

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has only conducted limited review on the contents of this Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- I. PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 5% OF THE TOTAL NUMBER OF ISSUED SHARES OF PESTECH INTERNATIONAL BERHAD ("PESTECH" OR THE "COMPANY") (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME DURING THE DURATION OF THE PROPOSED ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF PESTECH AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) ("PROPOSED ESOS"); AND**
- II. PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM PAY CHIN, WHO IS A PERSON CONNECTED TO A DIRECTOR OF PESTECH, PURSUANT TO THE PROPOSED ESOS**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



ALLIANCE ISLAMIC BANK

Alliance Islamic Bank Berhad 200701018870 (776882-V)

The Extraordinary General Meeting of the Company ("**EGM**") will be conducted on a virtual basis through remote participation and online voting at the broadcast venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 October 2023 at 11.30 a.m. or immediately after the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later, or any adjournment thereof. The Notice of EGM together with the Administrative Guide and the Form of Proxy are enclosed in this Circular and are available at the Company's website at <https://www.pestech-international.com>.

You are advised to follow the procedures set out in the Administrative Guide to register, participate and vote remotely via the Remote Participation and Voting facilities provided by SS E Solutions Sdn Bhd on Securities Services e-Portal ("**SS e-Portal**") at <https://sshsb.net.my/>.

If you wish to appoint a proxy or proxies to attend, speak and vote on your behalf at the EGM, you must complete and deposit the Form of Proxy in accordance with the instructions thereon so as to arrive at the office of the Company's share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur or lodge the Form of Proxy electronically via SS e-Portal at <https://sshsb.net.my/> or by email to eservices@sshsb.com.my not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof.

Last date and time for lodging the Form of Proxy : Wednesday, 25 October 2023 at 11.30 a.m.

Date and time of the EGM : Friday, 27 October 2023 at 11.30 a.m. or immediately after the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later, or any adjournment thereof

This Circular is dated 12 October 2023

DEFINITIONS

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

Act	: Companies Act 2016
AIS or the Principal Adviser	: Alliance Islamic Bank Berhad (200701018870 (776882-V))
Board	: Board of Directors of PESTECH
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
By-Laws	: The rules, terms and conditions of the Proposed ESOS, as may be amended from time to time. A copy of the draft By-Laws which is enclosed in Appendix I of this Circular
Circular	: This circular dated 12 October 2023 in relation to the Proposals
Constitution	: Constitution of PESTECH
Date of Offer	: The date on which an Offer is made by the ESOS Committee to an Eligible Person to participate in the Proposed ESOS
Director(s)	: The Director(s) of PESTECH and shall have the same meaning given in subsection 2(1) of the Capital Markets and Services Act 2007 and Section 2(1) of the Act
Effective Date	: The date of which the Proposed ESOS comes into force as provided in the By-Laws
EGM	: Extraordinary general meeting
Eligible Person(s)	: Any eligible directors and employees of PESTECH Group who fulfill the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws
EPS	: Earnings per Share
ESOS	: Employees' share option scheme
ESOS Committee	: A committee comprising Directors and/ or senior management personnel of PESTECH to be appointed and authorised by the Board from time to time to implement and administer the Proposed ESOS in accordance with the By-Laws
ESOS Option(s)	: The right of a Grantee to subscribe for each new PESTECH Shares at the Exercise Price pursuant to the Offer in the manner indicated in the By-Laws
Exercise Price	: The price at which a Grantee shall be entitled to subscribe for each new Shares upon the exercise of an ESOS Option
Grantee(s)	: Eligible Person(s) who has accepted an Offer in accordance with the By-Laws
IJM	: IJM Corporation Berhad (198301008880 (104131-A))

DEFINITIONS (CONT'D)

Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 10 October 2023, being the latest practicable date prior to the printing of this Circular
MFRS 2	: Malaysian Financial Reporting Standards 2 on Share-based Payment
NA	: Net assets
Offer	: An offer in writing of ESOS Options made by the ESOS Committee from time to time to an Eligible Person to participate in the Proposed ESOS in the manner provided in the By-Laws
PESTECH or the Company	: PESTECH International Berhad (201101019901 (948035-U))
PESTECH Group or the Group	: PESTECH and its subsidiaries, collectively. In the context of the Proposed ESOS, PESTECH Group shall include any subsidiaries which are existing as at the Effective Date and such subsidiaries which the ESOS Committee may from time to time determine at its discretion and any subsidiaries incorporated or acquired at any time during the Proposed ESOS but excludes subsidiaries which are dormant and divested
PESTECH Share(s) or Share(s)	: Ordinary share(s) in PESTECH
Proposals	: The Proposed ESOS and the Proposed Allocation, collectively
Proposed Allocation	: Proposed allocation of ESOS Options to Lim Pay Chin, who is a person connected to a Director of PESTECH, pursuant to the Proposed ESOS
Proposed ESOS	: Proposed establishment of an ESOS of up to 5% of the total number of issued shares of PESTECH (excluding treasury shares) at any point in time during the duration of the Proposed ESOS for the grant of ESOS Options to the Eligible Persons
Proposed Restricted Issue	: Proposed restricted issue of the Restricted Shares representing approximately 81.25% of the existing total number of issued shares of PESTECH (excluding treasury shares) to IJM at an issue price of RM0.155 per Restricted Share
Restricted Share(s)	: 800,000,000 new PESTECH Shares to be issued pursuant to the Proposed Restricted Issue
RM and sen	: Ringgit Malaysia and sen, respectively
Warrants	: The 95,145,862 outstanding warrants 2021/2028 in PESTECH as at the LPD constituted by the deed poll dated 25 November 2021

All references to “you” and “your” in this Circular are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/ or neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

DEFINITIONS (CONT'D)

Any reference in this Circular to any provision of the statutes, rules, regulations, enactments or rules of stock exchange or guidelines shall (where the context admits) be construed as a reference to provision of such statutes, rules, regulations, enactments or rules of stock exchange or guidelines (as the case may be) currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

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TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	v
LETTER TO THE SHAREHOLDERS OF PESTECH IN RELATION TO THE PROPOSALS	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ESOS	2
3. DETAILS OF THE PROPOSED ALLOCATION	8
4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ESOS	9
5. EFFECTS OF THE PROPOSED ESOS	10
6. HISTORICAL SHARE PRICES	15
7. APPROVALS REQUIRED AND CONDITIONALITY	15
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM	16
9. DIRECTORS' STATEMENT AND RECOMMENDATION	17
10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	17
11. ESTIMATED TIMEFRAME FOR COMPLETION	18
12. EGM	18
13. FURTHER INFORMATION	18
APPENDICES	
I. DRAFT BY-LAWS FOR THE PROPOSED ESOS	19
II. FURTHER INFORMATION	48
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals in this Circular. Shareholders are advised to read this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

Key information	Description
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Summary of the Proposals	<u>Proposed ESOS</u>
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The Company proposes to establish an ESOS of up to 5% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Proposed ESOS for the eligible directors and employees of PESTECH Group.

Further details of the Proposed ESOS are set out in Section 2 of this Circular.

Proposed Allocation

The Company will seek the approval of its shareholders at the forthcoming EGM for authority to offer and/ or grant the ESOS Options and to issue such number of new PESTECH Shares upon the exercise of the ESOS Options to the following person:-

Name	Designation
Lim Pay Chin ^{*1}	General Manager, Corporate Sales and Marketing

Note:-

^{*1} Sibling of Lim Pay Chuan, who is a Managing Director and Group Chief Executive Officer and major shareholder of PESTECH

Further details of the Proposed Allocation are set out in Section 3 of this Circular.

Rationale justifications for the Proposed ESOS	and the
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The Board believes that the implementation of the Proposed ESOS would serve to align the interests of the Eligible Persons to the corporate goal of the Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and is established to achieve the following objectives:-

- i. to recognise the contributions and/ or services of the Eligible Persons which are valuable and essential to the operations and growth of PESTECH Group;
- ii. to reward the Eligible Persons for their past performance and motivate them towards better performance through greater productivity and loyalty;
- iii. to stimulate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity stake of the Company; and
- iv. to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future prospects of PESTECH Group.

EXECUTIVE SUMMARY (CONT'D)

Key information	Description
	<p>The granting of the ESOS Options to the non-executive Directors of PESTECH, if any, is to recognise their contribution to the Group and to enable them to participate in the future growth of the Group.</p> <p>Please refer to Section 4 of this Circular.</p>
Approvals required and conditionality	<p>The Proposals are subject to the following approvals being obtained from:-</p> <ol style="list-style-type: none">Bursa Securities, for the listing of and quotation for such number of new PESTECH Shares representing up to 5% of the total number of issued shares of PESTECH (excluding treasury shares), to be issued upon the exercise of the ESOS Options on the Main Market of Bursa Securities, which was obtained vide its letter dated 11 September 2023;the shareholders of PESTECH at the forthcoming EGM; andany other relevant authorities and/ or parties, if required. <p>The Proposed Allocation is conditional upon the Proposed ESOS and not vice versa.</p> <p>The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.</p> <p>Further details of the approvals required for the Proposals and conditionality are set out in Section 7 of this Circular.</p>
Interests of Directors, major shareholders, chief executive and/ or persons connected with them	<p>All the Directors of PESTECH are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposals to the extent of their respective allocations and the allocations to person connected with them, if any, under the Proposals.</p> <p>Accordingly, the Directors have abstained and will continue to abstain from deliberating, making any recommendations and voting at the relevant Board meetings in respect of their respective allocations as well as the allocations to the persons connected with them, if any, under the Proposals. The Directors of PESTECH will also abstain and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/ or indirect shareholdings in PESTECH on the ordinary resolution pertaining to their respective allocations and the allocations to the persons connected with them, if any, under the Proposals, to be tabled at the forthcoming EGM.</p> <p>Please refer to Section 8 of this Circular.</p>

EXECUTIVE SUMMARY (CONT'D)

Key information	Description
Directors' statement and recommendation	<p>The Board, after having considered all aspects of the Proposed ESOS, including but not limited to the rationale and justifications for the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.</p> <p>In view that the Directors of PESTECH are deemed interested in the Proposals to the extent of their respective allocations and the allocations to the persons connected with them, if any, they have abstained from giving an opinion and making any recommendations on their respective allocations and the allocations to the persons connected with them, if any, under the Proposals. Where the resolutions are not related to their respective allocations or to the persons connected with them, if any, the Directors, after having considered all aspects of the Proposed Allocation, is of the opinion that the Proposed Allocation are in the best interest of the Company and recommends that you vote in favour of the resolution pertaining to the Proposed Allocation to be tabled at the forthcoming EGM.</p> <p>Please refer to Section 9 of this Circular.</p>

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PESTECH

PESTECH INTERNATIONAL BERHAD

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

Registered Office

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

12 October 2023

Board of Directors

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

To: The Shareholders of PESTECH

Dear Sir/ Madam,

- I. **PROPOSED ESOS; AND**
- II. **PROPOSED ALLOCATION**

1. INTRODUCTION

On 1 September 2023, AIS had, on behalf of the Board, announced that PESTECH proposes to establish an ESOS of up to 5% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Proposed ESOS for the eligible directors and employees of PESTECH Group.

On 12 September 2023, AIS had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 11 September 2023, approved the listing of and quotation for such number of new PESTECH Shares representing up to 5% of the total number of issued shares of PESTECH (excluding treasury shares), to be issued upon the exercise of the ESOS Options on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS involves the granting of ESOS Options to the Eligible Persons to subscribe for new PESTECH Shares in accordance with the By-Laws at an exercise price to be determined in the manner as set out in Section 2.5 of this Circular.

The Proposed ESOS will be administered by the ESOS Committee. The ESOS Committee shall have absolute discretion in administering the Proposed ESOS including prescribing any criteria and conditions as it may deem fit. Any liberty, power or discretion which may be exercised and/ or any decision or determination which may be made by the ESOS Committee pursuant to the By-Laws may be exercised at the ESOS Committee's sole and absolute discretion and they shall not be under any obligation to give any reason therefor, subject always to the Board's power to overrule any decision of the ESOS Committee.

The salient terms of the Proposed ESOS are as follows:-

2.1 Maximum number of new Shares available under the Proposed ESOS

The maximum number of new PESTECH Shares which may be made available under the Proposed ESOS shall not in aggregate exceed 5% of the total number of issued shares of PESTECH (excluding treasury shares) at any point in time over the duration of the Proposed ESOS ("**Maximum Limit**").

Please refer to Section 5.1 of this Circular for the pro forma effects of the Proposed ESOS on the issued share capital of PESTECH.

2.2 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Proposed ESOS:-

- i. in respect of an employee, the employee must fulfil the following criteria as at the Date of Offer:-
 - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) has entered into a full time or fixed term contract with, and is on the payroll of any company within PESTECH Group, and whose service has been confirmed and has not served a notice of resignation or received a notice of termination by the relevant company within PESTECH Group; and
 - (c) fulfilled any other eligibility criteria as may be set out by the ESOS Committee at any time and from time to time.
- ii. in respect of a director, the director must fulfil the following criteria as at the Date of Offer:-
 - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) in respect of an executive director, is on the payroll of any company within PESTECH Group and is involved in the day-to-day management of any company within PESTECH Group, and has not served a notice of resignation or be removed as a director of the relevant company within PESTECH Group; and
 - (c) fulfilled any other eligibility criteria as may set out by the ESOS Committee at any time and from time to time.

- iii. in addition to the eligibility criteria set out in Sections 2.2(i) and 2.2(ii) of this Circular, in respect of an employee who is serving in a specific designation under an employment contract with any company within PESTECH Group, such employment contract must be for a fixed duration of at least one (1) year, unless otherwise decided by the ESOS Committee in its absolute discretion; and
- iv. the ESOS Committee may at its absolute discretion determine any other eligibility criteria and/ or waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding.

The specific allocation of the ESOS Options to be made to any Eligible Person who is a Director, major shareholder or chief executive officer of the Company, or a person connected with any of them ("**Interested Parties**") and the related specific allotment of Shares to such Interested Parties must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements, provided always that such Interested Parties shall not vote on the resolution approving their respective allocations.

In conjunction with the Proposed ESOS, the Company will be seeking the approval of its shareholders at the forthcoming EGM for the proposed allocation of ESOS Options to Lim Pay Chin, who is a person connected to a Director of PESTECH. Further details of the Proposed Allocation are set out in Section 3 of this Circular. For the avoidance of doubt, specific allocation of the ESOS Options to any other Interested Parties save for Lim Pay Chin and the related specific allotment of Shares to them will require the approval of the shareholders of the Company at a separate general meeting in the future.

2.3 Basis of allocation and maximum allowable allotment

Subject to any adjustments which may be made under the By-Laws, the aggregate number of ESOS Options that may be offered and allocated under the Proposed ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's position, job performance, job grade, seniority, length of service, fulfilment of the eligibility criteria or such other factors which the ESOS Committee deems fit and subject to, amongst others, the following:-

- i. the total number of new PESTECH Shares to be issued pursuant to the exercise of the ESOS Options shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person an ESOS Option for all the specified maximum number of Shares the Eligible Person is entitled to under the Proposed ESOS;
- ii. not more than 10% of the total number of Shares to be issued under the Proposed ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with them, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares);
- iii. any allocation of ESOS Options and the related allotment of Shares to any Interested Parties shall require prior approval of the shareholders of the Company in a general meeting. The Interested Parties shall not vote on the resolution approving the said allocation and allotment;

- iv. the directors and senior management of PESTECH Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations of ESOS Options as well as the allocations of ESOS Options to the persons connected with them under the Proposed ESOS, if any; and
- v. not more than 90% of the total number of new Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the directors and senior management of the Group who are Eligible Persons. In arriving at this allocation, the Board has considered, amongst others, the number of directors and senior management personnel who are eligible to participate in the Proposed ESOS as well as the roles and functions performed by and expected contribution of these persons. The allocation to such individuals is intended to incentivise them for their commitment, dedication and loyalty. Additionally, the Board recognises the need to attract and retain this category of individuals who have vast experience and expertise in driving the operations and growth of PESTECH Group.

At the time the Offer is made, the ESOS Committee shall set out the basis of allocation identifying the category or grade of the Eligible Person and the maximum number of Shares to the Eligible Person, and the maximum number of Shares for each class or grade of employees and directors from time to time applicable shall be clearly notified to the employees of PESTECH Group either by way of posting on a notice board in the offices of the Group or notification in writing to the employees.

The Company shall ensure that allocation of ESOS Options is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed to the Eligible Persons.

The ESOS Committee shall have sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Persons will be based on staggered granting over the duration of the Proposed ESOS or in one (1) single grant and/ or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions for the ESOS Options, the determination of which will be carried out at a later date after the establishment of the Proposed ESOS and the formation of the ESOS Committee.

Any Eligible Person who holds more than one (1) position within PESTECH Group and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum number of Shares of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

2.4 Duration of the Proposed ESOS

The Proposed ESOS when implemented, shall be in force for a duration of five (5) years commencing from the Effective Date.

However, the Proposed ESOS may be extended, at the Board's sole and absolute discretion upon the recommendation of the ESOS Committee, for a further period of five (5) years or such shorter period as the Board deems fit immediately from the expiry of the first five (5) years, without any approval from the shareholders of the Company in a general meeting, provided that the initial duration of the Proposed ESOS stipulated above and any extension of the Proposed ESOS shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities. The Company shall make the necessary announcement to Bursa Securities should there be any extension of the Proposed ESOS on or before the expiry of the first five (5) years.

2.5 Exercise Price

Subject to any adjustment in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be determined by the ESOS Committee based on the five (5)-day volume weighted average market price of PESTECH Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discounts as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time.

The Exercise Price as determined by the ESOS Committee shall be binding and conclusive on the Grantees.

2.6 Rights attaching to the ESOS Options and ranking of new PESTECH Shares

The ESOS Options shall not carry any right to vote at any general meeting of the Company.

The new PESTECH Shares to be allotted and issued pursuant to the exercise of the ESOS Options will be subject to the provisions of the Constitution relating to voting, transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company. The new PESTECH Shares shall, upon allotment and issuance, rank equally in all respects with the then existing PESTECH Shares, save and except that the new PESTECH Shares shall not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of such new PESTECH Shares.

2.7 Retention period

The new Shares to be issued to a Grantee shall not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantees to hold the Shares as a long term investment and not for any speculative and/ or realisation of any immediate gain. Notwithstanding the foregoing, the ESOS Committee shall be entitled to prescribe or impose, in relation to any ESOS Option, any condition relating to any retention period or restrictions on transfer as it deems fit.

2.8 Alteration of share capital

Subject to the By-Laws, in the event of any alteration in the capital structure of the Company during the period commencing from the Date of Offer until the date of expiry of the Proposed ESOS, whether by way of capitalisation of profit or reserves, rights issues, bonus issue, subdivision or consolidation of shares, capital reduction or any other variation of capital shall take place or if the Company shall make a capital distribution during the duration of the Proposed ESOS, the Company shall cause such adjustment to be made to:-

- i. the Exercise Price; and/ or
- ii. the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Option (excluding ESOS Options which have been exercised),

to ensure that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of Shares to which the Grantee was entitled prior to the event giving rise to such adjustments (i.e. not taking into account the ESOS Options already exercised) shall remain unaffected.

2.9 ESOS Committee

The ESOS Committee will comprise Directors and/ or senior management personnel of the Company to be appointed and authorised by the Board from time to time.

The proposed members of the ESOS Committee are set out below:-

Name	Designation
Lim Ah Hock	Executive Chairman
Lim Pay Chuan	Managing Director and Group Chief Executive Officer
Pan Seng Wee	Senior Manager/ Company Secretary

For the avoidance of doubt, the Company has not established the ESOS Committee at this juncture. In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his/ her own allocation of ESOS Options and the allocations of ESOS Options to the persons connected with them, if any.

2.10 Modification, variation and/ or amendment to the Proposed ESOS

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to and/ or deletions of the By-Laws as it shall, at its sole discretion deem fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/ or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/ or modification is made, stating that the amendment and/ or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository Sdn Bhd.

Subject to the By-Laws, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to and/ or deletions of the By-Laws (including any additions, modifications or amendments to or deletions of the By-Laws for purposes of complying with the Act) provided that no additions, modifications or amendments to and/ or deletions of the By-Laws shall be made which would:-

- i. materially prejudice any rights which would accrued to any Grantee; or
- ii. alter the rights of the Grantees to the advantage of any Grantee or group of Grantee or all Grantees; or
- iii. increase the number of new Shares available under the Proposed ESOS beyond the maximum imposed by the By-Laws.

2.11 Termination of the Proposed ESOS

Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, at any time during the duration of the Proposed ESOS and before the date of expiry of the Proposed ESOS, terminate the Proposed ESOS in accordance with the terms of the By-Laws provided that an announcement is released to Bursa Securities on the following:-

- i. the effective date of termination of the Proposed ESOS;
- ii. the number of ESOS Options exercised and/ or Shares vested; and

- iii. the reasons and justification for termination.

Any unaccepted offer and unexercised ESOS Options shall lapse and deemed cancelled and be null and void on the effective date of termination of the Proposed ESOS.

2.12 Listing of and quotation for the new PESTECH Shares to be issued arising from the exercise of the ESOS Options

Bursa Securities had vide its letter dated 11 September 2023, approved the listing of and quotation for such number of new PESTECH Shares representing up to 5% of the total number of issued shares of PESTECH (excluding treasury shares), to be issued upon the exercise of the ESOS Options on the Main Market of Bursa Securities.

2.13 Utilisation of proceeds

The actual amount of proceeds to be received upon the exercise of the ESOS Options will depend on, amongst others, the number of ESOS Options granted and exercised at the relevant point in time and the Exercise Price. Therefore, the amount of proceeds to be received from the exercise of the ESOS Options is not determinable at this juncture.

Such proceeds are expected to be utilised for future working capital requirements of PESTECH Group as well as possible funding for its capital expenditure requirements, future investment and/ or repayment of its debt in the future, should the need arise. The actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual amount of proceeds to be received from the exercise of the ESOS Options and the funding requirements of the Group at the point of utilisation. As and when the proceeds are received throughout the duration of the Proposed ESOS, the Company expects to use them within a period of 24 months.

The estimated expenses in relation to the Proposed ESOS is approximately RM0.25 million.

2.14 Pre-emptive rights pursuant to Section 85(1) of the Act

Pursuant to Section 85(1) of the Act, when read together with Clause 14 of the Constitution, the shareholders of PESTECH have a statutory pre-emptive right to be offered any new Shares to be issued by the Company which rank equally to the existing issued Shares.

Section 85(1) of the Act provides that:-

“Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Clause 14 of the Constitution provides that:-

“Subject to any direction to the contrary that may be given by the Company in general meeting and subject always to this Constitution and the Act, all new shares or other Securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”

In view of the above, the Company would be required to seek its shareholders' approval for the waiver of their statutory pre-emptive rights to be first offered any new PESTECH Shares to be issued in connection with the Proposed ESOS prior to the issuance of such PESTECH Shares to any third parties who are not the existing shareholders of the Company, and will consequently result in a dilution of the shareholders' shareholding percentage in the Company. Such waiver will be sought via the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM. The resolution pertaining to the Proposed ESOS, if passed, will constitute a waiver of the shareholders' pre-emptive rights to any new PESTECH Shares to be issued pursuant to the Proposed ESOS. Please refer to the Notice of EGM enclosed in this Circular pertaining to the resolution for the Proposed ESOS.

3. DETAILS OF THE PROPOSED ALLOCATION

Paragraph 6.06(1) of the Listing Requirements states that the Company must not issue any Shares to its Director, major shareholder or chief executive officer and/ or a person connected with them unless the specific allotment to be made to such persons have been approved by the shareholders of the Company in a general meeting. Accordingly, the Company will seek the approval of its shareholders at the forthcoming EGM for authority to offer and/ or grant the ESOS Options and to issue such number of new PESTECH Shares upon the exercise of the ESOS Options to the following person:-

Name	Designation
Lim Pay Chin ^{*1}	General Manager, Corporate Sales and Marketing

Note:-

^{*1} Sibling of Lim Pay Chuan, who is a Managing Director and Group Chief Executive Officer and major shareholder of PESTECH

The maximum allocation to Lim Pay Chin is subject to the limit prescribed by the By-Laws as stated in Section 2.3 of this Circular. The ESOS Committee shall have the absolute discretion in prescribing the criteria, if any, that need to be fulfilled by him for the respective allocations.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ESOS

The Board believes that the implementation of the Proposed ESOS would serve to align the interests of the Eligible Persons to the corporate goal of the Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and is established to achieve the following objectives:-

- i. to recognise the contributions and/ or services of the Eligible Persons which are valuable and essential to the operations and growth of PESTECH Group;
- ii. to reward the Eligible Persons for their past performance and motivate them towards better performance through greater productivity and loyalty;
- iii. to stimulate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity stake of the Company; and
- iv. to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future prospects of PESTECH Group.

The granting of the ESOS Options to the non-executive Directors of PESTECH, if any, is to recognise their contribution to the Group and to enable them to participate in the future growth of the Group.

Save as disclosed below, PESTECH has not undertaken any other equity fund raising exercises in the past 12 months prior to the date of announcement of the Proposals:-

- i. On 24 July 2023, the Board had announced that PESTECH proposes to undertake the Proposed Restricted Issue. The Proposed Restricted Issue is expected to raise gross proceeds of RM124.00 million which are intended to be utilised in the following manner:-

Details of utilisation	RM'000	Estimated timeframe for utilisation from the completion of the Proposed Restricted Issue
Repayment of bank borrowings	35,000	Within 12 months
Working capital	85,000	Within 12 months
Estimated expenses in relation of the Proposed Restricted Issue and the proposed exemption	4,000	Within one (1) month
Total	124,000	

The listing of and quotation for the Restricted Shares was approved by Bursa Securities vide its letter dated 29 August 2023.

5. EFFECTS OF THE PROPOSED ESOS

As at the LPD, the issued share capital of PESTECH is RM232,941,897 comprising 992,221,471 PESTECH Shares (including treasury shares). In addition, as at the LPD, PESTECH has a total of 95,145,862 Warrants with an exercise price of RM0.65 per Warrant.

For illustrative purposes, the Proposed ESOS is assumed to be implemented upon completion of the Proposed Restricted Issue. Assuming the ESOS Options are granted at once and exercised in full, the pro forma effects of the Proposed ESOS are illustrated below based on the following scenarios:-

Minimum Scenario : Assuming none of the 7,666,100 treasury shares are resold in the open market and none of the outstanding Warrants are exercised during the duration of the Proposed ESOS

Maximum Scenario : Assuming all the 7,666,100 treasury shares are resold in the open market and all the outstanding Warrants are exercised during the duration of the Proposed ESOS

5.1 Issued share capital

The Proposed ESOS is not expected to have an immediate effect on the existing issued share capital of PESTECH until such time when the ESOS Options are exercised. The issued share capital of PESTECH will increase progressively depending on the number of new PESTECH Shares to be issued arising from the exercise of the ESOS Options.

The pro forma effects of the Proposed ESOS on the issued share capital of PESTECH are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	992,221,471	232,941,897	992,221,471	232,941,897
Restricted Shares to be issued pursuant to the Proposed Restricted Issue	800,000,000	124,000,000 ^{*1}	800,000,000	124,000,000 ^{*1}
	1,792,221,471	356,941,897	1,792,221,471	356,941,897
Less: Treasury shares	(7,666,100)	(4,183,085)	-	-
Shares to be issued upon the full exercise of the Warrants	-	-	95,145,862	61,844,810 ^{*2}
	1,784,555,371	352,758,812	1,887,367,333	418,786,707
Shares to be issued assuming full exercise of the ESOS Options	89,227,768	20,522,387 ^{*3}	94,368,366	21,704,724 ^{*3}
Enlarged share capital	1,873,783,139	373,281,199	1,981,735,699	440,491,431

Notes:-

^{*1} Computed based on RM0.155 per Restricted Share

^{*2} Computed based on the exercise price of RM0.65 per Warrant

^{*3} Computed based on an assumed Exercise Price of RM0.23 per ESOS Option, representing approximately 7.70% discount to the five (5)-day volume weighted average market price of PESTECH Shares up to and including the LPD of RM0.2492 per PESTECH Share

5.2 NA, NA per Share and gearing

The Proposed ESOS is not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time when the ESOS Options are exercised. Any potential effect on the NA, NA per Share and gearing of the Group will depend on, amongst others, the number of ESOS Options to be granted and exercised, the Exercise Price, the number of new Shares to be issued upon the exercise of the ESOS Options and the use of proceeds arising from the exercise of the ESOS Options.

For illustrative purposes, upon the exercise of the ESOS Options, the NA per Share is expected to increase if the Exercise Price is higher than the NA per Share and conversely, will decrease if the Exercise Price is lower than the NA per Share at the point that the ESOS Options are exercised.

5.3 Earnings and EPS

The Proposed ESOS is not expected to have any immediate material effect on the earnings and EPS of PESTECH Group, save for the possible impact of MFRS 2 upon granting of the ESOS Options. However, any potential effect on the earnings and EPS of PESTECH Group in the future will depend on, amongst others, the number of ESOS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the ESOS Options under MFRS 2.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options will need to be measured at the fair value of the ESOS Options on the grant date and be recognised in the income statement of PESTECH Group as an expense over the vesting period of the ESOS Options. The fair value of the ESOS Options is dependent on factors such as volatility of the Shares, the Exercise Price and the duration of the Proposed ESOS. As such, the extent of the effect of the Proposed ESOS on the earnings and EPS of PESTECH Group cannot be determined at this juncture. It is also important to note that the estimated cost does not represent a cash outflow as it is merely due to an accounting treatment.

In addition, the allotment and issuance of new PESTECH Shares pursuant to the exercise of the ESOS Options will have a dilutive effect on PESTECH Group's EPS due to the increase in the number of PESTECH Shares in issue. The effects of any exercise of the ESOS Options on the EPS of the Group would also depend on the returns to be generated by the Group from the utilisation of proceeds from the exercise of the ESOS Options.

Notwithstanding the above, the Board has taken note of the potential impact of MFRS 2 on the future earnings of PESTECH Group and shall take into consideration such impact in the allocation and granting of the ESOS Options to the Eligible Persons.

5.4 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the substantial shareholders' shareholdings of the Company until such time when the ESOS Options granted are exercised. Any potential effect on the Company's substantial shareholders' shareholdings will depend on the number of new PESTECH Shares to be issued pursuant to the exercise of the ESOS Options at the relevant point in time.

For illustrative purposes, the pro forma effects of the Proposed ESOS on the shareholdings of the substantial shareholders of the Company are as follows:-

Minimum Scenario

	As at the LPD			(I) After the Proposed Restricted Issue		
	Direct No. of Shares	% ^{*1}	Indirect No. of Shares	Direct No. of Shares	% ^{*2}	Indirect No. of Shares
Substantial shareholders						
Lim Ah Hock	300,093,855	30.48	3,892,830 ^{*3}	300,093,855	16.82	3,892,830 ^{*3}
Lim Pay Chuan	190,221,870	19.32	1,320,080 ^{*4}	190,221,870	10.66	1,320,080 ^{*4}
IJM	-	-	-	800,000,000	44.83	-

**(II)
After (I) and assuming full exercise of the ESOS Options^{*5}**

	Options ^{*5}					
	Direct No. of Shares	% ^{*6}	Indirect No. of Shares	% ^{*6}		
Substantial shareholders						
Lim Ah Hock	300,093,855	16.02	3,892,830 ^{*3}	0.21		
Lim Pay Chuan	190,221,870	10.15	1,320,080 ^{*4}	0.07		
IJM	800,000,000	42.69	-	-		

Notes:-

^{*1} Based on 984,555,371 PESTECH Shares as at the LPD (excluding treasury shares)

^{*2} Based on the enlarged issued share capital comprising 1,784,555,371 PESTECH Shares (excluding treasury shares) after the Proposed Restricted Issue

^{*3} Deemed interested by virtue of his indirect shareholdings in Kumpulan Liva Sdn Bhd and VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act

^{*4} Deemed interested by virtue of his indirect shareholding in VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act

^{*5} It is pertinent to note that the pro forma effect has not taken into consideration any ESOS Options that may be granted to Lim Ah Hock and Lim Pay Chuan who are Eligible Persons under the Proposed ESOS

^{*6} Based on the enlarged issued share capital of 1,873,783,139 PESTECH Shares

Maximum Scenario

	As at the LPD		(I) After the Proposed Restricted Issue			
	Direct No. of Shares	% ^{*1}	Indirect No. of Shares	% ^{*1}	Direct No. of Shares	Indirect No. of Shares
Substantial shareholders						
Lim Ah Hock	300,093,855	30.48	3,892,830 ^{*3}	0.40	300,093,855	3,892,830 ^{*3}
Lim Pay Chuan	190,221,870	19.32	1,320,080 ^{*4}	0.13	190,221,870	1,320,080 ^{*4}
IJM	-	-	-	-	800,000,000	-

	(II) After (I), assuming all the treasury shares are resold and full exercise of the Warrants		(III) After (II) and assuming full exercise of the ESOS Options ^{*7}			
	Direct No. of Shares	% ^{*5}	Indirect No. of Shares	% ^{*5}	Direct No. of Shares	Indirect No. of Shares
Substantial shareholders						
Lim Ah Hock	331,969,930 ^{*6}	17.59	4,282,113 ^{*3}	0.23	331,969,930	4,282,113 ^{*3}
Lim Pay Chuan	209,038,757 ^{*6}	11.08	1,452,088 ^{*4}	0.08	209,038,757	1,452,088 ^{*4}
IJM	800,000,000	42.39	-	-	800,000,000	-

Notes:-

^{*1} Based on 984,555,371 PESTECH Shares as at the LPD (excluding treasury shares)

^{*2} Based on the enlarged issued share capital comprising 1,784,555,371 PESTECH Shares (excluding treasury shares) after the Proposed Restricted Issue

^{*3} Deemed interested by virtue of his indirect shareholdings in Kumpulan Liva Sdn Bhd and VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act

^{*4} Deemed interested by virtue of his indirect shareholding in VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act

^{*5} Based on the enlarged issued share capital of 1,887,367,333 PESTECH Shares

^{*6} The number of Warrants held by the substantial shareholders as at the LPD are as follows:-

Substantial shareholders	No. of Warrants Direct	Indirect
Lim Ah Hock	31,876,075	389,283
Lim Pay Chuan	18,816,887	132,008

^{*7} It is pertinent to note that the pro forma effect has not taken into consideration any ESOS Options that may be granted to Lim Ah Hock and Lim Pay Chuan who are Eligible Persons under the Proposed ESOS

^{*8} Based on the enlarged issued share capital of 1,981,735,699 PESTECH Shares

5.5 Convertible securities

Save for the Warrants, PESTECH does not have any other convertible securities as at the LPD.

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

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6. HISTORICAL SHARE PRICES

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

	High RM	Low RM
<u>2022</u>		
October	0.33	0.29
November	0.32	0.29
December	0.36	0.30
2023		
January	0.34	0.30
February	0.29	0.23
March	0.26	0.23
April	0.28	0.24
May	0.25	0.23
June	0.23	0.16
July	0.33	0.18
August	0.33	0.23
September	0.31	0.24
Last transacted market price on 30 August 2023, being the last trading date prior to the announcement of the Proposed ESOS		0.26
Last transacted market price on the LPD		0.36

(Source: Bloomberg)

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained from:-

- i. Bursa Securities, for the listing of and quotation for such number of new PESTECH Shares representing up to 5% of the total number of issued shares of PESTECH (excluding treasury shares), to be issued upon the exercise of the ESOS Options on the Main Market of Bursa Securities, which was obtained vide its letter dated 11 September 2023, subject to the following conditions:-

No.	Conditions	Status of compliance
1.	PESTECH and AIS must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESOS;	To be complied
2.	AIS is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following:-	To be complied
	i. A certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and	To be complied

No.	Conditions	Status of compliance
ii.	Letter of compliance in relation to the By-Laws pursuant to Paragraph 2.12 of the Listing Requirements together with a copy of the final By-Laws; and	To be complied
3.	PESTECH is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the ESOS Options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
ii.	the shareholders of PESTECH at the forthcoming EGM; and	
iii.	any other relevant authorities and/ or parties, if required.	

The Proposed Allocation is conditional upon the Proposed ESOS and not vice versa.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

All the Directors of PESTECH are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposals to the extent of their respective allocations and the allocations to person connected with them, if any, under the Proposals.

Accordingly, the Directors have abstained and will continue to abstain from deliberating, making any recommendations and voting at the relevant Board meetings in respect of their respective allocations as well as the allocations to the persons connected with them, if any, under the Proposals. The Directors of PESTECH will also abstain and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/ or indirect shareholdings in PESTECH on the ordinary resolution pertaining to their respective allocations and the allocations to the persons connected with them, if any, under the Proposals, to be tabled at the forthcoming EGM.

The direct and/ or indirect shareholdings of the Directors, major shareholders, chief executive of PESTECH and/ or persons connect with them as at the LPD are set out below:-

	Direct No. of Shares	%*1	Indirect No. of Shares	%*1
Directors of PESTECH				
Lim Ah Hock [#]	300,093,855	30.48	3,892,830 ^{*2}	0.40
Lim Pay Chuan [@]	190,221,870	19.32	1,320,080 ^{*3}	0.13
Lim Peir Sheng	-	-	2,572,750 ^{*4}	0.26
Ir. Amir Bin Yahya	-	-	-	-
Ng Chee Hoong	-	-	-	-
Hoo Siew Lee	-	-	-	-
Helen Tan Miang Kieng	558,750	0.06	-	-

	Direct No. of Shares	% ^{*1}	Indirect No. of Shares	% ^{*1}
Persons connected with the Directors, major shareholders and/ or chief executive				

Lim Pay Chin [^]	2,476,500	0.25	-	-
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Notes:-

- # Also a major shareholder of PESTECH
- @ Also the Group Chief Executive Officer and a major shareholder of PESTECH
- [^] Sibling of Lim Pay Chuan
- ^{*1} Based on 984,555,371 PESTECH Shares as at the LPD (excluding treasury shares)
- ^{*2} Deemed interested by virtue of his indirect shareholdings in Kumpulan Liva Sdn Bhd and VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act
- ^{*3} Deemed interested by virtue of his indirect shareholding in VESTECH Projects Sdn Bhd pursuant to Section 8 of the Act
- ^{*4} Deemed interested by virtue of his shareholding in Kumpulan Liva Sdn Bhd pursuant to Section 8 of the Act

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed ESOS, including but not limited to the rationale and justifications for the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

In view that the Directors of PESTECH are deemed interested in the Proposals to the extent of their respective allocations and the allocations to the persons connected with them, if any, they have abstained from giving an opinion and making any recommendations on their respective allocations and the allocations to the persons connected with them, if any, under the Proposals. Where the resolutions are not related to their respective allocations or to the persons connected with them, if any, the Directors, after having considered all aspects of the Proposed Allocation, are of the opinion that the Proposed Allocation is in the best interest of the Company and recommends that you vote in favour of the resolution pertaining to the Proposed Allocation to be tabled at the forthcoming EGM.

10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and as disclosed below, there is no other corporate proposal that has been announced but pending completion as at the date of this Circular:-

- i. On 24 July 2023, the Board announced that PESTECH proposes to undertake the Proposed Restricted Issue.

In conjunction with the Proposed Restricted Issue, IJM and its persons acting in concert intends to seek an exemption from the Securities Commission Malaysia under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer to acquire all the remaining PESTECH Shares and outstanding Warrants in PESTECH not already owned by them upon completion of the Proposed Restricted Issue.

The listing of and quotation for the Restricted Shares was approved by Bursa Securities vide its letter dated 29 August 2023.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all the relevant approvals being obtained and barring any unforeseen circumstances, the Proposed ESOS are expected to be implemented by the fourth quarter of 2023.

12. EGM

The EGM will be conducted on a virtual basis through remote participation and online voting at the broadcast venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later, or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions as set out in the Notice of EGM enclosed in this Circular, to give effect to the Proposals.

If you are unable to attend, speak and vote at the Company's EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible, so as to arrive at the office of the Company's share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

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

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

LIM AH HOCK
Executive Chairman

PESTECH INTERNATIONAL BERHAD**(“Company” or “PESTECH”)****BY-LAWS OF EMPLOYEES’ SHARE OPTION SCHEME OF PESTECH AND ITS SUBSIDIARIES****1. DEFINITIONS**

1.1 In these By-Laws, except where the context otherwise requires, the following expressions shall have the following meanings:

“Act”	:	The Companies Act, 2016 as amended from time to time and any re-enactment thereof
“Adviser”	:	A person as described in paragraph 1.01 of the Listing Requirements
“Board”	:	The Board of Directors of the Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
“By-Laws”	:	These rules, terms and conditions of the ESOS, as may be amended from time to time in accordance with By-Law 23
“CDS”	:	Central Depository System
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
“Company”	:	PESTECH International Berhad (Registration No.: 201101019901 (948035-U))
“Constitution”	:	The Constitution of the Company
“Date of Acceptance”	:	The date on which the ESOS Committee shall receive the written notice accepting an Offer from an Eligible Person
“Date of Expiry”	:	The last day of the duration of the ESOS or any extended period pursuant to By-Law 20.1 (as the case may be)
“Date of Offer”	:	The date of the letter or e-mail of which an Offer made by the ESOS Committee to the Eligible Persons to participate in the ESOS
“Director”	:	A natural person who holds a directorship in an executive or a non-executive capacity within the Group, within the meaning of Section 2(1) of the Act, which for the avoidance of doubt excludes an alternate director
“Disciplinary Proceedings”	:	Proceedings instituted by any company in the Group against any Grantee or Eligible Person for any alleged misbehaviour, misconduct and/or any other acts of such Grantee or Eligible Person deemed to be unacceptable by the said company whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or Eligible Person

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

“Effective Date”	:	The date of which the ESOS comes into force as provided in By-Law 20.1
“Eligible Person(s)”	:	An Employee who is employed by and on the payroll of any company within the Group, and whose service has been confirmed and who has not served a notice of resignation or received a notice of termination and/or a Director (excluding dormant subsidiaries within the Group), who fulfils the conditions of eligibility stipulated in By-Law 5
“Employee”	:	Any person in the employment of the Group including a person employed by the Group on a full time or fixed term contract basis
“Entitlement Date”	:	The date as at the close of business on which the shareholders’ name must appear in the Company’s record of depositors in order to be entitled to any dividends, rights, allotments and/or other distributions
“ESOS”	:	The employee share option scheme which involves the granting of Options to the Directors and the Eligible Persons to subscribe for new Shares according to the terms of these By-Laws
“ESOS Committee”	:	The committee appointed and authorised by the Board to administer the ESOS in accordance with By-Law 3.1, comprising such number of the Directors and/or senior management personnel of the Company identified by the Board from time to time
“ESOS Offer Letter”	:	Has the meaning given to it in By-Law 31.4
“ESOS Option(s)” or “Option(s)”	:	The right of a Grantee to subscribe for new Share(s) at the Exercise Price pursuant to an Offer in the manner provided in By-Law 34
“ESOS Vesting Date(s)”	:	The date or dates on which all or some of the Option(s) is/are vested pursuant to an Offer as stipulated by the ESOS Committee in accordance with By-Law 31.4
“Exercise Price”	:	The price at which a Grantee shall be entitled to subscribe for each new Share upon the exercise of an ESOS Option, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 35
“Grantee”	:	An Eligible Person who has accepted an Offer under the ESOS in the manner provided in By-Law 32
“Group” or “PESTECH Group”	:	Collectively, the Company and its subsidiary company(ies) as defined in Section 4 of the Act (save for any subsidiaries which are dormant). Subject to the foregoing, the expression “subsidiary company(ies)” shall for the purposes hereof include subsidiaries which are existing as at the Effective Date and such subsidiaries which the ESOS Committee may, from time to time, determine at its discretion and subsidiaries which are incorporated or acquired at any time during the duration of the ESOS but excludes subsidiaries which have been divested in the manner provided in By-Law 18
“Interested Parties”	:	Has the meaning given to it in By-Law 5.3

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
“Market Day”	:	A day on which Bursa Securities is open for trading of securities
“Maximum Limit”	:	Has the meaning given to it in By-Law 4.1
“Offer”	:	An offer in writing of ESOS Options made by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in By-Law 31
“Offer Period”	:	A period of thirty (30) days from the Date of Offer or such other period as may be determined by the ESOS Committee at its sole and absolute discretion during which an Offer is valid as stipulated in By-Law 31.3
“Option Period”	:	Subject to By-Law 20.4, the period commencing from the ESOS Vesting Date and expiring on the Date of Expiry or such other date as stipulated by the ESOS Committee in the Offer
“Persons connected”	:	Shall have the meaning given in paragraph 1.01 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Rules of Bursa Depository”	:	The rules of Bursa Depository, as issued pursuant to SICDA
“Share(s)” or “PESTECH Share(s)”	:	Ordinary share(s) in the Company
“SICDA”	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time
“Vesting Conditions”	:	The conditions determined by the ESOS Committee and stipulated in the Offer which must be fulfilled for the Options under the ESOS to be vested in a Grantee as provided in By-Laws 7 and 32.4 respectively
“Vesting Date”	:	The ESOS Vesting Date as the context requires and “Vest” and “Vested” shall be construed accordingly
1.2	Any reference to a statutory provision or an applicable law shall include any subsidiary legislation made from time to time under that provision or law, and the Listing Requirements, policies, guidelines, guidance, communication notes, practice notes and/or directions of Bursa Securities (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with reasonable commercial practice of persons to whom such requirements, policies, regulations and/or guidelines are addressed by Bursa Securities).	
1.3	Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Offer made, offered and/or accepted within the duration of the ESOS, and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.	
1.4	In these By-Laws, unless the context requires otherwise, words denoting the singular number shall include the plural number and words denoting one gender shall include the other gender.	

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- 1.5 The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the duration of the ESOS.
- 1.7 Any liberty, power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (i) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor; and
 - (ii) by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the ESOS Committee.
- 1.8 In the event of any change in the name of the Company from its present name, all references to "PESTECH International Berhad" in these By-Laws and all other documents pertaining to the ESOS shall be deemed to be references to the Company's new name.

2. NAME AND OBJECTIVE OF THE ESOS

- 2.1 The ESOS shall be known as "PESTECH International Berhad Employees' Share Option Scheme", the objective of which is intended:
- (a) to recognise the contributions and/or services of the Eligible Persons which are valuable and essential to the operations and growth of PESTECH Group;
 - (b) to reward the Eligible Persons for their past performance and motivate them towards better performance through greater productivity and loyalty;
 - (c) to stimulate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity stake of the Company; and
 - (d) to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future prospects of PESTECH Group.

3. ADMINISTRATION

- 3.1 The ESOS shall be administered by the ESOS Committee consisting of such number of Directors and/or senior management personnel of the Company as shall be appointed and authorised by the Board from time to time. The Board shall have the power to determine all matters pertaining to the ESOS Committee, including, without limitation, setting the terms of reference for the ESOS Committee (which is to regulate and govern the ESOS Committee's functions and responsibilities), determining its composition, duties, powers and limitations. The Board is also entitled at any time and from time to time to rescind the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee, to change the terms of appointment of the members of the ESOS Committee and to determine and change the terms of reference for the ESOS Committee.

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- 3.2 The ESOS Committee shall administer the ESOS in such manner as it shall in its discretion deem fit and with such liberty, powers and duties as are conferred upon it, subject only to these By-Laws as may be amended from time to time. The ESOS Committee may meet together for the despatch of business, to adjourn or otherwise regulate its meetings as it thinks fit.
- 3.3 In implementing the ESOS, the vesting of Shares comprised in an ESOS Option shall be satisfied through the allotment and issuance of new Shares.
- 3.4 Without limiting the generality of By-Laws 3.1 and 3.2, the ESOS Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in the Offer subject to By-Law 31.5, execute all documents and delegate any of its powers and duties relating to the ESOS as it may at its discretion consider to be necessary or desirable for giving effect to the ESOS. Any decisions of the ESOS Committee which are made in accordance with these By-Laws shall be final, binding and conclusive.

4. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE ESOS

- 4.1 The maximum number of new PESTECH Shares which may be made available shall not in aggregate exceed 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the ESOS as provided in By-Law 20.1 ("**Maximum Limit**").
- 4.2 Notwithstanding the provision of By-Law 4.1 above and any other provision herein contained, in the event the Maximum Limit exceed the aforesaid 5% as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or undertaking any other corporate proposal and thereby reducing its issued share capital, then such Offer granted prior to the reduction of the issued share capital of the Company shall remain valid and exercisable in accordance with the provisions of the By-Laws as if that reduction had not occurred. However, in such a situation, the ESOS Committee shall not make any further Offer unless the total number of Shares to be issued under the ESOS falls below 5% of the issued share capital of the Company (excluding treasury shares, if any).
- 4.3 For the avoidance of doubt, any Offer that is not accepted by any Eligible Persons pursuant to these By-Laws will be added back to the number of Shares available to be awarded under the ESOS.

5. ELIGIBILITY

- 5.1 Subject to the discretion of the ESOS Committee, only Eligible Person who fulfils the following conditions shall be eligible to participate in the ESOS:
- (i) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
 - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) has entered into a full time or fixed term contract with, and is on the payroll of any company within PESTECH Group, and whose service has been confirmed and has not served a notice of resignation or received a notice of termination by the relevant company within PESTECH Group; and
 - (c) fulfilled any other eligibility criteria as may be set out by the ESOS Committee at any time and from time to time.

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (ii) in respect of a Director, the Director must fulfil the following criteria as at the Date of Offer:
 - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) in respect of an executive Director, is on the payroll of any company within PESTECH Group and is involved in the day-to-day management of any company within PESTECH Group, and has not served a notice of resignation or be removed as a Director of the relevant company within PESTECH Group; and
 - (c) fulfilled any other eligibility criteria as may set out by the ESOS Committee at any time and from time to time.
 - (iii) in addition to the eligibility criteria set out in By-Laws 5.1(i) and 5.1(ii) above, in respect of an employee who is serving in a specific designation under an employment contract with any company within PESTECH Group, such employment contract must be for a fixed duration of at least one (1) year, unless otherwise decided by the ESOS Committee in its absolute discretion; and
 - (iv) the ESOS Committee may at its absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding.
- 5.2 For avoidance of doubt, all the Directors and employees of the Group shall be eligible to participate in the ESOS.
- 5.3 The specific allocation of the ESOS Options to be made to any Eligible Person who is a Director, major shareholder or chief executive officer of the Company, or a person connected with any of them ("**Interested Parties**") and the related specific allotment of Shares to such Interested Parties must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Parties shall not vote on the resolution approving their respective allocation.
- 5.4 In the event any Eligible Persons are a member of the ESOS Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocations.
- 5.5 Eligibility under the ESOS does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Option unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with By-Law 31 hereof.

6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

- 6.1 Subject to any adjustments which may be made under By-Law 16, the aggregate number of ESOS Options that may be offered and allocated under the ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion, after taking into consideration, amongst other factors, the Eligible Person's position, job performance, job grade, seniority, length of service, fulfilment of the eligibility criteria as referred to in By-Law 5.1 or such other factors which the ESOS Committee deems fit, and subject to, amongst others, the following:

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (i) the total number of new PESTECH Shares to be issued pursuant to the exercise of the ESOS Options shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person an ESOS Option for all the specified maximum number of Shares the Eligible Person is entitled to under the ESOS;
 - (ii) not more than 10% of the total number of Shares to be issued under the ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any);
 - (iii) any allocation of ESOS Options and the related allotment of Shares to any Interested Parties shall require prior approval of the shareholders of the Company in a general meeting. The Interested Parties shall not vote on the resolution approving the said allocation and allotment;
 - (iv) the Directors and senior management of PESTECH Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocation of ESOS Options as well as allocations of ESOS Options to persons connected with them under the ESOS, if any; and
 - (v) not more than 90% of the total number of Shares to be issued under the ESOS shall be allocated, in aggregate, to the Directors and senior management of PESTECH Group who are Eligible Persons.
- 6.2 At the time the Offer is made, the ESOS Committee shall set out the basis of allocation, identifying the category or grade of the Eligible Person and the maximum number of Shares to the Eligible Person and the maximum number of Shares for each class or grade of employees and Directors from time to time applicable shall be clearly notified to the employees of PESTECH Group either by way of posting on a notice board in the offices of PESTECH Group or notification in writing to the employees.
- 6.3 The Company shall ensure that allocation of ESOS Options is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed to the Eligible Persons.
- 6.4 The ESOS Committee shall have sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant and/or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions for the ESOS Options, the determination of which will be carried out at a later date after the establishment of the ESOS and the formation of the ESOS Committee.
- 6.5 Any Eligible Person who holds more than one (1) position within PESTECH Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum number of Shares of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

7. VESTING CONDITIONS

- 7.1 The ESOS Committee shall, as and when it deems practicable and necessary, review and determine at its own discretion the Vesting Conditions specified in respect of an Offer. The Shares or such part thereof as may be specified in respect of an Offer will only vest with the Grantee on the relevant Vesting Date if the Vesting Conditions are fully and duly satisfied, including the following:
- (i) the said Grantee has not been adjudicated a bankrupt;

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (ii) the said Grantee remains an Employee or a Director and has not given notice of resignation, or received a notice of termination, or be removed, or has otherwise ceased or had his/her employment terminated; and
 - (iii) any other conditions as may be determined by the ESOS Committee.
- 7.2 The ESOS Committee shall have full discretion to determine whether any Vesting Conditions have been fully and duly satisfied and such determination by the ESOS Committee shall be final and binding.

8. DISCIPLINARY PROCEEDINGS

- 8.1 Notwithstanding anything to the contrary herein contained in these By-laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect to the Grantee, to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise any unexercised ESOS Options pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise any unexercised ESOS Options having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:
 - (i) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his/her ESOS Option;
 - (ii) in the event the Disciplinary Proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised ESOS Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
 - (iii) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her ESOS Options and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
 - (iv) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the ESOS Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceedings and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under these By-Laws.

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

9. NON-TRANSFERABILITY

- 9.1 An ESOS Option is personal to the Grantee and subject to the provisions of By-Laws 9.2, 9.3 and 12.4, is exercisable only by the Grantee personally within the Option Period.
- 9.2 An ESOS Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any attempt to transfer, assign, dispose or encumber any ESOS Option shall result in the automatic cancellation of the ESOS Option rendering the ESOS Option void.
- 9.3 Notwithstanding this By-Law 9, in the event a Grantee is transferred to another company within the Group which has its own share issuance scheme, the Grantee shall be entitled to continue to vest or exercise all unvested or unexercised ESOS Option granted under the ESOS, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect be eligible to participate for further ESOS Option under the ESOS.

10. RIGHTS ATTACHING TO ESOS OPTIONS AND RANKING OF NEW PESTECH SHARES

- 10.1 The ESOS Options shall not carry any right to vote at any general meeting of the Company and the new PESTECH Shares, upon allotment and issuance, will be subject to the provisions of the Constitution of the Company relating to voting, transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company.
- 10.2 The new PESTECH Shares to be allotted and issued pursuant to the exercise of the ESOS Options shall, upon allotment and issuance rank equally in all respects with the then existing PESTECH Shares, save and except that the new PESTECH Shares shall not be entitled to any dividends, rights, allotments and/or any other distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of such new PESTECH Shares.
- 10.3 For the avoidance of doubt, the Grantee shall not in any event be entitled to any dividends, rights, allotments or other distributions on his/her unexercised ESOS Options.

11. RESTRICTION ON DEALING/RETENTION PERIOD

- 11.1 The new Shares to be issued to the Grantees pursuant to the ESOS shall not be subject to any retention period or restriction on transfer. However, the Company encourages Grantees to hold the Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain. Notwithstanding the foregoing, the ESOS Committee shall be entitled to prescribe or impose, in relation to any ESOS Option, any condition relating to any retention period or restrictions on transfer as it deems fit.

12. TERMINATION OF THE ESOS

- 12.1 Prior to the full vesting of any ESOS Option and/or the allotment or satisfaction of an ESOS Option in the manner as provided for under By-Law 3.3, such ESOS Option that remains unvested or unexercised or unsatisfied (as the case may be) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group in any one of the following circumstances:

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (i) bankruptcy of the Grantee, in which the event the ESOS Option shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
 - (ii) upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the ESOS Option, in which event the ESOS Option shall be automatically terminated and cease or deemed to cease to be valid without any claim against the Group on the date such event occurs; or
 - (iii) winding up or liquidation of the Company, in which event the ESOS Option shall be automatically terminated and/or cease to be valid on the following date:
 - (a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
 - (iv) termination of the ESOS pursuant to By-Law 20.4 in which event the ESOS Option shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the Termination Date (as defined below) pursuant to By-Law 20.4; or
 - (v) death of the Grantee, in which the ESOS Option shall be automatically terminated and cease or deemed to be valid without any claim against the Group on the date of death of the Grantee.
- 12.2 In the event of a termination or cessation of employment of the Grantee with the Group for any reason whatsoever, any ESOS Option that remains unvested in the Grantee shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any other member of the Group on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier. Any ESOS Option that has been vested in the Grantee prior to the termination or cessation of employment with the Group shall remain valid and exercisable in accordance with the provisions of the By-Laws.
- 12.3 Upon the termination of the ESOS Option pursuant to By-Law 12.1 or 12.2 above, the Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group from any loss of any right or benefit or prospective right or benefit under the ESOS which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of right to exercise his or her ESOS Option(s).
- 12.4 Notwithstanding By-Law 12.2 above, the ESOS Committee may at its discretion allow all or any part of any unvested ESOS Option to vest in accordance with the provisions of these By-Laws, and at the times or period at or within which such ESOS Option may vest (provided that no ESOS Option shall vest after the respective ESOS Vesting Date(s) has passed) on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:
- (a) ill-health, injury, physical or mental disability; or
 - (b) retirement before attaining the normal retirement age with the consent of his/her employer; or

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (c) redundancy or retrenchment pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by a company within the Group; or
- (d) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion.

13. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

- 13.1 All Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available on Bursa Securities' website as well as the Company's website and at the registered office of the Company during normal office hours on any working day of the Company.

14. ESOS NOT A TERM OF EMPLOYMENT

- 14.1 The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The ESOS shall not form part of or be in any way construed as part of the terms and conditions of employment of any employee of the Group.

15. TAXES

- 15.1 All other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes), if any, that are incurred by a Grantee pursuant to or relating to the exercise of any ESOS Options, and any holding or dealing of such Shares (including, without limitation, brokerage commissions and stamp duty) shall be borne by the Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

16. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS

- 16.1 In the event of any alteration in the capital structure of the Company during the period commencing from the Date of Offer until the Date of Expiry, whether by way of capitalisation of profits or reserves, rights issues, bonus issue, subdivision or consolidation of shares or capital reduction or any other variation of capital shall take place or if the Company shall make a capital distribution during the duration of the ESOS, the Company shall cause such adjustment to be made to:

- (i) the Exercise Price; and/or
- (ii) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Options (excluding ESOS Options which have been exercised);

to ensure that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of Shares to which the Grantee was entitled to prior to the event giving rise to such adjustments (i.e. not taking into account the ESOS Options already exercised) shall remain unaffected.

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- 16.2 The provisions of this By-Law 16 shall not apply where the alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of Shares pursuant to the exercise of ESOS Options under the ESOS or exercise of options under other employees' share schemes; or
 - (ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
 - (iii) an issue of securities via a scheme which enables shareholders to reinvest cash dividend into new Shares;
 - (iv) an issue of securities via a private placement; or
 - (v) any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation; or
 - (vi) a restricted issue of securities; or
 - (vii) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities; or
 - (viii) a purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to the Section 127 of the Act.
- 16.3 Save as expressly provided for herein, the external auditors selected by the Directors (acting as experts and not as arbitrators) shall confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of such external auditors shall be final, binding and conclusive.
- 16.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, By-Law 16.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is applicable, but By-Law 16.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is not applicable as described in By-Law 16.2.
- 16.5 Any adjustment pursuant to By-Law 16.1 shall be made according to the following terms:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation, subdivision or reduction becomes effective (being the date when the Shares are traded on Bursa Securities) or such other period as may be prescribed by Bursa Securities.
- 16.6 Upon any adjustment required to be made pursuant to this By-Law 16, the Company shall notify the Grantee (or his or her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth the Exercise Price or number of ESOS Options which are the subject of the adjusted award of ESOS. Any adjustment shall take effect upon such written notification being given or such date as may be specified in such written notification.

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

16.7 Any adjustment pursuant to this By-Law 16 shall be made in accordance with the following formulae below (as applicable), pursuant to By-Law 16.6:

(a) **Consolidation or subdivision**

If and whenever a Share, by reason of any consolidation or subdivision or conversion of the Shares occurs, the Exercise Price shall be adjusted and the additional number of Shares comprised in the ESOS Options shall be calculated in accordance with the following formula:

$$\begin{array}{lcl} \text{New Exercise Price} & = & S \times \frac{\text{Total number of issued Shares (excluding treasury shares) immediately preceding such consolidation or subdivision}}{\text{Total number of issued Shares (excluding treasury shares) immediately after such consolidation or subdivision}} \\ \\ \text{Additional number of Shares} & = & T \times \frac{\text{Total number of issued Shares (excluding treasury shares) immediately after such consolidation or subdivision}}{\text{Total number of issued Shares (excluding treasury shares) immediately preceding such consolidation or subdivision}} \end{array}$$

Where:

S = Existing Exercise Price; and

T = Existing number of Shares comprised in the ESOS Options

Such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision becomes effective (being the date the Shares are traded on Bursa Securities), or such other period as may be prescribed by Bursa Securities.

(b) **Capitalisation of profits/reserves**

If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature), the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of Shares relating to the ESOS Options shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left(\frac{A+B}{A} \right) - T$$

Where:

A = The aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue;

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

B = The aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid-up by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature); and

T = As T in By-Law 16.7(a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for new Shares by way of rights; or
- (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 16.7(c)(ii) hereof, the additional number of Shares relating to the ESOS Options shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left(\frac{C}{C - D^*} \right) - T$$

Where:

C = The Current Market Price (as defined in By-Law 16.7(g) below) of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (aa) In the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 16.7(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 16.7(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(bb) In the case of any other transaction falling within By-Law 16.7(c) hereof, the fair market value as determined by an auditor and/or Adviser of the Company of that portion of the Capital Distribution attributable to one (1) Share; and

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

D* = The value of the rights attributable to one (1) Share (as defined below).

T = As T in By-Law 16.7(a) above

For the purpose of definition (aa) of “D” above, “**value of rights attributable to one (1) Share**” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = C as in By-Law 16.7(c) hereof;

E = The subscription price for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and

F = The number of Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or subscribe for security convertible into one (1) additional Share or rights to acquire or subscribe for additional Shares.

For the purpose of definition of “D*” above, the “**value of rights attributable to one (1) Share**” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = C as in By-Law 16.7(c) hereof;

E* = The subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F* = The number of Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 16.7(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 16.7(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).

Any dividend declared or provided for in the audited financial statements of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated financial statement of comprehensive income of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

(d) **Capitalisation of profits/reserves and rights issue of Shares/convertible securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 16.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 16.7(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 16.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 16.7(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the additional number of Shares relating to the ESOS Options shall be calculated as follows:

$$\begin{array}{l} \text{Additional} \\ \text{number of} \\ \text{Shares} \\ \text{comprised} \\ \text{in ESOS} \\ \text{Options} \end{array} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

$$\begin{array}{l} \text{Additional} \\ \text{number of} \\ \text{Shares to} \\ \text{be vested} \end{array} = T \times \left(\frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right) - T$$

Where:

- B = B as in By-Law 16.7 (b) above;
- C = C as in By-Law 16.7 (c) above;
- G = The aggregate number of issued and fully paid-up Shares on the Entitlement Date;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H* = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation, as the case may be; and

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

I* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares.

T = As T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

(e) **Rights issue of the Shares and rights issue of convertible securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 16.7(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for ordinary shares as provided in By-Law 16.7(c)(iii) above, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Shares relating to the ESOS Options shall be calculated as follows:

(1) in respect of the ESOS Options:

$$\text{Additional number of Shares} = T \times \left(\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

(2) in respect of the SGS Grants:

$$\text{Additional number of Shares} = T \times \left(\frac{(G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)} \right) - T$$

Where:

C = C as in By-Law 16.7(c) above;

G = G as in By-Law 16.7(d) above;

H = H as in By-Law 16.7(d) above;

H* = H* as in By-Law 16.7(d) above;

I = I as in By-Law 16.7(d) above;

I* = I* as in By-Law 16.7(d) above;

J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;

K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and

T = As T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

(f) **Capitalisation of profits/reserve, rights issue of shares and rights issue of convertible securities**

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 16.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 16.7(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 16.7(c)(iii) above, and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price and/or Share Grant Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Shares relating to the ESOS Options and/or SGS Grants shall be calculated as follows:

(1) in respect of the ESOS Options:

$$\text{Additional number of Shares} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

B = B as in By-Law 16.7(b) above.

C = C as in By-Law 16.7(c) above;

G = G as in By-Law 16.7(d) above;

H* = H* as in By-Law 16.7(d) above;

I* = I* as in By-Law 16.7(d) above;

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 16.7(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the average price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price and/ or Share Grant Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{L + M}{L + N}$$

Where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the average price (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 16.7(g), the “**Total Effective Consideration**” shall be determined by the Board with the concurrence of an auditor and/or Adviser of the Company and shall be:

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights,

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and “**Total Effective Consideration per Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 16.7(g), the average price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

For the purpose of By-Law 16.7(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the weighted average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

- 16.8 If an event occurs that is not set out in By-Law 16.7 or if application of any of the formula to an event results in a manifest error or does not, in the opinion of the ESOS Committee, achieve the desired result of preventing the dilution or enlargement of the Eligible Person's rights, the ESOS Committee may agree to an adjustment subject to the provision of By-Law 16.7 provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the ESOS Committee.
- 16.9 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price, the number of Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.
- 16.10 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 16, the number of Shares comprised in an ESOS Option shall automatically be rounded down to the nearest whole number.
- 16.11 Upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of Shares thereafter to be issued on the exercise of the ESOS Options.

17. TAKE-OVER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

- 17.1 In the event of:
- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror); or
 - (b) the Offeror becoming entitled or bound to exercise the rights of compulsory acquisition of Shares under the provisions of the Capital Markets and Services Act 2007 or other relevant laws applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date; or
 - (c) the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement of the Company under Section 366 of the Act or its reconstruction and amalgamation with any other company or companies under Section 370 of the Act,

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any ESOS Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (1) the ESOS Vesting Date is not due or has not occurred; and/or

- (2) the other terms and conditions set out in the Offer have not been fulfilled or satisfied.

18. DIVESTMENT FROM THE GROUP

- 18.1 If a Grantee who was in the employment of a corporation in the Group which was subsequently divested, then such Grantee shall:
- (i) cease to be capable of being vested with any unvested ESOS Options granted to him/her under the ESOS from the date of completion of such divestment; and
 - (ii) not be eligible to participate for further ESOS Option under the ESOS as from the date of completion of such divestment.
- 18.2 For the purposes of By-Law 18.1, a company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the ESOS Committee at its absolute discretion.

19. WINDING UP

- 19.1 All outstanding ESOS Options shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding up or liquidation of the Company, all rights to exercise and/or vest the ESOS Options shall automatically be suspended from the date of presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise and/or vest the ESOS Options shall accordingly be unsuspended.

20. DURATION OF THE ESOS

- 20.1 The ESOS is conditional upon:
- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (ii) approval from Bursa Securities for the listing of and quotation for such number of Shares representing up to 5% of the total issued share capital of the Company on the Main Market of Bursa Securities;
 - (iii) approval of the shareholders of the Company for the ESOS being obtained;
 - (iv) receipt of the approval(s) of any other relevant authorities (where applicable); and
 - (v) fulfilment or waiver (as the case may be) of all applicable conditions attached to the above approvals (if any).

The ESOS shall be in force for a duration of five (5) years commencing from the effective date of implementation of the ESOS, being the date of full compliance with all relevant requirements of the Listing Requirements in relation to the ESOS ("**Effective Date**").

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

The ESOS may be extended, at the Board's sole and absolute discretion upon the recommendation of the ESOS Committee, for a further period of five (5) years or such shorter period as the Board deems fit immediately from the expiry of the first five (5) years, without any approval from the shareholders of the Company in a general meeting, provided that the initial duration of the ESOS stipulated above and any extension of the ESOS shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities. The Company shall make the necessary announcement to Bursa Securities should there be any extension of the ESOS on or before the expiry of the first five (5) years.

- 20.2 The Offers can only be made during the duration of the ESOS and before 5.00 p.m. on the Date of Expiry.
- 20.3 On the Date of Expiry, any Offers which have yet to be exercised (whether fully or partially) shall be deemed terminated and be null and void.
- 20.4 Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, at any time during the duration of the ESOS and before the Date of Expiry, terminate the ESOS in accordance with the terms of these By-Laws provided that an announcement is released to Bursa Securities on the following:
- (a) the effective date of termination of the ESOS ("**Termination Date**");
 - (b) the number of ESOS Options exercised and/or Shares vested; and
 - (c) the reasons and justification for termination.
- 20.5 In the event of termination as stipulated in By-Law 20.4, the following provisions shall apply:
- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
 - (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date; and
 - (c) all Offers which have yet to be exercised (whether fully or partially granted under the ESOS) shall automatically be deemed cancelled and be null and void on the Termination Date.
- 20.6 Further approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of the Grantees who have unexercised ESOS Options are not required to effect a termination of the ESOS pursuant to By-Law 20.4 unless otherwise required by the Listing Requirements and/or other applicable laws.

21. SUBSEQUENT EMPLOYEES' SHARE SCHEMES

- 21.1 The Company may, in addition to the ESOS, implement more than one (1) employees' share scheme provided that the aggregate number of Shares available under all the employee share schemes implemented by the Company is not more than the maximum limit prescribed in any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

22. COMPENSATION AND DISCLAIMER OF LIABILITY

- 22.1 The ESOS shall afford the Grantee no additional right to compensation or damages in the event of the cessation of his employment or appointment for any reason whatsoever.
- 22.2 Participation in the ESOS by an Eligible Person is a matter entirely separate from his terms and conditions of employment and participation in the ESOS shall in no respect whatever affect in any way a Grantee's terms and conditions of employment. In particular (but without limiting the generality of the foregoing words) any Grantee who leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, dismissal without just cause or excuse, or other breach of contract or by way of compensation for loss of office or otherwise howsoever.
- 22.3 Notwithstanding anything to the contrary and subject to the Act, the Board, the ESOS Committee and/or the Company including any companies in the Group and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the ESOS, including but not limited to the Company's delay in allotting and issuing the new Shares or in applying for or procuring the listing of the new Shares on Bursa Securities in accordance with these By-Laws for any reason whatsoever.

23. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE ESOS

- 23.1 Subject to By-Law 23.2 and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to and/or deletions of the By-Laws as it shall, at its sole discretion, deem fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.
- 23.2 Subject to By-Law 23.1, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to and/or deletions of these By-Laws (including any additions, modifications or amendments to or deletions of these By-Laws for purposes of complying with the Act) PROVIDED THAT no additions, modifications or amendments to and/or deletions of these By-Laws shall be made which would:
- (a) materially prejudice any rights which would have accrued to any Grantee; or
 - (b) alter the rights of the Grantees to the advantage of any Grantee or group of Grantee or all Grantees; or
 - (c) increase the number of Shares available under the ESOS beyond the maximum imposed by By-Law 4.1.
- 23.3 The Company is required to submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements on employees' share option scheme and the rules issued by Bursa Depository no later than five (5) Market Days after the effective date of the said amendment or modification is made.

24. DISPUTES

- 24.1 Any dispute or difference of any nature arising hereunder shall be referred to the decision of the ESOS Committee. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, shall dispute the same by notice to the ESOS Committee within fourteen (14) days of the receipt of the decision of the ESOS Committee, in which case, such dispute or difference shall be referred to the decision of an approved company auditor as defined under Section 263 of the Act (acting as expert and not as arbitrator), whose decision shall be binding in all respects and whose costs shall be borne by the party against whom the decision is given on appeal.

25. COSTS AND EXPENSES

- 25.1 All fees, costs and expenses incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issuance of the Shares pursuant to the Offer, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the ESOS and the holding or subsequent dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty).

26. LISTING OF AND QUOTATION FOR NEW SHARES

- 26.1 An application will be made to Bursa Securities for the listing of and quotation for the new Shares to be allotted and issued pursuant to the ESOS on the Main Market of Bursa Securities.
- 26.2 If at the time of allotment of the new PESTECH Shares pursuant to the exercise of the ESOS Options, the then existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities within eight (8) Market Days after the receipt of the notice of exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities, for the listing of and quotation for such new PESTECH Shares.

27. CONSTITUTION

- 27.1 Notwithstanding the rules, terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times.

28. NOTICE

- 28.1 Any notice which under the ESOS is required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee and the ESOS Committee shall be given or served in writing and either delivered by hand or sent to the registered office of the Company by facsimile or ordinary letter or to the ESOS Committee or the Company by electronic mail. Proof of posting shall not be evidence of receipt of the letter.
- 28.2 Any notice under the ESOS required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his/her place of employment, to his/her

electronic mail address, at his/her last facsimile transmission number known to the Company, or to his/her last-known address. Any notice served by hand, by facsimile, by electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and acknowledged, (if by facsimile transmission) is transmitted with a confirm log print-out for the transmission indicating the date, time and transmission of all pages, (if by electronic mail) the dispatch of the electronic mail, (if any post) three (3) days after postage.

- 28.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.

29. SEVERABILITY

- 29.1 Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

30. GOVERNING LAW AND MULTIPLE JURISDICTIONS

- 30.1 The ESOS, the By-Laws, and all Offers made and granted and actions taken under the ESOS shall be governed by and construed in accordance with the Malaysian law. The Grantee, by accepting the Offer in accordance with the By-Laws and terms of the ESOS, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.
- 30.2 In order to facilitate the making of any Offer (and/or the benefit thereof) under the ESOS, the ESOS Committee may provide for such special terms to the Eligible Persons who are employed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESOS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The ESOS Committee may further approve such supplements to or amendments, restatements or alternative versions of the ESOS as it may consider necessary or appropriate for such purposes without affecting the terms of the ESOS as in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the ESOS. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the ESOS, as then in effect, unless the ESOS has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Persons pursuant to the ESOS shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.
- 30.3 No action has been or will be taken by the Company to make the Offer in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Person to whom the Offer is made, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer or will exercise the Option.
- 30.4 Any Eligible Person to whom the Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer or exercise the Option. By their acceptance of the Offer, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer and/or will exercise the Option.

31. AWARD OF ESOS

- 31.1 The ESOS Committee may at its discretion at any time and from time to time as it shall deem fit during the duration of the ESOS make an offer in writing for acceptance in accordance with By-Law 32 below to an Eligible Person based on the criteria for allocation as set out in By-Law 5 above and otherwise in accordance with the terms of the ESOS.
- 31.2 The actual number of ESOS Options which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee subject to any adjustments that may be made under By-Laws 16. The number of ESOS Options so offered which may be exercised in respect of all or any part of the Shares shall not be less than one hundred (100) Shares nor more than the maximum allowable allotment of such Eligible Person and shall be in multiples of one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee.
- 31.3 An Offer shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion (“**Offer Period**”).
- 31.4 The ESOS Committee shall state the following particulars in the letter of offer of an Offer (“**ESOS Offer Letter**”):
- (i) the number of ESOS Options that are subject of the Offer;
 - (ii) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the vesting and exercise of the ESOS Options;
 - (iii) the date of the award of the ESOS;
 - (iv) the Option Period;
 - (v) the Exercise Price;
 - (vi) the Offer Period as mentioned in By-Law 31.3;
 - (vii) the Vesting Conditions;
 - (viii) the ESOS Vesting Date(s);
 - (ix) the basis of the allocation of the award of the ESOS made having regard to the Eligible Person(s)’ annual appraised performance, class or grade of employment, maximum allowable allotment and such other information that the ESOS Committee may in its sole and absolute discretion deem fit; and
 - (x) any other information deemed necessary by the ESOS Committee.
- 31.5 Without prejudice to By-Law 3, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 31.4 above, the following provisions shall apply:
- (i) As soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of offer, stating the correct particulars referred to in By-Law 31.4 above;
 - (ii) In the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of offer shall remain as the Exercise Price as per the original letter of offer; and

APPENDIX I – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (iii) In the event that the error relates to the Exercise Price, the Exercise Price stated in the supplemental letter of offer shall be the Exercise Price applicable as at the date of the original letter of offer, save and except with respect to any ESOS Option which has already been exercised as at the date of issue of the supplemental letter of offer.
- 31.6 When an award of ESOS is made pursuant to these By-Laws, the ESOS Committee shall ensure that the Company makes an announcement of the following to the Bursa Securities on the date of the award of ESOS:
 - (i) the date of award of ESOS;
 - (ii) the Exercise Price;
 - (iii) the number of Options or Shares offered;
 - (iv) the market price of its Shares on the date of award of ESOS;
 - (v) the number of Options or Shares to each Director, if any; and
 - (vi) the vesting period of the Options or Shares offered, if any.
- 32. ACCEPTANCE OF OFFER**
- 32.1 An Offer shall be accepted by the Eligible Person within the Offer Period by way of a written notice of acceptance addressed to the ESOS Committee accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the ESOS Options (regardless of the number of Shares comprised therein). The date of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.
- 32.2 The ESOS Committee shall within thirty (30) days of the Date of Acceptance issue to the Grantee an option certificate in such form as may be determined by the ESOS Committee.
- 32.3 If the Offer is not accepted in the manner set out in By-Law 32.1 above, such Offer shall upon the expiry of the Offer Period automatically lapse and be null and void and of no further effect. The new Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons or for future award of ESOS.
- 32.4 The Options or such part thereof as may be satisfied in the Offers will only vest with the Grantee on the ESOS Vesting Date(s) if the Vesting Conditions are fully and duly satisfied, including the following:
 - (i) the said Grantee has not been adjudicated a bankrupt;
 - (ii) the said Grantee remains an Employee or a Director and has not given notice of resignation, or received a notice of termination, or be removed, or has otherwise ceased or had his/her employment terminated; and
 - (iii) any other conditions as may be determined by the ESOS Committee.
- 32.5 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, among others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes

in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition.

- 32.6 The Company shall keep and maintain a register of Grantees at its expense and shall enter in that register the names and addresses of the Grantees and such information as may be prescribed by the ESOS Committee.

33. CANCELLATION OF AWARD OF ESOS

- 33.1 The ESOS Committee may cancel any award of ESOS or any Option that has not been exercised and any unvested ESOS Options awarded under the ESOS. In the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new award of ESOS (which may or may not cover the same number of Shares that had been the subject of any prior award of ESOS) in such manner, at such Exercise Price and subject to such terms, conditions and discretion as would have been applicable under the ESOS had the cancelled award of ESOS not been awarded.

34. EXERCISE OF ESOS OPTIONS

- 34.1 Each Option shall be exercisable into one (1) new Share, fully issued and paid-up, in accordance with the provisions of these By-Laws.
- 34.2 Subject to By-Laws 12, 17, 18, 19 and 20, a Grantee shall be allowed to exercise the ESOS Options granted to him or her (subject to By-Law 34.4 during the duration of the ESOS) as provided in these By-Laws within the Option Period.
- 34.3 A Grantee shall exercise the Options granted to him/her in whole or part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary, in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 16 which results in the number of Shares comprised in an Option not being in multiples of one hundred (100) Shares, then the requirement that an Option shall be exercised in multiples of one hundred (100) Shares shall not be applicable for the Grantee's final exercise of the Option.
- 34.4 A Grantee shall exercise his/her ESOS Options vested in him/her in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the Offer. The procedure for the exercise of ESOS Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time. Any ESOS Option which remains unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 34.5 Subject to By-Law 34.4, a Grantee shall exercise his/her ESOS Options by issuing the Notice of Exercise, stating the number of ESOS Options to be exercised and number of Shares to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the Exercise Price in relation to the number of Shares in respect of which the Notice of Exercise is given PROVIDED THAT the number of new Shares stated therein shall not exceed the amount granted to such Grantees and be subject to By-Laws 34.2 and 34.3 above. The ESOS Committee may pursuant to By-Law 23 hereof, at any time and from time to time, before or after the award of ESOS, limit the exercise of the ESOS Option to a maximum number of new Shares and/or such percentage of total new Shares comprised in the award of ESOS during such periods within the Option Period and impose any other terms and/or

conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by a Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.

- 34.6 The Grantee shall provide all information as required in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot and issue the relevant number of Shares to the Grantee, despatch the notice of allotment to the Grantee stating the number of Shares so credited and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be. No physical share certificates will be issued to the Grantee or his authorised nominee (as the case may be).
- 34.7 The Group, the Board (including Directors that had resigned but were on the Board during the duration of the ESOS) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by an Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any award of the ESOS.
- 34.8 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the Grantee shall be deemed not to have exercised his/her Option.
- 34.9 Every award of ESOS shall be subjected to the condition that no new Shares shall be issued pursuant to the Offer if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the duration of the ESOS or such period as may be extended.

35. EXERCISE PRICE

- 35.1 The Exercise Price of each new Share upon the exercise of an ESOS Option shall, subject always to the provisions of By-Law 16 hereof, be determined by the ESOS Committee based on the weighted average market price of the Shares for the five (5) Market Days immediately preceding the date of the award of ESOS less a discount of not more than ten percent (10%) therefrom or such other percentage or discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.
- 35.2 The Exercise Price as determined by the ESOS Committee shall be binding and conclusive on the Grantees.
- 35.3 The Exercise Price shall be stipulated in each option certificate.

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APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

AIS, being the Principal Adviser for the Proposed ESOS, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Save as disclosed below, AIS has given its written confirmation that there is no conflict of interest that exists or is likely to exist in its capacity to act as the Principal Adviser for the Proposed ESOS:-

As at the LPD, Alliance Bank Malaysia Berhad ("**ABMB**") and its subsidiaries ("**ABMB Group**") have extended credit facilities to PESTECH Group in the ordinary course of its business. Notwithstanding the above, AIS is of the opinion that the financial relationship between ABMB Group and PESTECH Group would not give rise to any conflict of interest situation for AIS to act as the Principal Adviser for the Proposed ESOS due to the following:-

- i. The credit facilities granted by ABMB Group were approved in its ordinary course of business and are not material when compared to the audited consolidated NA of ABMB Group as at 31 March 2023 of RM6.75 billion;
- ii. The conduct of ABMB Group in its banking business is strictly regulated by the Financial Services Act 2013, the Islamic Financial Services Act 2013 and its own internal control policies and procedures; and
- iii. AIS is a registered person permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007 and its appointment as the Principal Adviser for the Proposed ESOS is in the ordinary course of its business.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of the Group:-

i. Lion Pacific Sdn Bhd

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

On 2 March 2021, LPSB initiated a suit in the High Court against PTE, raising allegations arising out of the systems package works under a project known as "Extension of the Rail Link from the Subang Commuter Station to Subang Skypark Phase 1" ("**High Court Suit**").

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

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

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

However, before the LPSB Stay Appeal was heard before the Court of Appeal, PTE and LPSB had entered into a consent judgment, wherein both parties agreed to proceed with the High Court Suit at the High Court.

The next case management is fixed on 25 October 2023.

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

ii. Transgrid Ventures Sdn Bhd

Court of Appeal, Civil Appeal Nos. W-02(C)(A)-278-02/2021, W-02(C)(A)-279-02/2021 and W-02(C)(A)-1669-12/2020, Transgrid Ventures Sdn Bhd ("TGV") vs CRSE Sdn Bhd ("CRSE")

On 18 December 2017, TGV commenced arbitration proceedings against CRSE, a wholly-owned subsidiary of PTE, for an alleged outstanding sum of RM29,362,000 under the subcontract entered into between both parties vide a letter of award dated 10 January 2017 ("**Impugned LOA**") ("**Original Claims**").

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

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

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

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

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

The TGV COA Appeal 1, TGV COA Appeal 2 and TGV COA Appeal 3 were fixed for case managements on 12 January 2023, 25 January 2023 and 22 February 2023. During the case management on 22 February 2023, the Court of Appeal fixed the TGV COA Appeal 1, TGV COA Appeal 2 and TGV COA Appeal 3 for hearing on 27 October 2023.

APPENDIX II - FURTHER INFORMATION (CONT'D)

On 1 March 2023, TGV and CRSE entered into a settlement agreement. Based on the settlement agreement, TGV agreed to accept the sum of RM20,000,000 from CRSE ("**Settlement Sum**") as a global settlement for the Court of Appeal Civil Appeal Nos. W-02(C)(A)-278-02/2021 and W-02(C)(A)-279-02/2021 ("**COA Appeals**") on the terms and conditions as set out in the settlement agreement.

Other salient terms of the settlement agreement are set out below:-

- i. In consideration of the Settlement Sum, TGV shall withdraw, discontinue or cause to be withdrawn or discontinued forthwith the COA Appeals filed and/ or commenced by TGV and/ or its representative(s) against CRSE and/ or its director(s) and/ or shareholder(s) with no liberty to file afresh or be set aside for any reason whatsoever and without any costs whatsoever;
- ii. Upon payment of the Settlement Sum, TGV does not have any past, present or future rights and obligations whatsoever in respect of the Impugned LOA except if any of the terms of the settlement agreement were in breach by any parties;
- iii. TGV will not institute any fresh or new legal suit or take any other suit, proceeding and/ or arbitration proceeding(s) or action(s) whatsoever against CRSE or any of its related companies in respect of the Impugned LOA and/ or the subject matter or cause of action of the COA Appeals;
- iv. TGV shall have no past, future or present claims whatsoever and/ or any recourse howsoever against CRSE in respect of the Impugned LOA, the subject matter or cause of action of the COA Appeals except if any of the terms of the settlement agreement were in breach by any parties; and
- v. TGV and CRSE agree that nothing contained in the settlement agreement is intended or should be interpreted as an admission of fault, guilt, liability and/ or any form of wrongdoing whatsoever by CRSE, each of which expressly denies any fault, guilt, liability and/ or any form of wrongdoing whatsoever.

The Settlement Sum was fully paid by CRSE to TGV on 7 August 2023.

Both parties have agreed to withdraw the three (3) aforementioned appeals by way of consent orders to be recorded before the Court of Appeal. The next case management (e-Review) is fixed on 13 October 2023 and the hearing is fixed on 27 October 2023.

iii. Cu-bera Jaya Sdn Bhd

Kuala Lumpur High Court Civil Suit No. WA-22C-89-12/2022, Cu-bera Jaya Sdn Bhd ("Cu-bera") vs Pembinaan Tajri Sdn Bhd and CRSE

On 30 December 2022, Cu-bera served its Statement of Claim dated 16 December 2022, claiming for damages arising from alleged unlawful interference and inducement, for the sum of RM3,235,587.34 in the Kuala Lumpur High Court against CRSE (as the 2nd Defendant).

CRSE had filed its Memorandum of Appearance dated 10 January 2023, Statement of Defence and Counterclaim dated 10 February 2023, and Reply to Plaintiff's Amended Reply to 2nd Defendant's Defence and 2nd Defendant's Counterclaim dated 25 April 2023.

Both parties are required to update the Court on the outcome of the mediation fixed on 6 November 2023 and the next case management is fixed on 17 November 2023. The trials dates are fixed on 11-15 March 2024, 18-22 March 2024 and 25-27 March 2024.

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

iv. **Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd**

Kuala Lumpur High Court, Originating Summons No. WA-24C-92-06/2023, PTE (Plaintiff) vs Maybank Islamic Berhad ("MIB") (1st Defendant) and Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("SPYTL") (2nd Defendant)

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

On 10 May 2023, PTE received a Notice of Termination for Default from SPYTL terminating PTE as the subcontractor for the Project. Further thereto, SPYTL attempted to call on the performance bond dated 24 October 2018 ("**Performance Bond**").

On 10 June 2023, PTE filed an originating summons ("**OS**") at the Kuala Lumpur High Court together with an Ex-Parte Notice of Application ("**Application**") against MIB and SPYTL to:-

- i. injunct MIB from making payment of RM39,900,000 under the Performance Bond; and
- ii. injunct SPYTL from receiving and/ or utilising any monies that may have been received by SPYTL from MIB under the Performance Bond.

On 13 June 2023, PTE obtained an ex-parte injunction order and subsequently obtained an ad interim injunction order on 23 June 2023 which will continue until the disposal of the OS and the Application.

Both parties' oral submissions concluded on 5 October 2023 and the matter is fixed for decision (or clarification, if required) on 20 November 2023.

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

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

PSB filed a writ on 20 June 2023 ("**Writ**") at the Kuala Lumpur High Court together with an Ex-Parte Notice of Application on 22 June 2023 ("**Application**") against SPYTL to:-

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

On 27 June 2023, PSB obtained an ex-parte injunction order to restrain SPYTL from trespassing, utilising and/ or otherwise tampering with machineries belonging to PSB until the disposal of PSB's Writ. PSB also subsequently obtained an ad interim injunction order on 6 July 2023 to allow the ex-parte injunction order to have effect until the disposal of the Application.

APPENDIX II - FURTHER INFORMATION (CONT'D)

The hearing for the Application was fixed on 14 July 2023 and the decision for the Application was fixed on 20 July 2023.

On 20 July 2023, the Court dismissed PSB's Application with costs in the cause subject to the express undertaking to be provided by SPYTL within 48 hours from 20 July 2023 that:-

- i. SPYTL is not to transfer, sell and/ or dispose of the machines/ equipment;
- ii. SPYTL will not move the said machines from the project site in anyway whatsoever until the case before the Court is disposed of; and/ or
- iii. SPYTL will reasonably maintain the machines/ equipment, fair wear and tear excepted, and that the same are to be safely kept and stored in a reasonable manner until the case before the Court is disposed of.

SPYTL has duly complied with the terms above vide a letter of undertaking dated 20 July 2023.

In light of the dismissal of PSB's Application, PSB has filed an application for an appeal to the Court of Appeal against the Court's decision in relation to the Application and an Erinford injunction, as detailed below.

The next case management is fixed on 4 December 2023.

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

Court of Appeal, Civil Appeal No. W-02(IM)(C)-1192-07/2023 (Kuala Lumpur High Court Civil Suit No. WA-22C-44-06/2023), PSB (Appellant) vs SPYTL (Respondent)

On 26 July 2023, PSB filed a Notice of Appeal to appeal against the High Court's decision rendered on 20 July 2023 in respect of the Application filed on 22 June 2023 ("**Appeal**").

Both parties are in the midst of preparing the Record of Appeal. A case management before the Court of Appeal is fixed on 24 October 2023.

On 15 September 2023, PSB filed a Notice of Motion pursuant to Section 44 of the Courts of Judicature Act 1964 to the Court of Appeal for interim relief pending the disposal of the Appeal. The next case management is fixed on 13 October 2023 and the hearing for the interim relief is fixed on 27 October 2023.

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

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

On 31 July 2023, PSB filed a Notice of Application ("**Erinford Injunction Application**") against SPYTL for an Erinford injunction to:-

- i. direct SPYTL to deliver the machineries to sites which are sufficiently secure to retain the machineries until final disposal of PSB's Appeal against the Court Order dated 20 July 2023; and

APPENDIX II - FURTHER INFORMATION (CONT'D)

- ii. restrain YTL from trespassing, using and/ or tampering with machineries belonging to PSB until the disposal of PSB's Appeal.

On 6 September 2023, PSB and SPYTL appeared before the High Court for the continued hearing and decision of the Erinford Injunction Application. After hearing submissions from the counsels for PSB and SPYTL, the Court dismissed the Erinford Injunction Application with costs in the cause.

PSB will continue to pursue the Appeal and will take all other legal remedies available to protect its interest.

Arbitration Proceedings, AIAC/D/ADM-1225-2023, SPYTL (Claimant) vs PTE (Respondent)

On 11 September 2023, SPYTL issued a Notice of Arbitration to PTE in relation to the following disputes ("**Notice of Arbitration**"):-

- i. SPYTL's purported termination of the Sub-contracting Agreement; and
- ii. SPYTL's demand on the Performance Bond.

On 18 September 2023, the arbitration matter was registered with the Asian International Arbitration Centre pursuant to Rule 2 of the AIAC Arbitration Rules 2023.

On 5 October 2023, PTE served the Response to Notice of Arbitration on SPYTL. As at the LPD, both parties are in the midst of appointing the arbitral tribunal.

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

Potential Arbitration Proceedings, SPYTL vs PESTECH

Pursuant to the Sub-contracting Agreement, PTE had procured a parent company guarantee ("**Parent Company Guarantee**") from PESTECH in favour of SPYTL.

On 21 August 2023, SPYTL issued a notice pursuant to the Parent Company Guarantee and Sub-contracting Agreement to PESTECH to refer the disputes arising from the Parent Company Guarantee to mutual consultation.

On 1 September 2023, SPYTL invoked the next stage of the dispute resolution mechanism by issuing a notice to refer the dispute to the management committee. However, the management committee failed to provide an opinion pursuant to the Sub-contracting Agreement and/ or reach a unanimous decision pursuant to the Sub-contracting Agreement within 20 days.

On 26 September 2023, SPYTL issued a notice of referral of dispute pursuant to the Sub-contracting Agreement informing that the disputes continue to exist, and they intend to refer the disputes to arbitration ("**Notice**").

Both parties are required to further consult within a period of 20 days from the date of the Notice pursuant to the Sub-contracting Agreement.

As at the LPD, both parties are in the midst of attending to the further consultation required under the Sub-contracting Agreement.

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

APPENDIX II - FURTHER INFORMATION (CONT'D)

4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by the Group, which have not been provided for, which upon becoming enforceable may have a material impact on the financial position of the Group.

RM'000

Approved and contracted for:-

- Acquisition of a land	2,491
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5. MATERIAL CONTINGENT LIABILITIES

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

- i. the Constitution;
- ii. the audited consolidated financial statements of the Group for the past two (2) financial years up to the financial year ended 30 June 2022 and the latest unaudited consolidated financial statements of the Group for the financial year ended 30 June 2023;
- iii. the letters of consent and declaration of conflict of interest referred to in Section 2 above;
- iv. the relevant cause papers in respect of the material litigation referred to in Section 3 above; and
- v. the draft By-Laws as enclosed in Appendix I of this Circular.

PESTECH

PESTECH INTERNATIONAL BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of PESTECH International Berhad (“**PESTECH**” or the “**Company**”) will be conducted on a virtual basis through remote participation and online voting at the broadcast venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., which is later, or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 5% OF THE TOTAL NUMBER OF ISSUED SHARES OF PESTECH (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME DURING THE DURATION OF THE PROPOSED ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF PESTECH AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED ESOS”)

“**THAT**, subject to the approvals of all relevant authorities and/ or parties being obtained, approval be and is hereby given to the Board of Directors of PESTECH (“**Board**”) to establish, implement and administer an ESOS of up to 5% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Proposed ESOS for the benefit of the eligible Directors and employees of PESTECH and its subsidiaries (excluding dormant subsidiaries, if any) who fulfil the criteria of eligibility for participation in the Proposed ESOS (“**Eligible Person(s)**”), under which options will be granted to subscribe for new ordinary shares in PESTECH (“**PESTECH Share(s)**” or “**Share(s)**”) (“**ESOS Options**”) in accordance with the by-laws governing the Proposed ESOS (“**By-Laws**”) as set out in Appendix I of the circular to shareholders for the Proposed ESOS dated 12 October 2023 (“**Circular**”);

THAT the Board be and is hereby authorised to establish, appoint and authorise an ESOS committee to implement and administer the Proposed ESOS (“**ESOS Committee**”) for the benefit of the Eligible Persons, in accordance with provisions of the By-Laws as set out in Appendix I of the Circular. The members of the ESOS Committee shall comprise Directors and/ or senior management personnel of the Company as shall be appointed and duly authorised from time to time by the Board;

THAT the Board be and is hereby authorised to allot and issue from time to time such number of new PESTECH Shares as may be required to be allotted and issued upon the exercise of the ESOS Options, **PROVIDED THAT** the total number of new Shares to be issued under the Proposed ESOS shall not in aggregate exceed 5% of the total number of issued shares of PESTECH (excluding treasury shares) at any point in time during the duration of the Proposed ESOS and that such new Shares to be allotted and issued upon the exercise of the ESOS Options will be subject to the provisions of the Constitution of the Company (“**Constitution**”) relating to voting, transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company. The new PESTECH Shares shall, upon allotment and issuance, rank equally in all respects with the then existing PESTECH Shares, save and except that the new PESTECH Shares shall not be entitled to any dividends, rights, allotments, and/ or any other distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of such new PESTECH Shares;

THAT the Board be and is hereby authorised to do all things necessary and make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new Shares which may from time to time be allotted and issued arising from the exercise of the ESOS Options;

THAT the Board be and is hereby authorised to add, modify, and/ or amend the Proposed ESOS, By-Laws, all terms and conditions relating to the Proposed ESOS from time to time as may be required or permitted by the authorities or deemed necessary by the relevant regulatory authorities or the Board or the ESOS Committee, **PROVIDED THAT** such modifications, variations and/ or amendments are effected in accordance with the provisions of the By-Laws relating to modification, variation and/ or amendment;

THAT the Board be and is hereby authorised to extend the duration of the Proposed ESOS at the Board's sole and absolute discretion upon recommendation of the ESOS Committee, for a further period of five (5) years or such shorter period as the Board deems fit immediately from the expiry of the first five (5) years ("**Extension**"), **PROVIDED ALWAYS** that the initial duration of five (5) years of the Proposed ESOS and such Extension made pursuant to the By-Laws shall not in aggregate exceed 10 years from the effective date of the Proposed ESOS or such longer period as may be allowed by the relevant authorities, and that the Board be and is hereby authorised to implement the Extension and do all acts and things and to execute all necessary documents with full power to assent to or make any modifications, variations and/ or amendments as may be required by the relevant authorities and to take all steps and actions as may be required by the relevant authorities and as the Board may deem necessary and/ or expedient to finalise, implement and give full effect to and complete the Extension;

THAT pursuant to Section 85(1) of the Companies Act 2016 ("**Act**") read together with Clause 14 of the Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be first offered any new Shares ranking equally to the existing issued Shares arising from the allotment and issuance of new PESTECH Shares to any third parties who are not the existing shareholders of the Company pursuant to the Proposed ESOS, which will consequently result in a dilution of their shareholdings percentage in the Company;

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

AND THAT the proposed By-Laws, as set out in Appendix I of the Circular, be and is hereby approved and adopted."

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM PAY CHIN, WHO IS A PERSON CONNECTED TO A DIRECTOR OF PESTECH, PURSUANT TO THE PROPOSED ESOS

"**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities and/ or parties being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any point in time during the duration of the Proposed ESOS, to offer and grant the ESOS Options to Lim Pay Chin, who is a person connected to a Director, major shareholder of PESTECH and the Group Chief Executive Officer, to subscribe for new Shares under the Proposed ESOS, provided always that:-

- i. the abovementioned person must not participate in the deliberation and/ or discussion of his own respective allocation and the allocation to any persons connected to him;
- ii. not more than 10% of the total number of new Shares to be issued under the Proposed ESOS would be allocated to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company; and

- iii. the allocation of ESOS Options to the abovementioned person shall be subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws, the Main Market Listing Requirements of Bursa Securities or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

THAT, pursuant to Section 85(1) of the Act read together with Clause 14 of the Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be first offered any new Shares ranking equally to the existing issued Shares arising from the allotment and issuance of new PESTECH Shares pursuant to the Proposed ESOS;

AND THAT the Board is also authorised to allot and issue the corresponding number of new Shares upon the exercise of the ESOS Options that may be granted to the abovementioned person under the Proposed ESOS."

By Order of the Board

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

Shah Alam
12 October 2023

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 October 2023 shall be eligible to attend, speak and vote at the EGM.*
2. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at the EGM shall have the same rights as the member to attend, speak and vote at the EGM.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
4. *A member of the Company may appoint more than one (1) proxy to attend and vote the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.*
6. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited at the office of the share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time appointed for holding the EGM.*
8. *The resolutions set out in this Notice of EGM will be put to vote by poll.*
9. *The EGM will be conducted virtually at the broadcast venue. Members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.*

Explanatory note:-

1. *Please refer to Section 2.14 of the Circular for the explanation in relation to Section 85(1) of the Act and Clause 14 of the Constitution.*

PESTECH

PESTECH INTERNATIONAL BERHAD

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

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)

Meeting date : Friday, 27 October 2023
Time : 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later, or any adjournment thereof
Meeting platform : Securities Services e-Portal (“**SS e-Portal**”) at <https://sshsb.net.my/>

SS e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives to:-

- Submit Form of Proxy electronically- paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

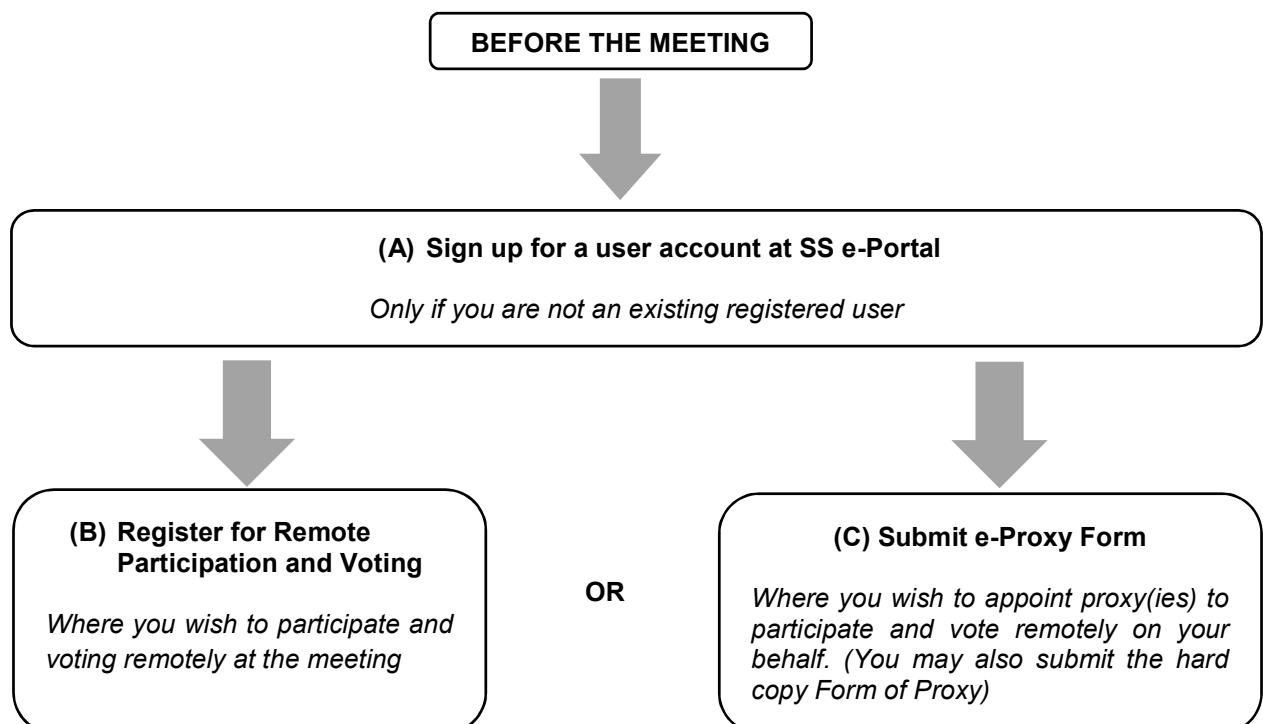
(referred to as “**e-Services**”).

The usage of the SS e-Portal is dependent on the engagement of the relevant e-Services by PESTECH International Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the SS e-Portal.**

Please note that the SS e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact the Poll Administrators at our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshsb.com.my.



ON THE DAY OF THE MEETING



(D) Join the Live Stream Meeting (eLive)

AND

(E) Vote Online Remotely during the Meeting (eVoting)

BEFORE THE MEETING

(A) Sign up for a user account at SS e-Portal

<p>Step 1 Visit https://sshsb.net.my/.</p> <p>Step 2 Sign up for a user account.</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day.</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in.</p>	<ul style="list-style-type: none"> We require one (1) working day to process all user sign-ups. If you do not have a user account with the SS e-Portal, you will need to sign up for a user account by the deadlines stipulated below. Your registered email address is your User ID.
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To register for the meeting under (B) below, please sign up for a user account by Wednesday, 25 October 2023.

To submit e-Proxy Form under (C) below, please sign up for a user account by Monday, 23 October 2023, failing which you may only be able to submit the hard copy of Form of Proxy.

This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.

(B) Register for Remote Participation and Voting

- Log in to <https://sshsb.net.my/> with your registered email and password.
- Look for **PESTECH International Berhad** under Company Name and **EGM 2 on Friday, 27 October 2023 at 11.30 a.m. – Registration for Remote Participation and Voting** under Corporate Exercise/ Event and click ">" to register for remote participation and voting at the meeting by Wednesday, 25 October 2023.

Step 1 Check if you are attending as:-

- Individual shareholder; or
- Corporate or authorised representative of a body corporate.

For body corporates, the appointed corporate/ authorised representative has to upload the evidence of authority (e.g. certificate of appointment of corporate representative, power of attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in one (1) file. The original evidence of authority and translation thereof, if required, have to be submitted at the office of share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur for verification before the registration closing date and time above.

Step 2 Submit your registration.

- All shareholders must register for remote participation and voting at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time (see (D) below) in order to ensure timely access to the meeting. Access shall be granted only to eligible shareholders in accordance with the General Meeting Record of Depositors as at 20 October 2023.
- A copy of your e-Registration for remote participation and voting can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to **all the CDS account(s)** of each individual shareholder/ body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting date and time	e-Proxy Form submission closing date and time
Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later.	Wednesday, 25 October 2023 at 11.30 a.m.

- Log in to <https://sshsb.net.my/> with your registered email and password.
- Look for **PESTECH International Berhad** under Company Name and **EGM 2 on Friday, 27 October 2023 at 11.30 a.m. – Submission of e-Proxy Form** under Corporate Exercise/ Event and click ">" to submit your e-Proxy Form online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as:-

- Individual shareholder; or
- Corporate or authorised representative of a body corporate.

For body corporates, the appointed corporate/ authorised representative has to upload the evidence of authority (e.g. certificate of appointment of corporate representative, power of attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in one (1) file. The original evidence of authority and translation thereof, if required, have to be submitted at the office of share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur for verification before the e-Proxy Form submission closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).

You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your e-Proxy Form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation and voting under (B) above but if they are not registered users of the SS e-Portal, they will need to sign up as users of the SS e-Portal under (A) above by Wednesday, 23 October 2023. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to Remote Participation and Voting at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the SS e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a virtual basis.

ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password.

(D) Join the live stream meeting (eLive)

Meeting date and time	eLive access date and time
Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later.	Friday, 27 October 2023 at 11.00 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later.

➤ Look for **PESTECH International Berhad** under Company Name and **EGM 2 on Friday, 27 October 2023 at 11.30 a.m. – Live Stream Meeting** under Corporate Exercise/ Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/ Board/ Management/ relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting date and time	eVoting access date and time
Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later.	Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player. OR
- If you are not accessing from the Live Stream Meeting and have just logged in to the SS e-Portal, look for **PESTECH International Berhad** under Company Name and **EGM 2 on Friday, 27 October 2023 at 11.30 a.m. – Remote Voting** under Corporate Exercise/ Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate/ authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.

- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted eVoting can be accessed via **My Records** (refer to the left navigation panel).

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PESTECH

PESTECH INTERNATIONAL BERHAD

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

FORM OF PROXY

Number of ordinary shares	
CDS account no.	
Contact No.	
Email Address	

I/ We _____ NRIC/ Passport/

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

being a member(s) of **PESTECH INTERNATIONAL BERHAD** ("**Company**"), hereby appoint

_____ of _____
(Full Name in block letters & NRIC/ Passport no.) (Full Address)

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

of _____
(Address)

or failing him/ her, the Chairman of the Meeting as *my/ our proxy to vote for *me/ us on *my/ our behalf at the Extraordinary General Meeting of the Company ("**EGM**") to be conducted on a virtual basis through remote participation and online voting at the broadcast venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 October 2023 at 11.30 a.m. or immediately following the conclusion or adjournment of another EGM held earlier on the same day at 10.00 a.m., whichever is later, or any adjournment thereof.

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

ORDINARY RESOLUTIONS		FOR	AGAINST
1	PROPOSED ESOS		
2	PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM PAY CHIN		

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

Signature of Shareholder/ Common Seal of
Member(s)

Date : _____
Contact No. : _____

* *Delete if inapplicable.*

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

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



Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 October 2023 shall be eligible to attend, speak and vote at the EGM.*
2. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at the EGM shall have the same rights as the member to attend, speak and vote at the EGM.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
4. *A member of the Company may appoint more than one (1) proxy to attend and vote the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.*
6. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the share registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than 48 hours before the time appointed for holding the EGM.*
8. *The resolutions set out in this Notice of EGM will be put to vote by poll.*
9. *The EGM will be conducted virtually at the broadcast venue. Members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
PESTECH INTERNATIONAL BERHAD
c/o Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

1st fold here

