai Perak Hydroelectric Scheme as approved by the Energy Commission in October 2022.

As a consortium, the key roles and responsibilities of Voith Hydro and HeiTech under the contract for the Hydroelectric EPCC Project are as follows:

Voith Hydro	HeiTech
<p>Responsible for performance-critical hydroelectric plant modernisation including:</p> <ul style="list-style-type: none">• turbine and generator replacement• major mechanical plant works• installation of new command and control system• interfacing management	<p>Responsible for balance of plant works including:</p> <ul style="list-style-type: none">• preliminary works• electrical and mechanical works• hydro-mechanical equipment works• interconnection facilities• associated civil works

HeiTech shall provide specialised services required to integrate Voith Hydro's hydroelectric equipment with Malaysia's energy grid specifically:

- (i) Balance of plant - : Installation and upgrading of generator transformers, circuit electrical works
- (ii) Hydro-mechanical equipment works : Ensuring the efficiency and safety of water control systems, such as head gates and conduits
- (iii) Interconnection facilities : Ensuring seamless power transmission by upgrading existing substations and constructing new transmission towers to enhance grid reliability and efficiency

The Group expects to incur financial commitment to undertake the balance of plant works under the Hydroelectric EPCC Project as set out above which shall include, among others, project mobilisation costs, procurement of equipment and materials, engagement of contractors and consultants for civil and structural works, project management services as well as other related commissioning expenses. Such financial commitment is expected to be funded through external borrowings and/or internal funds, the breakdown and quantum of which have not been determined at this juncture.

2.1.4 Information on Voith Hydro

Voith Hydro is a corporation incorporated under the laws of Austria and is a wholly-owned subsidiary of Voith Hydro Holding GmbH & Co. KG, which is the hydro group division under Voith GmbH & Co. KGaA. As at the LPD, the Board of Management of Voith GmbH & Co. KGaA comprises Andreas Endters, Stephanie Holdt, Dr. Tobias Keitel and Cornelius Weitzmann.

Voith Hydro specialises in providing equipment and services for hydropower plants, including turbines, generators, pumps, automation systems, and maintenance services. Its portfolio of products and services covers the entire life cycle of all major components for hydropower plants such as generators, turbines, pumps, automation systems and spare parts as well as maintenance, training and digital solutions for intelligent generation of hydropower.

(Source: 2023 Annual Report of Voith GmbH & Co. KGaA)

Voith Hydro, as the leader of the Consortium under the Hydroelectric EPCC Project, had conducted a comprehensive review and audit of HeiTech to evaluate its technical expertise, financial capability, and project execution capacity as a local partner for the Hydroelectric EPCC Project. Following a rigorous assessment process, HeiTech successfully met all criteria set by Voith Hydro, and the latter confirmed HeiTech as a qualified and suitable partner to undertake the Hydroelectric EPCC Project in compliance with the Consortium's requirements and industry standards.

2.1.5 Key management personnel for the Proposed Diversification

The Group has identified the following key management personnel to spearhead the operations of the New Business. Their qualifications and experiences are set out below:

(i) Syed Omar Albar Bin Syed Abdullah

Syed Omar Albar Bin Syed Abdullah, a Malaysian aged 38, is the Group Chief Executive Officer of HeiTech effective from 26 May 2025 and will be responsible for overseeing and managing the overall implementation of the Hydroelectric EPCC Project.

He has more than 15 years of experience in various sectors, including port and logistics, telecommunications, property development, renewable energy and government services. He began his career as Special Assistant to Executive Director of Jalur Lebar Nasional Sdn Bhd in 2010 before joining Johor Port Berhad as Head of Corporate Communication in 2012, where he was responsible for overseeing and managing communications with media and stakeholders.

He left Johor Port Berhad and joined Perbadanan Kemajuan Negeri Perak ("PKNP"), a state agency responsible for the development of the State of Perak, as Manager of Port and Logistics in 2015. He was subsequently transferred to Perak Teamwork Sdn Bhd, a subsidiary of PKNP, as Manager of Industrial Development and Promotion and rose through the ranks to become General Manager in 2020. He was promoted to Director of PKNP in 2021 and to Deputy Chief Executive of PKNP in 2022 where he was involved in renewable energy projects in Perak.

(ii) Azuar Fariz Bin Adnan

Azuar Fariz Bin Adnan, a Malaysian aged 49, is the Acting Chief Executive Officer of HeiTech Eco Energy. He graduated with a Bachelor of Science in Computing Science from the University of East Anglia, United Kingdom in 1998. He has more than 9 years of experience in EPCC for high-voltage substation projects and is responsible for overseeing the entire business operation of HeiTech Eco Energy.

He began his career with the Company in 1998 as Software Engineer, and was responsible for the implementation of projects across the financial sector, government agencies, security, and defence. He was later transferred to Duta Technic in 2016, as Business Development Director, where he played a key role in securing major projects. He was subsequently transferred to HeiTech Eco Energy in 2019 and was promoted to Chief Operating Officer, a position he held until 2023, before assuming his current position. He was also the Acting Chief Executive Officer of Duta Technic from 2021 to 2023, where he was responsible for overseeing the entire business operation of Duta Technic.

In his leadership role, he was instrumental in leading HeiTech's project acquisition team during the tendering stage of the Life Extension Program for Sungai Perak. This included negotiating with Voith Hydro as a consortium partner and subsequently engaging in negotiations with TNB Genco. He led the team in contractual, commercial, and technical discussions, ultimately securing the Hydroelectric EPCC Project, being one of the largest contracts for HeiTech.

The recent key projects which he was involved in securing the contract and overseeing the full implementation of the projects are as follows:

Project/Location	Project duration	Status	Contract value (RM'000)
Interconnection facilities works for LSS plants in Gurun, Jasin and Merchang	2 years (from 2017 to 2019)	Completed	75,000
Interconnection facilities works for a LSS plant in Pekan	3 years (since 2023)	Ongoing	27,000
Interconnection facilities works for a hydro power plant in Batang Kali	2 years (since 2023)	Ongoing	4,300

The Group's expansion into the renewable energy sector is underpinned by the proven track record of its subsidiaries, Duta Technic and HeiTech Eco Energy, which have collectively secured and delivered energy-related projects with a total contract value of more than RM300.0 million over the past 10 years since 2015 comprising high-voltage interconnection facilities, substations and renewable energy systems (including solar and small hydro installations). The successful delivery of these projects demonstrates the Group's technical competency and operational capability in the renewable energy business. Building on this foundation, the Group is further strengthening its in-house expertise through the recruitment of additional technical professionals to support the delivery of upcoming large-scale energy projects.

As at the LPD, the Group has a total of 19 employees in HeiTech Eco Energy and Duta Technic to undertake EPCC projects. To ensure that it has sufficient manpower to undertake the Hydroelectric EPCC Project, the Group expects to increase its headcount within the next 6 months by up to 50 personnel for positions such as, among others, consultants, engineers, safety officers, project managers and compliance officers.

2.2 Proposed Bonus Issue

2.2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of 27,836,955 Bonus Shares on the basis of 1 Bonus Share for every 4 existing Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board and announced later by the Company (“Entitlement Date”) (“Entitled Shareholders”).

As at the LPD, the issued share capital of the Company is RM136,652,026.40 comprising 111,347,820 Shares. Accordingly, the total number of issued Shares will increase from 111,347,820 Shares to 139,184,775 Shares based on 27,836,955 Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

The Entitlement Date will be determined by the Board and announced by the Company at a later date after all the relevant approvals for the Proposed Bonus Issue have been obtained. The Proposed Bonus Issue will be implemented in a single issuance and not on a staggered basis over a period of time. Any fractional entitlements arising from the Proposed Bonus Issue shall be disregarded and/or dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

The basis of entitlement for the Proposed Bonus Issue was determined after taking into consideration the following:

- (i) dilutive effects arising from the issuance of the Bonus Shares on the consolidated earnings per Share ("EPS") and NA per Share of the Company; and
- (ii) compliance with Paragraph 6.30(1A) of the Listing Requirements which states that the Company must ensure that its share price adjusted for the Proposed Bonus Issue is not less than RM0.50 based on the daily volume weighted average market price ("VWAMP") during the 3-month period before the date of the additional listing application to Bursa Securities.

For illustrative purposes only, based on the 5-day VWAMP of the Shares up to and including the LPD, as well as the lowest daily VWAMP of the Shares during the 3-month period up to and including the LPD, the illustrative theoretical ex-bonus price ("TEBP") of the Shares is as follows:

	⁽¹⁾ VWAMP before the Proposed Bonus Issue	Illustrative ⁽²⁾ TEBP after the Proposed Bonus Issue
5-day VWAMP up to and including the LPD	RM2.1675	RM1.7340
Lowest daily VWAMP during the 3-month period up to and including the LPD	RM1.8481	RM1.4785

Notes:

(1) Extracted from Bloomberg.

(2) The illustrative TEBP is arrived at based on the following formula:

$$\text{TEBP} = \frac{P \times Y}{Y + X}$$

whereby:

P = Price per Share (RM/Share)

X = Number of entitled Bonus Shares

Y = Number of existing Shares held

Premised on the above, the Company's share price adjusted for the Proposed Bonus Issue is not less than RM0.50 based on the daily VWAMP during the 3-month period up to and including the LPD. Hence, the Proposed Bonus Issue complies with Paragraph 6.30(1A) of the Listing Requirements.

2.2.2 No capitalisation of reserves

The Bonus Shares will be issued as fully paid Shares, at no consideration and without capitalisation of the Company's reserves. For the avoidance of doubt, the Proposed Bonus Issue will increase the number of Shares in issue but will not increase the value of the issued share capital of the Company.

For illustrative purposes only, on the basis of 1 Bonus Share for every 4 existing Shares held and assuming an Entitled Shareholder holds 100 Shares on the Entitlement Date, the number and value of the Shares held by the Entitled Shareholder before and after the Proposed Bonus Issue are set out below:

	Before the Proposed Bonus Issue	After the Proposed Bonus Issue
Number of Shares held	100	125
Value of Shares (RM)	(1)216.75	(2)216.75

Notes:

- (1) Based on the 5-day VWAMP of the Shares up to and including the LPD of RM2.1675.
- (2) Based on the illustrative TEBP of the Shares of RM1.7340.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Bonus Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and issuance of the Bonus Shares.

2.2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for 27,836,955 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than 4 market days after the listing of and quotation for the Bonus Shares.

2.3 Details of the Proposed Private Placement

2.3.1 Placement size

The Proposed Private Placement will entail the issuance of up to 27,836,955 new Shares (“**Placement Shares**”), representing up to 20% of the enlarged total number of issued Shares after the completion of the Proposed Bonus Issue. The Proposed Private Placement will be implemented after the completion of the Proposed Bonus Issue and the Placement Shares will not be entitled to the Bonus Shares.

2.3.2 Placement arrangement

The Placement Shares will be placed out to independent third party investor(s) (“**Placee(s)**”) to be identified at a later date. The Placee(s) shall be persons or parties who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007. The Placement Shares are not intended to be placed to the following persons:

- (i) a director, major shareholder or chief executive of HeiTech or a holding company of HeiTech (collectively, the “**Interested Persons**”);
- (ii) a person connected with the Interested Persons; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The identity of the Placee(s), the number of Placement Shares to be placed out to each of the Placee(s) as well as the issue price for the Placement Shares will be determined and finalised by the Board and announced by the Company at a later date.

Subject to, among others, the prevailing market conditions and investors' interest at the point of implementation, the Proposed Private Placement may be implemented in one or more tranches within 6 months from the date of approval by Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities, or any extended period as may be approved by Bursa Securities.

The implementation of the placement arrangement in multiple tranches, would provide flexibility to the Company to procure interested investor(s) to subscribe for the Placement Shares within the approved period. In the event the Placement Shares are issued in multiple tranches, the issue price for each tranche of the Placement Shares will be determined by the Board and announced by the Company separately.

2.3.3 Basis of determining the issue price of the Placement Shares

The issue price of the Placement Shares shall be determined and fixed by the Board and announced by the Company at a later date after obtaining the approval of Bursa Securities for the listing of and quotation for the Placement Shares.

The issue price of the Placement Shares will be based on a discount of not more than 10% to the 5-day VWAMP of the Shares immediately before the price-fixing date.

For illustrative purposes throughout this announcement, the illustrative issue price of the Placement Shares is assumed to be RM1.57 per Placement Share ("Illustrative Issue Price"), representing a discount of approximately 9.5% to the TEWP of RM1.7340 (after adjusting for the Proposed Bonus Issue).

2.3.4 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Placement Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment and issuance of the Placement Shares.

2.3.5 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for up to 27,836,955 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

2.3.6 Utilisation of proceeds

Based on the Illustrative Issue Price, the Company expects to raise gross proceeds of approximately RM43.7 million which are expected to be utilised in the following manner:

Details of utilisation	RM'000	Expected time frame for use from the date of listing of the Placement Shares
Project expenditures ⁽¹⁾	35,000	Within 36 months
Working capital requirements ⁽²⁾	7,304	Within 12 months
Estimated expenses for the Proposals ⁽³⁾	1,400	Within 1 month
	<u>43,704</u>	

Notes:

(1) On 18 October 2024, the Company was awarded with a contract from the Immigration Department of Malaysia for the end-to-end design, development and implementation of the National Integrated Immigration System (“**NIISe Project**”). The NIISe Project, which commenced on 18 October 2024 and covers a period of 60 months from the commencement date (i.e. up to 17 October 2029), has a contract value of approximately RM892.2 million.

The NIISe Project is a government-led initiative to replace the existing Malaysian Immigration System with a more modern and centralised platform. It is intended to improve the management of immigration processes such as visa applications, border control and foreign worker administration through a streamlined and integrated system.

As part of its continuing efforts to ensure the successful delivery of the NIISe Project, the Company has allocated RM35.0 million of the gross proceeds to be raised from the Proposed Private Placement to fund the project cost for the NIISe Project, particularly in the initial stages of design and planning as well as infrastructure and hardware procurement. The breakdown of proceeds to be used for the NIISe Project is as follows:

Description	RM'000
Purchase of IT hardware and infrastructure including servers, storage and network equipment	24,500
Purchase of software, application licenses and security solutions	10,500
Total	35,000

(2) Approximately RM7.3 million of the gross proceeds to be raised from the Proposed Private Placement shall be utilised for the Group’s working capital requirements to finance its day-to-day operations which includes staff costs and other overhead costs such as, among others, rental of office and leased lines. The breakdown of proceeds to be used for each component of working capital is as follows:

Description	RM'000
Staff costs	7,000
Overhead costs	304
Total	7,304

(3) The estimated expenses for the Proposals comprise professional fees, placement fees, fees payable to the relevant authorities, cost to convene the EGM, printing and advertisement expenses as well as other miscellaneous expenses.

The actual gross proceeds to be raised from the Proposed Private Placement will depend on the final issue price and the number of Placement Shares to be issued. In the event the actual gross proceeds from the Proposed Private Placement vary from the estimated gross proceeds as set out in the table above, such variance will be adjusted against the proceeds allocated to the Group’s working capital requirements. Any shortfall in the placement proceeds will be funded from internally generated funds of the Company.

Pending utilisation of the proceeds from the Proposed Private Placement, such proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/or short-term money market instrument(s). The interest derived from such deposit(s) and/or any gain arising from such short-term money market instrument(s) will be utilised for the working capital requirements of the Group.

2.3.7 Equity fundraising exercise undertaken in the past 12 months

On 26 July 2024, the Company completed a private placement which involved the issuance of a total of 10,122,520 new Shares, representing 10% of the then total number of issued Shares, in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act"), and raised gross proceeds of approximately RM18.9 million ("Previous Private Placement").

The details of the proceeds raised from the Previous Private Placement, which have been fully utilised as at the LPD, are as follows:

Details of utilisation	Intended timeframe for utilisation from 26 July 2024	Original proposed utilisation (RM'000)	Actual proceeds raised (RM'000)	Actual utilisation as at the LPD (RM'000)	Unutilised proceeds as at the LPD (RM'000)
Working capital	Within 12 months	22,644	18,567	18,567	-
Estimated expenses in relation to the Previous Private Placement	Within 1 month	334	334	334	-
		22,978	18,901	18,901	-

Save for the Previous Private Placement, the Company has not undertaken any other equity fund-raising exercise in the past 12 months prior to the date of this announcement.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Diversification

The Proposed Diversification represents a strategic opportunity for the Group to expand its business portfolio and reduce its reliance on the ICT segment. With the favourable outlook of the renewable energy industry and the long-term prospects of the Hydroelectric EPCC Project as set out in Sections 4.2 and 4.3 of this announcement respectively, the Proposed Diversification allows the Group to strengthen its earnings base as the Board anticipates that the Hydroelectric EPCC Project will contribute positively to the Group's financial performance in the coming years.

The Proposed Diversification aligns with Malaysia's long-term energy transition strategy, which supports national efforts towards cleaner and more sustainable energy solutions, while the Hydroelectric EPCC Project allows the Group to play a key role in enhancing national energy security. Furthermore, by participating in large-scale energy infrastructure development, the Group is able to strengthen its position in the renewable energy market while at the same time support government initiatives to modernise and expand the country's hydropower assets.

The renewable energy industry offers stable and long-term growth potential for the Group. Through its strategic collaboration with Voith Hydro, the Group is able to enhance its capability to execute large scale energy projects while gaining valuable industry expertise. The Hydroelectric EPCC Project serves as the Group's entry point into the renewable energy industry, with future plans to explore further opportunities in the development, ownership, operation and maintenance of renewable energy assets. This strategic shift reflects the Group's commitment to long-term business sustainability while contributing to Malaysia's clean energy goals.

3.2 Proposed Bonus Issue

After taking into consideration the various options available, the Board is of the view that the Proposed Bonus Issue is the most appropriate avenue to reward its shareholders for their support as the Proposed Bonus Issue:

- (i) increases the equity participation of the shareholders in the Company in terms of the number of Shares without them having to incur any cost, while maintaining their percentage of equity interest in the Company;
- (ii) could potentially improve the trading liquidity of the Shares on the Main Market of Bursa Securities at a lower adjusted trading price and at an increased number of Shares in issue without affecting the size of the market capitalisation of the Company; and
- (iii) would not materially affect the Company's reserves as the Proposed Bonus Issue will be implemented without capitalisation of the Company's reserves.

3.3 Proposed Private Placement

The Proposed Private Placement will enable the Company to raise funds for the purposes as detailed in Section 2.3.6 of this announcement.

After due consideration of the various methods of fundraising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue as the Proposed Private Placement will:

- (i) allow the Group to raise funds expeditiously and cost effectively as compared to other forms of fundraising, such as a rights issue which is likely to take a longer time to complete, and may require undertakings from our shareholder(s) for minimum subscription, and/or procurement of underwriting arrangement which would result in additional costs;
- (ii) raise the required funding for the Group without incurring further finance cost as compared to bank borrowings, thereby minimising any potential cash outflow in respect of principal and interest servicing;
- (iii) allow the Group to raise funds in tranches based on market conditions and the prevailing market price of the Shares; and
- (iv) strengthen the financial position and capital base of the Company and potentially enhance the liquidity of the Shares.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Despite challenges from the global macroeconomic environment, Malaysia's economy performed well in 2024. The economy recorded a stronger growth, expanding by 5.1% (2023: 3.6%) on the back of robust domestic demand with strong investments, as well as a rebound in exports. Malaysia's sound financial system also provided a strong buffer against the effects of volatile global financial markets. This ensured that domestic financial conditions remained conducive to financial intermediation, with sustained credit growth supporting the economy.

Positive labour market conditions amid continued employment and wage growth provided underlying support to resilient household spending. An improvement in household wealth, along with policy measures such as targeted cash transfers, also provided an additional lift to private consumption. 2024 marked a further advancement of an investment upcycle in Malaysia as the economy experienced a significant boost in investments across both private and public sectors. The country's expansion in semiconductor manufacturing and rise as a data centre hub in Southeast Asia spurred investment projects in the E&E and ICT sub-sectors. Further, ongoing multi-year private and public sector projects continued to progress well during the year.

(Source: Bank Negara Malaysia Annual Report 2024)

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical and electronic goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fueled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives.

A pertinent initiative which is GEAR-uP, will synergise efforts across government-linked entities to catalyse growth in high-growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of 5 years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

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

4.2 Overview and outlook of the renewable energy industry

On the sustainable environmental front, Malaysia is committed to promoting low-carbon and climate-resilient policies, with energy transition serving as a crucial lever to accelerate these efforts. Energy transition is a structural shift in energy sector towards cleaner sources, increased use of renewable energy, and a significant reduction in carbon emissions. The ongoing transition is expected to take place at an accelerated pace, driven by rapid technological progress and implementation of strong climate change policies. In response to the complexities of energy transition and the need to balance energy security, access to affordable energy, and environmental sustainability, the Government introduced the National Energy Transition Roadmap ("NETR") in August 2023. The Roadmap, which works in parallel with the initiatives under the National Energy Policy (DTN) 2022 – 2040 and the New Industrial Master Plan 2030, aims to further amplify Malaysia's commitments to achieve the net-zero aspirations by 2050.

The NETR was developed to steer Malaysia's shift towards a high-value green economy. The Roadmap outlines 10 flagship catalyst projects and 50 key initiatives under 6 energy transition levers, namely energy efficiency, renewable energy, hydrogen, bioenergy, green mobility, as well as carbon capture, utilisation and storage (CCUS) to unlock economic opportunities and reduce carbon emissions. These flagship catalyst projects are championed by various entities, including Petroliam Nasional Berhad, TNB, Khazanah Nasional Berhad, and SEDC Energy Sdn Bhd. The successful implementation of the NETR is expected to increase the gross domestic product contribution from RM25 billion in 2023 to RM220 billion in 2050, with 310,000 job opportunities will be generated. It is also expected to reduce greenhouse gas emissions.

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

4.3 Prospects of the New Business and Hydroelectric EPCC Project

The Proposed Diversification, particularly the Group's involvement in the Hydroelectric EPCC Project, aligns with Malaysia's commitment to renewable energy by transitioning to cleaner energy while reducing reliance on fossil fuels. As Malaysia intensifies its efforts to combat climate change, the country has set targets to expand its renewable energy share, with hydropower playing a crucial role as a reliable and sustainable energy source. By participating in the New Business and Hydroelectric EPCC Project, the Group not only contributes to a greener future but also taps into the growing demand for renewable energy solutions driven by government initiatives.

In addition, the Hydroelectric EPCC Project would enhance the Group's technical credibility and reputation in the renewable energy industry. The Group's collaboration with Voith Hydro, a globally recognised player in hydropower technology, is expected to enhance its expertise, and strengthen its position as a preferred EPCC service provider for future hydropower developments. By building a solid track record and strong industry partnerships through the Hydroelectric EPCC Project, the Group is well-placed to secure additional contracts in both government and private-sector renewable energy projects, paving the way for sustainable long-term growth.

While the Company has secured the Hydroelectric EPCC Project, it is strategically positioned to further expand its involvement in the hydroelectric EPCC sector. With the formation of the Consortium with Voith Hydro, this provides an opportunity for the Group to leverage on Voith Hydro's technical expertise and industry knowledge, which allows the Group to pursue the following opportunities:

(a) Undertaking future hydropower life extension projects

The Group's involvement in the Hydroelectric EPCC Project is expected to provide the Group with a competitive edge over its competitors and position it in driving sustainable growth. It will also enhance the Group's capability to execute future hydropower life extension projects of similar scale and complexity and increase our likelihood of securing such opportunities going forward.

(b) Expansion to new market

By leveraging on Voith Hydro's global presence and technology, the Group is able to position itself as a regional player in hydroelectric EPCC solutions. To that end, the Group intends to expand its geographical coverage beyond Malaysia to pursue growth opportunities in other markets such as Indonesia, Vietnam, Laos, The Philippines and Thailand, which have growth potential for hydropower development to meet growing energy demands, driven in part by investment from the local government in areas such as refurbishment, expansion and integration of hydroelectric plants and hydropower infrastructures.

(c) Diversification into related energy sectors

In addition to hydroelectric EPCC solutions, the Group is able to further expand its income stream by offering highly complementary service offerings to cater for the renewable and energy infrastructure businesses such as:

- (i) floating solar photovoltaics which involve the deployment of floating solar panels on hydro reservoirs to optimise land use and increase power generation;
- (ii) hybrid hydro-solar systems which involve the integration of solar and hydropower for optimised energy output;

- (iii) energy storage solutions which involve the development of pumped hydro storage or battery storage systems to support grid stability;
- (iv) hydrogen production which involves the use of hydroelectric power for green hydrogen production, an initiative under Malaysia's low-carbon roadmap; and
- (v) micro and mini hydro projects which involve the expansion of rural electrification projects for remote communities.

(d) Strengthening capabilities in power transmission and distribution

With the shared industry knowledge through the collaboration with its consortium partner in the Hydroelectric EPCC Project, the Group is able to continue its efforts in strengthening its capabilities in providing power transmission and distribution solutions for high-voltage substations and interconnection facilities such as:

- (i) providing grid infrastructure upgrades to accommodate new renewable energy plants;
- (ii) developing smart grid and digital monitoring solutions for efficient power management; and
- (iii) participating in cross-border power transmission projects supporting power grid interconnectivity in the ASEAN region.

This should position the Group in capturing more opportunities in the hydropower sector and drive future revenue growth.

4.4 Prospects of the Group

The Company has taken steps to redesign its structure by realigning its core business pillars to be market-driven and consolidating its business operations. The new structure, namely the TMG, IMG and NMG, centralises various functions for better governance and monitoring while staying focussed on its different markets. HeiTech remains committed to integrating sustainability into its core business strategy, ensuring long-term value creation for stakeholders while contributing to a greener and more inclusive digital future.

At the strategic level, HeiTech is embarking on becoming a full digital technology service provider that offers and serves end-to-end IT solutions to its customers and hence be able to provide holistic service that covers the entire lifecycle of IT offerings from concept and design up to implementation, maintenance and support that would meet customers' requirements.

As the Group continues to strengthen its position in the ICT industry, the Group has been able to secure notable projects, including those from the Immigration Department of Malaysia such as the NIISe Project (being one of the largest contracts for HeiTech) and contract extension for MYIMMS system. These achievements underscore the Group's commitment to deliver innovative and reliable solutions, and reinforce its position as a trusted technology partner in Malaysia.

The Group has also ventured into the renewable energy sector through the Hydroelectric EPCC Project in support of national development to align its strategic direction with Malaysia MADANI, an initiative by the Malaysian government aimed at fostering a progressive, sustainable, and digitally advanced society. This framework prioritises economic empowerment through digitalisation, the cultivation of an innovative, technology-driven economy, and the strengthening of public-private partnerships to drive Malaysia's digital transformation. It also highlights the importance of digital inclusivity, ensuring that both businesses and communities can access modern ICT solutions.

HeiTech believes that the above strategic direction and operational approach will propel HeiTech into a better position in its existing markets which augurs well for the future prospect of the Group.

(Source: Management of HeiTech)

5. RISK FACTORS

5.1 Business diversification risk

The Proposed Diversification would result in the diversification of the Group's existing business to include the New Business, whereby the Group may face new challenges and risks that it has not been involved in previously. These may include, among others, competition from established industry players, socio-political uncertainties, changes in the regulatory framework governing the renewable energy industry, constraints in skilled labour and technical expertise, as well as the Group's ability to secure new projects continuously.

Notwithstanding that, the Group will conduct periodic reviews of its business and operations and adopt prudent financial management as well as efficient operating procedures to mitigate the impact of the aforementioned risks. However, there can be no assurance that the Group will be able to successfully mitigate the various risks inherent in the renewable energy industry or that the business operations and financial performance of the Group will not be adversely affected.

5.2 Dependency on key technical personnel

The success of the Group's venture into the New Business and the execution of the Hydroelectric EPCC Project is dependent on, among others, the expertise, commitment and leadership of key technical personnel, who play significant roles in the daily operations of the Hydroelectric EPCC Project. Their technical knowledge and industry experience are essential in executing business strategies and ensuring the smooth implementation of the Hydroelectric EPCC Project, driving the growth of the New Business.

If the Group is unable to retain these key technical personnel or if the Group loses any key technical personnel without timely and suitable replacements, the Group's expansion and competitive position in the New Business may be adversely affected. To mitigate such risk, the Group will assess and implement suitable measures such as offering competitive remuneration packages, incentives and career development opportunities to attract and retain its key employees.

In addition, the Group will leverage on the industry experience and professional networks of its senior management and the Board to identify and onboard suitable replacements when necessary. The Group will also actively recruit experienced professionals with relevant technical and project management backgrounds to build a robust and resilient team capable of sustaining and expanding its presence in the energy sector.

5.3 Project risk

In executing projects under the New Business such as the Hydroelectric EPCC Project, the Group may face risks related to cost overruns, which could reduce profitability or lead to financial losses, and in turn adversely impact the Group's overall financial performance. Factors such as unforeseen technical complexities, project delays as well as fluctuations in material and labour costs may also contribute to these risks.

Notwithstanding this, the Group undertakes comprehensive assessments of project requirements, complexities and specifications before tendering or accepting contracts, ensuring well-planned execution and minimising the likelihood of cost overruns. In addition, contract costs will be closely monitored to provide management with timely and accurate insights into each project's profitability. These measures help to reduce the risk of underestimating contract costs and ensure effective financial and operational management throughout the project lifecycle.

5.4 Financing and interest rate risk

The Group's gearing ratio stood at approximately 1.4 times as at 31 December 2024. The Group may seek external financing to fund the Group's working capital for its contracted works for the Hydroelectric EPCC Project. The Group's ability to obtain external financing and the cost of financing depend on numerous factors, such as general economic and market conditions, interest rates, credit availability from the banks and/or other lenders, any restriction imposed by the Government or the political, social and economic conditions in Malaysia.

There can be no assurance that the necessary financing will be available on terms and conditions acceptable to the Group and hence, there can be no assurance that the Group will be able to obtain sufficient borrowings to fund the Group's working capital for its contracted works for the Hydroelectric EPCC Project.

In addition, the Group may be exposed to fluctuation in interest rates on the financing obtained, leading to higher borrowing costs that may adversely affect the Group's financial performance and the Group's ability to meet its financial obligations.

Nevertheless, the Group will continue to monitor and review its debt portfolio, which takes into consideration its gearing level, interest costs and cash flow.

5.5 Competition risk

The Group will face competition from both established industry players and new entrants that offer EPCC services for renewable energy solutions, which may impact the Group's ability to secure new projects and maintain its market position. Nevertheless, the Group will take proactive measures to remain competitive, including staying updated on market trends, optimising cost structures as well as ensuring high quality and reliable service.

However, there can be no assurance that the Group will be able to compete effectively with existing competitors and new entrants which may have an adverse impact on the business operations and financial performance of the Group.

5.6 Political, economic and regulatory risk

The Group may be adversely affected by changes in the political, economic and regulatory conditions in Malaysia. These risks include, among others, risks of war, terrorism, riot, expropriation, political instability and changes in government policies.

Notwithstanding this, the Group will continue to monitor the business environment and adapt its strategies accordingly. By staying informed about regulatory developments and maintaining operational flexibility, the Group aims to respond effectively to any significant changes so as to minimise any potential disruptions to its business operations and adverse impact on its financial performance.

6. EFFECTS OF THE PROPOSALS

The Proposed Diversification will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company as the Proposed Diversification does not involve the issuance of any Shares. The Proposed Diversification is not expected to have any immediate effect on the consolidated NA and gearing of the Company.

The Company expects the Hydroelectric EPCC Project to contribute positively to the Group's future earnings and EPS for the financial year ending 31 December 2025, which will, in turn, enhance its NA and NA per Share.

The impact of the Proposed Diversification on the Group's gearing will depend on the manner of funding for the capital expenditure and working capital in respect of the Hydroelectric EPCC Project and New Business. As at the LPD, the portion of borrowings to partially finance the financial commitment required by the Group to undertake the Hydroelectric EPCC has not been determined at this juncture. As such, the extent of the increase in the Group's gearing would depend on the quantum and timing of the borrowings to be procured by the Group.

6.1 Issued share capital

The pro forma effects of the Proposed Bonus Issue and Proposed Private Placement on the issued share capital of the Company are as follows:

	No. of Shares ('000)	RM'000
Issued share capital as at the LPD	111,348	136,652
Bonus Shares to be issued pursuant to the Proposed Bonus Issue	27,837	(1)-
	139,185	136,652
Placement Shares to be issued pursuant to the Proposed Private Placement	27,837	(2)43,704
Enlarged issued share capital	167,022	180,356

Notes:

(1) The Bonus Shares will be issued as fully paid Shares, at no consideration and without capitalisation of the Company's reserves.

(2) Assuming 27,836,955 Placement Shares are issued at the Illustrative Issue Price.

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6.2 NA and gearing

The pro forma effects of the Proposed Bonus Issue and Proposed Private Placement on the consolidated NA and gearing of the Company based on its latest audited consolidated statement of financial position as at 31 December 2024 are as follows:

	Audited as at 31 December 2024 (RM'000)	After the Proposed Bonus Issue (RM'000)	(I) After (I) and the Proposed Private Placement (RM'000)
Share capital	136,652	136,652	(1)180,356
Accumulated losses	(15,009)	(15,009)	(2)(16,409)
Foreign currency translation reserve	(1,190)	(1,190)	(1,190)
Revaluation reserve	53,182	53,182	53,182
NA	173,635	173,635	215,939
Number of Shares in issue ('000)	111,348	139,185	167,022
NA per Share (RM)	1.6	1.2	1.3
Total borrowings	236,655	236,655	236,655
Gearing ratio (times)	1.4	1.4	1.1

Notes:

(1) Based on the Illustrative Issue Price.
 (2) After deducting estimated expenses of RM1.4 million in relation to the Proposals.

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6.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial shareholders of the Company as the Bonus Shares will be allotted and issued on a pro-rata basis to all the Entitled Shareholders. However, the number of Shares held by the substantial shareholders will increase proportionately as a result of the Proposed Bonus Issue.

The pro forma effects of the Proposed Bonus Issue and Proposed Private Placement on the shareholdings of the substantial shareholders of the Company are as follows:

Substantial shareholders	As at the LPD				(I) After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Rosetta Partners Sdn Bhd	25,060,070	22.5	-	-	31,325,087	22.5	-	-
My E.G. Capital Sdn Bhd	21,364,700	19.2	-	-	26,705,875	19.2	-	-
Padujade Corporation Sdn Bhd	14,236,328	12.8	-	-	17,795,410	12.8	-	-
Dato' Sri Mohd Hilmey Bin Mohd Taib	4,159,484	3.7	⁽¹⁾ 14,242,328	12.8	5,199,355	3.7	⁽¹⁾ 17,802,910	12.8
My E.G. Services Berhad	-	-	⁽²⁾ 21,364,700	19.2	-	-	⁽²⁾ 26,705,875	19.2
Wong Thean Soon	1,234,000	1.1	⁽³⁾ 21,364,700	19.2	1,542,500	1.1	⁽³⁾ 26,705,875	19.2
Mfivesouthsea Sdn Bhd	-	-	⁽⁴⁾ 25,060,070	22.5	-	-	⁽⁴⁾ 31,325,087	22.5
KDYMM Sultan Muhammad V Tengku Muhammad Faris Petra Ibni Al-Marhum Sultan Ismail Petra	-	-	⁽⁵⁾ 25,060,070	22.5	-	-	⁽⁵⁾ 31,325,087	22.5

Substantial shareholders	(II) After (I) and the Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Rosetta Partners Sdn Bhd	31,325,087	18.8	-	-
My E.G. Capital Sdn Bhd	26,705,875	16.0	-	-
Padujade Corporation Sdn Bhd	17,795,410	10.7	-	-
Dato' Sri Mohd Hilmey Bin Mohd Taib	5,199,355	3.1	⁽¹⁾ 17,802,910	10.7
My E.G. Services Berhad	-	-	⁽²⁾ 26,705,875	16.0
Wong Thean Soon	1,542,500	0.9	⁽³⁾ 26,705,875	16.0
Mfivesouthsea Sdn Bhd	-	-	⁽⁴⁾ 31,325,087	18.8
KDYMM Sultan Muhammad V Tengku Muhammad Faris Petra Ibni Al-Marhum Sultan Ismail Petra	-	-	⁽⁵⁾ 31,325,087	18.8

Notes:

- (1) Deemed interest by virtue of his substantial shareholdings in Padujade Corporation Sdn Bhd and his daughter's direct shareholdings in the Company pursuant to Sections 8(4) and 59(11)(c) of the Act.
- (2) Deemed interest by virtue of its shareholding in My E.G. Capital Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) Deemed interest by virtue of his shareholding in My E.G. Services Berhad pursuant to Section 8(4) of the Act.
- (4) Deemed interest by virtue of its shareholding in Rosetta Partners Sdn Bhd pursuant to Section 8(4) of the Act.
- (5) Deemed interest by virtue of his shareholding in Mfivesouthsea Sdn Bhd pursuant to Section 8(4) of the Act.

6.4 Earnings and EPS

The Proposed Bonus Issue and Proposed Private Placement are not expected to have any material impact on the earnings of the Group for the financial year ending 31 December 2025. However, the EPS of the Group may be diluted as a result of the increase in the number of Shares in issue pursuant to the Proposed Bonus Issue and Proposed Private Placement.

For illustrative purposes, based on the latest audited consolidated statements of comprehensive income of the Company for the FYE 2024 and assuming that the Proposed Bonus Issue and Proposed Private Placement had been completed on 1 January 2024, being the beginning of the FYE 2024, the pro forma effects of the Proposed Bonus Issue and Proposed Private Placement on the earnings and EPS of the Group are as follows:

	Audited for the FYE 2024	After the Proposed Bonus Issue	(I) After (I) and the Proposed Private Placement
PATAMI (RM'000)	6,706	6,706	(1)5,306
No. of Shares in issue as at the LPD ('000)	111,348	139,185	167,022
Basic EPS (sen)	6.0	4.8	3.2

Note:

(1) After deducting estimated expenses of RM1.4 million in relation to the Proposals.

6.5 Convertible securities

The Company does not have any convertible securities as at the LPD.

7. APPROVALS REQUIRED

The Proposals are subject to approvals/consents being obtained from:

- (i) the shareholders of HeiTech for the Proposals at an EGM to be convened;
- (ii) Bursa Securities for the listing of and quotation for 27,836,955 Bonus Shares and up to 27,836,955 Placement Shares on the Main Market of Bursa Securities; and
- (iii) any other relevant authorities/parties, if required.

The Proposals are not inter-conditional with each other. However, the Proposed Private Placement will only be implemented after the completion of the Proposed Bonus Issue and the Placement Shares will not be entitled to the Bonus Shares.

The Proposals are not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by the Company.

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

None of the Directors, major shareholders and/or chief executive of HeiTech, and/or persons connected with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, the rights of which are also available to all other existing shareholders of HeiTech as at the Entitlement Date.

9. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

10. PRINCIPAL ADVISER AND PLACEMENT AGENT

RHB Investment Bank has been appointed as the Principal Adviser for the Proposals and the Placement Agent for the Proposed Private Placement.

11. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the Proposals is expected to be made within 1 month from the date of this announcement.

12. ESTIMATED TIME FRAME FOR COMPLETION

The Proposed Diversification will take effect immediately upon obtaining the Company's shareholders' approval at an EGM to be convened.

Barring any unforeseen circumstances and subject to the receipt of all required approvals, the Proposed Bonus Issue and Proposed Private Placement are expected to be completed by the 3rd quarter of 2025.

This announcement is dated 9 May 2025.