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

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Circular prior to its issuance as it prescribed as an exempt circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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# PESTECH

## PESTECH INTERNATIONAL BERHAD

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

### CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

#### PART A

#### PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

#### PART B

#### SHARE BUY-BACK STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF PESTECH INTERNATIONAL BERHAD

The above Proposals will be tabled as Special Business at PESTECH International Berhad's Eleventh Annual General Meeting ("**AGM**") to be held virtually via remote participation and voting at the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 November 2022 at 3:00 p.m. The Notice of the Eleventh AGM is set out in the Annual Report of PESTECH International Berhad ("**PIB**").

The AGM shall be held virtually via remote participation through live stream and online voting ("**eLive and eVoting**"). Please refer to the Administrative Guide issued to all shareholders of PIB on the conduct of a virtual AGM.

If you are unable to participate and vote at the AGM via eLive and eVoting, you may complete the Form of Proxy and deposit it 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, Wilayah Persekutuan or submit it via fax 03-2094 9940 and/or 03-2095 0292 or email to info@sshsb.com.my, no later than forty-eight (48) hours before the time set for holding the AGM. The lodging of the Form of Proxy does not preclude you from participating and voting via eLive and eVoting at the AGM should you subsequently decide to do so. All resolutions set out in the Notice of AGM are to be voting by poll.

Shareholders are advised to refer to the steps set out in the Administrative Guide in order to register, participate and vote at the AGM.

Last date and time for lodging the Form of Proxy : Wednesday, 23 November 2022 at 3:00 p.m.  
Date and time of the AGM : Friday, 25 November 2022 at 3:00 p.m.

This Circular is dated 27 October 2022

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## DEFINITIONS

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In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless otherwise stated:-

“ABSB”	:	AsiaPac Builders Sdn. Bhd. (201701030342/1244512-V)
“Act”	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“AMSB”	:	AsiaPac Machineries Sdn. Bhd. (201301044420/1074243-X)
“ASF”	:	Astoria Solar Farm Sdn. Bhd. (201901004899/1314226-H)
“Board”	:	The Board of Directors of PESTECH
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad (200301033577/635998-W)
“CRSE”	:	CRSE Sdn. Bhd. (201301028842/1058672-T)
“Director(s)”	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for purposes of the Proposed Renewal of Existing Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of PESTECH or its subsidiary or holding company or a group chief executive of PESTECH Group.
“DPL”	:	Diamond Power Limited (00010999)
“ENR”	:	Enersol Co. Ltd. (LL11850)
“EPS”	:	Earnings per Share
“FMW”	:	Forward Metal Works Sdn. Bhd. (197901004442/49147-P)
“FNX”	:	Fornix Sdn. Bhd. (200501023116/705247-A)
“FCSB”	:	Fornix Capital Sdn. Bhd. (200001027739/530346-K)
“FYE”	:	Financial Year Ended/Ending
“GSV”	:	Green Sustainable Ventures (Cambodia) Co. Ltd. (00042999)
“KLSB”	:	Kumpulan Liva Sdn. Bhd. (201301006728/1036568-P)
“LAH”	:	Lim Ah Hock
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements, including any amendment(s) thereto that may be made from time to time
“LPD”	:	11 October 2022, being the latest practicable date prior to the issuance of the Circular
“LPS”	:	Lim Peir Shenq, Stanley

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## DEFINITIONS

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“Major Shareholder(s)”	: Means a person who has an interest or interests in one (1) or more voting shares in PESTECH and the number or aggregate number of those shares, is:-  (a) 10% or more of the total number of voting shares in PESTECH; or  (b) 5% or more of the total number of voting shares in PESTECH where such person is the largest shareholder of PESTECH  For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act  For the purposes of the Proposed Renewal of Existing Shareholders’ Mandate, Major Shareholder(s) includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of PESTECH or any other corporation which is its subsidiary or holding company
“MK Tan”	: Helen Tan Miang Kieng
“OPL”	: ODM Power Line Company Limited (00052432)
“PAE”	: PESTECH Aerotrains Sdn. Bhd. (201901028465/1337794-M)
“Paul Lim”	: Lim Pay Chuan, Paul
“PBR”	: PESTECH (Brunei) Sdn. Bhd. (RC/00008311)
“PCL”	: PESTECH (Cambodia) PLC (00000957)
“PCN”	: PESTECH Engineering Technology (China) Co. Limited (91110113MA0075KC4G)
“PEN”	: PESTECH Energy Sdn. Bhd. (200001001150/503755-H)
“Person(s) Connected”	: Person connected with a Director or Major Shareholder as defined under paragraph 1.01 of the Listing Requirements
“PESTECH” or “the Company”	: PESTECH International Berhad (201101019901/948035-U)
“PESTECH Group”	: PESTECH and its subsidiary companies
“PESTECH Shares” or “Shares”	: Ordinary Shares in PESTECH
“PGT”	: PESTECH GTI Sdn. Bhd. (202101025580/1425880-X)
“PLUG”	: PESTECH Pluginfinitive Sdn. Bhd. (202201008651/1454348-V)
“PHC”	: PESTECH Hinthar Corporation Limited (120967363)
“PML”	: PESTECH (Myanmar) Limited (117938093)
“PMG”	: PESTECH Microgrid Company Limited (124803845)
“PP1”	: PESTECH Power One Sdn. Bhd. (201901020636/1329965-D)
“PPW”	: PESTECH Power Sdn. Bhd. (201501003451/1128783-H)
“PNG”	: PESTECH (PNG) Ltd (1-112642)
“PRE”	: PESTECH REI Sdn. Bhd. (201901038392/1347722-V)

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## DEFINITIONS

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“Proposals”	:	Proposed Renewal of Existing Shareholders’ Mandate and Proposed Renewal of Share Buy-Back Authority, collectively
Proposed Renewal of Existing Shareholders’ Mandate	:	Proposed renewal of existing shareholders’ mandate for RRPTs to be entered into by PESTECH Group from the date of the forthcoming AGM until the next AGM
“Proposed Renewal of Share Buy-Back Authority”	:	Proposed renewal of shareholders’ authority for PESTECH to purchase up to ten per centum (10%) of the total number of issued shares of the Company pursuant to Section 127 of the Act, as detailed in Part B of this Circular
“PSB”	:	PESTECH Sdn. Bhd. (199101010266/220578-T)
“PSN”	:	PESTECH Solutions Sdn. Bhd. (201901011166/1320494-H)
“PSS”	:	PESTECH System Siam Ltd (0105562205253)
“PSW”	:	PESTECH (Sarawak) Sdn. Bhd. (201201004169/977694-K)
“PTCS”	:	PESTECH Transmission CDI SARL
“PTE”	:	PESTECH Technology Sdn. Bhd. (201301045990/1075814-X)
“PTL”	:	PESTECH Transmission Limited (CA-99,553)
“PTR”	:	PESTECH Transmission Sdn. Bhd. (201401002975/1079049-H)
“Purchased Shares”	:	Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
“PVN”	:	PESTECH Vietnam Company Limited (5444717572)
“Related Party(ies)”	:	Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s) as defined in Paragraph 1.01 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RRPT(s)”	:	Recurrent related party transaction(s) of a revenue or trading nature, which are necessary for the PESTECH Group’s day-to-day operations and are entered into by PESTECH or its subsidiary companies in the ordinary course of business of the PESTECH Group
“SC”	:	Securities Commission Malaysia
“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
“VPSB”	:	VESTTECH Projects Sdn. Bhd. (200801005662/806946-U)
“2022 Annual Report”	:	Annual Report of PESTECH issued for the FYE 30 June 2022

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

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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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

27 October 2022

Directors:-

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

**To: The Shareholders of PESTECH**

Dear Sir/Madam,

- (A) PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE**
- (B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**(COLLECTIVELY REFERRED TO AS "THE PROPOSALS")**

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## **INTRODUCTION**

On 13 October 2022, the Company announced that PESTECH proposes to seek the approval of its shareholders in respect of the Proposals.

The purpose of this Circular is to provide you with details of the Proposals and to seek your approval for the ordinary resolutions pertaining to the Proposals under the agenda of Special Business as set out in the 2022 Annual Report to be tabled at the forthcoming AGM. The Notice of the AGM together with the Form of Proxy are enclosed in the 2022 Annual Report.

**SHAREHOLDERS OF PESTECH ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING AGM.**

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**PART A**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE**

## 1.0 DETAILS OF THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

### 1.1 Proposed Proposed Renewal of Existing Shareholders' Mandate

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPTs subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with a share capital of RM60 million and above:-
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
  - (b) the percentage ratio of such RRPTs is 1% or more,whichever is the higher.
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain the shareholders' mandate, the relevant Related Party must comply with the following requirements:
  - (a) a Related Party with any interest, direct or indirect ("**Interested Related Party**"), must not vote on the resolution in respect of the RRPT;
  - (b) an Interested Related Party who is a Director or Major Shareholder must ensure that Persons Connected with it abstain from voting on the resolution in respect of the RRPT; and
  - (c) where the Interested Related Party is a Person Connected with a Director or Major Shareholder; such persons, as the case may be, must not vote on the resolution in respect of the RRPT.
- (v) the listed issuer immediately announces to the Exchange when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

The authority to be conferred pursuant to the Proposed Renewal of Existing Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

Accordingly, your Board proposes to seek the shareholders' approval for the Proposed Renewal of Existing Shareholders' Mandate. The Proposed Renewal of Existing Shareholders' Mandate will allow PESTECH Group, in the normal course of business, to enter into the RRPTs referred to in Section 1.3 with the Related Parties, provided that such transactions are made at arm's length, on PESTECH Group's normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of PESTECH.



## 1.2 Principal Activities of PESTECH Group

PESTECH is principally engaged in the business of investment holdings, trading and provision of management services and the principal activities of its subsidiaries as at LPD are as follows:-

Name	Principal activities	Effective equity interest
<b><u>Subsidiaries</u></b>		
PSB	Provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution. It is also an investment holding company.	100%
PCL	Construction of electrical substation and transmission line	94.74%
PEN	Provision of design and supply of remote control systems and data communication products and its related services	100%
PCN	Provision of project management, electrical substations, transmission line erection and installation, supervision of testing and commission and civil works	100%
PPW	Investment holding and provision of establishing electric power transmission concessions	100%
PNG	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commissioning and civil works	100%
PTE	Provision of design, engineering, supply and commissioning of balance of plant systems for power plants and rail electrification projects	100%
PSW	Provision of electrical, mechanical and civil engineering, subcontracting and engineering services and its related products	100%
PTR	Provision of comprehensive power system engineering and technical solutions for design, procurement, construction, commissioning of High Voltage ("HV") and Extra High Voltage ("EHV") substations	100%
ENR	Investment holding, provision of comprehensive power system engineering and technical solution for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution	100%
FNX	Investment holding	100%
PSS	Provision of design, build, installation, testing and commissioning and maintenance of power plant automation control, rail electrification and transportation related services	99.99%
PVN	Provision of installation (including commissioning and testing) of machinery or equipment in connection with electricity system	100%
PAE	Provision of establishing electric power generation concessions	100%

<b>Name</b>	<b>Principal activities</b>	<b>Effective equity interest</b>
<b>Subsidiary of PSB</b>		
PBR	Provision of electrical engineering services, specialising in transmission and distribution	90%
PTL	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commissioning and civil works	100%
PGT	Provision of green technology service in establishing, commissioning, setting up, operating, maintaining, distributing, dealing and acquiring in green technology assets or products and/or green technology projects	100%
<b>Subsidiary of PCL</b>		
PML	Provision of project management, electrical substations, transmission line erection and installation, supervision of testing and commission and civil works	94.74%
<b>Subsidiary of PTE</b>		
CRSE	Provision of project management, engineering design, procurement, construction and related support services in relation to railway electrical and mechanical projects	100%
<b>Subsidiary of PEN</b>		
PSN	Undertaking of marketing and trading of meters, HVDC electrical power transmission system and any other ancillary peripherals and/or products	100%
<b>Subsidiary of PPW</b>		
DPL	Own, operate and maintain 230kV Kampong Cham – Kratie power transmission infrastructure system	60%
PP1	Provision of establishing electric power generation concessions	100%
ASF	Provision of establishing solar photovoltaic system and operation of solar power farm	100%
PRE	Provision of establishing, commissioning, setting up, operating and maintaining renewable electric power generating stations based on resources like solid waste and other waste materials and transmitting, manufacturing, supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source	90%
PLUG	Investment holding and provision of electric vehicles ("EV") charging facilities, green renewable energy services and other ancillary services.	100%
<b>Subsidiary of ASF</b>		
GSV	Establish the infrastructure of power sector such as electric power generation, power transmission, power distribution and operation in Cambodia	94%
<b>Subsidiary of PML</b>		
PHC	Provision to establishing the infrastructure of power sector and promote the power segments in Myammar	56.84%

<b>Name</b>	<b>Principal activities</b>	<b>Effective equity interest</b>
<b>Subsidiary of PHC</b>		
PMG	Provision of microgrid system and other power infrastructure to the rural areas in Myanmar	51.16%
<b>Subsidiary of PP1</b>		
OPL	Construction of utility projects	70%
<b>Subsidiary of FNX</b>		
FMW	Investment holding	100%
<b>Subsidiary of PTR</b>		
PTCS	Construction services	100%

It is envisaged that, in the normal course of PESTECH Group's businesses, transactions of a revenue or trading nature between companies in PESTECH Group and the Related Parties are likely to occur, which are necessary for its day-to-day operations.

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### 1.3 Classes and Nature of the RRPTs

The details of the RRPTs which have been or will be entered by PESTECH Group and the related parties are set out below:-

#### Proposed Renewal of Existing Shareholders' Mandate

Name of Company Involved	Name of Related Party	Nature of Transactions	Interested Directors/Major Shareholders/Persons Connected	Estimated value as disclosed in the Circular to Shareholders dated 27 October 2021 (RM'000)	Actual value transacted from 25 November 2021 up to 11 October 2022 (RM'000)	*Estimated aggregate value from 25 November 2022 (date of AGM) to the next AGM in 2023 (RM'000)
PSB/FNX /PTR/PTE	VPSB	Civil works rendered by VPSB involving, but not limited to, construction of building to house the electrical control equipment, outdoor foundations for high voltage equipment, cable trenches, roads, perimeter fencing, within an electrical substation	<ul style="list-style-type: none"> <li>• LAH</li> <li>• Paul Lim</li> <li>• LPS</li> <li>• Lim Kok Shen</li> <li>• Lim Pay Homg (See note 1)</li> </ul>	50,000	1,812	30,000
PSB/PTR	ABSB	Piling related works rendered by ABSB for civil construction including, but not limited to, earth works, civil construction machineries operation and maintenance, and supply of civil construction materials for works within an electrical substation	<ul style="list-style-type: none"> <li>• LAH</li> <li>• Paul Lim (See note 2)</li> </ul>	50,000	Nil	30,000

Note:-

\* The estimated values as set out above are based on Management estimates of the value of transactions to be undertaken for the period from the forthcoming AGM to the next AGM. However, the value of transactions may be subject to changes. Disclosure will be made in the Annual Report of the Company for the FYE 30 June 2022 of the actual breakdown of the aggregate value of transactions contemplated as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements.

- (1) LAH, Paul Lim and LPS are Directors of PESTECH. LAH and Paul Lim are Directors of PSB, FNX, PTR and PTE. LAH and Paul Lim are Directors and substantial shareholders of FCSB, a substantial shareholder of VPSB. Lim Kok Shen and Lim Pay Homg are Directors of VPSB. LAH is the brother of Lim Kok Shen, the father of LPS and uncle of Paul Lim. Paul Lim and Lim Pay Homg are brothers and they are the cousins of LPS.
- (2) LAH, Paul Lim and LPS are Directors of PESTECH. LAH and Paul Lim are Directors of PSB and PTR. LAH and Paul Lim are Directors and substantial shareholders of FCSB. FCSB holds 66.25% in AMSB, LAH and Paul Lim are also the Directors of AMSB. AMSB holds 48% in ABSB and Paul Lim is the Director of ABSB.

Save as disclosed above and in Section 2.0 of this Circular, there were no other persons deemed connected to the interested Directors and Major Shareholders.

#### 1.4 Amount Due and Owing to PESTECH Group by Related Parties

As at the FYE 30 June 2022, the outstanding amounts due and owing under the RRPTs set out in Section 1.3 which exceeded the credit term are as follows:-

Period	Amount Due by PESTECH Group		Total (RM'000)
	VPSB (RM'000)	ABSB (RM'000)	
1 year or less	18	-	18
More than 1 to 3 years	-	-	-
More than 3 to 5 years	-	-	-
More than 5 years	-	-	-

Period	Amount Owing to PESTECH Group		Total (RM'000)
	VPSB (RM'000)	ABSB (RM'000)	
1 year or less	-	-	-
More than 1 to 3 years	-	-	-
More than 3 to 5 years	-	-	-
More than 5 years	-	-	-

Save as disclosed above, there were no outstanding amounts due and owing from the other Related Parties. No late payment charges or interest were imposed on the overdue amounts as these are not substantial. The outstanding amounts were trade in nature. As of LPD, there were no major concerns over the collections to the above outstanding amounts.

#### 1.5 Review Procedures for the RRPTs

The Board has in place the following internal control procedures to ensure that transactions with Related Parties undertaken on transaction prices and not more favourable to the related party than those generally available to the public, are conducted at arm's length basis and are based on normal commercial terms consistent with PESTECH Group's usual business practices and are not prejudicial to the interests of the minority shareholders:-

- (i) The pricing of transactions with a Related Party will take into account the pricing, prevailing market rates and conditions, quality, availability, timing of delivery and other related facts. The final pricing of transactions with a Related Party shall not be at terms more favourable than the prevailing market practices;
- (ii) All transactions entered/to be entered into pursuant to the Proposed Renewal of Shareholders' Mandate have been/will be tabled to the Audit Committee on a quarterly basis for its review of compliance with the above. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources;
- (iii) Records will be maintained by the Company to capture all RRPTs entered into pursuant to the Proposed Renewal of Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iv) The Audit Committee shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee(s) within the Company as they deem appropriate;
- (v) Where any of the Directors of the Company has an interest (whether direct or indirect) in a RRPT, such Director(s) shall abstain from all deliberations and voting on that matter in the Board's deliberations of such transaction. Where any member of the Audit Committee is interested in a

RRPT, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transaction;

- (vi) Immediate announcement will be made when the actual amount of a RRPT exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more;
- (vii) Disclosure will be made in the Annual Report of the Company of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate; and
- (viii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties could not be obtained, the transaction prices will be based on usual business practice of PESTECH Group. There are no thresholds for approval of RRPTs within PESTECH Group. However, all RRPTs are reviewed and authorised by two (2) personnel of at least managerial level, provided always that such personnel has no interest in the transaction.

#### **1.6 Statement by the Audit Committee**

The Audit Committee of the Company has reviewed the procedures set out in Section 1.5 above and is of the view that the review procedures for RRPTs are sufficient to ensure that the RRPTs will be entered into at arm's length and in accordance with PESTECH Group's normal commercial terms, and on terms which are not more favourable to the Related Party than those generally available to the public, and hence, will not be detrimental to the minority shareholders. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPT.

The Audit Committee is satisfied that PESTECH Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and the review of these procedures and processes will be conducted on an annual basis.

#### **1.7 Rationale**

The RRPTs entered into by PESTECH Group with the Related Parties are in the ordinary course of business and are necessary for its day-to-day operations. The RRPTs are recurring transactions of a revenue or trading nature that contribute either directly or indirectly to the generation of PESTECH Group's revenue and cost structures. By transacting with the Related Parties, PESTECH Group would have an advantage of familiarity with the background, financial well being and management of the Related Parties, thus enabling more informed commercial decisions. The close cooperation between the PESTECH Group and the Related Parties has reaped mutual benefits and has been and is expected to continue to be beneficial to the businesses of PESTECH Group.

These RRPTs are likely to occur with some degree of frequency and may arise at any time and/or from time to time thus, the procurement of the Proposed Renewal of Existing Shareholders' Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPTs arise, thereby substantially reducing administrative time and expenses in convening such meetings.

The RRPTs entered or to be entered into are undertaken at an arm's length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

## 2.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/ MAJOR SHAREHOLDERS

Based on the Register of Directors' Shareholdings, Register of Substantial Shareholders' Shareholdings and Record of Depositors as at LPD, the direct and indirect interests of the interested Directors, Major Shareholders and Persons Connected to Directors/Major Shareholders of PESTECH in respect of the Proposed Renewal of Existing Shareholders' Mandate are as follows:-

	<u>Direct</u>		<u>Indirect</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
<b>Interested Director/ Major Shareholder</b>				
LAH	320,353,855	32.538	3,892,830*	0.395
Paul Lim	190,221,870	19.321	1,320,080**	0.134
<b>Persons Connected to Director/ Major Shareholder</b>				
VPSB	1,320,080	0.134	-	-
LPS	-	-	2,572,750#	0.261
Lim Pay Chin	2,456,500	0.250	-	-
Lim Kok Shen	198,625	0.020	-	-
Lim Pay Horng	45,000	0.005	-	-
KLSB	2,572,750	0.261	-	-
AMSB	-	-	-	-
ABSB	-	-	-	-

*Note:-*

\* Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in KLSB and VPSB.

\*\* Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VPSB.

# Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in KLSB.

LAH, Paul Lim and LPS, being the interested Directors and interested Major Shareholders in the RRPTs have abstained and will continue to abstain from Board deliberations and voting on the resolutions pertaining to the Proposed Renewal of Existing Shareholders' Mandate. The interested Directors and interested Major Shareholders will abstain from voting in respect of his/her direct and/or indirect shareholdings in the Proposed Renewal of Existing Shareholders' Mandate at the forthcoming AGM.

The interested Directors and interested Major Shareholders have undertaken to ensure that Persons Connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolutions pertaining to the Proposed Renewal of Existing Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders and/or Persons Connected to them, as defined in the Listing Requirements, has any interest, whether direct or indirect, in the Proposed Renewal of Existing Shareholders' Mandate.

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### 3.0 APPROVALS REQUIRED

The Proposed Renewal of Existing Shareholders' Mandate is subject to the approval of the shareholders of PESTECH at the forthcoming AGM to be convened or at any adjournment thereof.

### 4.0 DIRECTORS' RECOMMENDATION

The Board (with the exception of LAH, Paul Lim and LPS who have abstained from making any opinion and recommendation on the Proposed Renewal of Existing Shareholders' Mandate), having considered all aspects of the Proposed Renewal of Existing Shareholders' Mandate, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the forthcoming AGM of PESTECH.

### 5.0 AGM

The AGM shall be held virtually via live streaming with online remote participation and voting ("**eLive and eVoting**"). Please refer to the Administrative Guide issued to all shareholders of PIB on the conduct of a virtual AGM.

The AGM, the Notice of which is enclosed in the 2022 Annual Report accompanying this Circular, will be held at the Broadcast Venue located at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 November 2022 at 3:00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Renewal of Existing Shareholders' Mandate under the agenda of Special Business as set out in the 2022 Annual Report.

If you are unable to participate and vote at the AGM via eLive and eVoting, you may complete, sign and return the Form of Proxy attached to the 2022 Annual Report and deposit it at the Share Registrar's office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to [info@sshshb.com.my](mailto:info@sshshb.com.my), no later than forty-eight (48) hours before the time of holding the AGM. The lodging of the Form of Proxy will not, however, preclude you from participating and voting via eLive and eVoting at the forthcoming AGM should you subsequently wish to do so.

### 6.0 FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

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

Ir. Amir bin Yahya  
Senior Independent Non-Executive Director

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**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

## 1.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

### 1.1 Introduction

The Board of Directors of PESTECH had at the previous AGM held on 25 November 2021 obtained its shareholders' approval to continue the share buy-back exercise, to purchase up to 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase. In accordance with the Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming AGM of the Company which will be held on Friday, 25 November 2022.

In compliance with Paragraph 12.09 of the Listing Requirements, the Company will not purchase its own shares or hold any of its own shares as treasury shares if this result in the aggregate of the Shares purchased or held exceeding 10% of its total number of issued shares.

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the ordinary resolution at the forthcoming AGM until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority was passed, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first.

The actual number of PESTECH Shares to be purchased and the timing of the purchase(s) together with the treatment of the Purchased Shares would depend on, amongst others, the prevailing market conditions, the prices of the Shares, the availability of retained earnings and financial resources as well as Bursa Securities' requirement on the Company's public shareholding spread.

In accordance with Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares at a price not more than 15% above the weighted average market price of PESTECH Shares for the five (5) market days immediately preceding the date of any purchase.

In the event that the Company decides to retain the Purchased Shares as treasury shares, the Company may only resell the treasury shares on Bursa Securities or transferred pursuant to Section 127(7) of the Act at the following prices:-

- (a) a price not less than the weighted average market price of PESTECH Shares for the five (5) market days immediately before the date of resale or transfer; or
- (b) a discounted price which is not more than 5% to the weighted average market price of PESTECH Shares for the five (5) market days immediately before the resale or transfer provided that:-
  - (i) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of PESTECH Shares being resold or transferred.

## **1.2 Quantum**

Based on the total number of issued shares of PESTECH of 992,221,471 as at LPD, the number of PESTECH Shares which may be purchased by the PESTECH is up to 99,222,147 PESTECH Shares representing 10% of the total number of issued shares of PESTECH (inclusive of 7,666,100 treasury shares) pursuant to the Proposed Renewal of Share Buy-Back Authority. During the FYE, the Company had bought back 3,764,600 shares and was allotted with bonus issue of 1,990,000 shares, thereafter, retained them as treasury shares. As at LPD, the total treasury shares of Company are 7,666,100 shares.

Nevertheless, the actual number of Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the stock market as well as the availability of financial resources of the Company and the availability of the retained profits of the Company.

## **1.3 Retained Profits**

In accordance with the Listing Requirements, the Proposed Renewal of Share Buy-Back Authority must be made wholly out of retained profits of PESTECH. The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority will be limited to the amount of retained profits based on the latest audited and/or unaudited financial statements of PESTECH. As at 30 June 2022, being the latest available audited financial statements, the audited retained profits of PESTECH (Company level) amounted to RM12,793,000.

## **1.4 Funding**

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event that PESTECH intends to purchase its own shares using bank borrowings, the Board shall ensure that PESTECH shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

## **1.5 Public shareholding spread**

Pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its listed shares (excluding treasury shares) are in the hands of public shareholders.

As at LPD, based on the Record of Depositors of PESTECH, 461,700,511 PESTECH Shares representing 46.53% of the total number of issued shares were held by public shareholders. In implementing the Proposed Renewal of Share Buy-Back Authority, PESTECH will ensure that the minimum public shareholding spread of 25% is complied with.

## **1.6 Treatment of Shares purchased**

Pursuant to Section 127(4) and Section 127(7) of the Act, the Board of Directors may deal with the Purchased Shares in the following manner:-

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares for distribution as dividends to the shareholders and/or to be resold on Bursa Securities in accordance with the rules of Bursa Securities and/or to be subsequently cancelled; or

(c) retain part of the Purchased Shares as treasury shares and cancel the remainder.

If such Purchased Shares are held as treasury shares, the Board may:-

- (a) distribute the Shares as share dividends to shareholders;
- (b) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the Shares, or any of the Shares for the purposes of or under an employees' share scheme;
- (d) transfer the Shares, or any of the Shares as purchase consideration;
- (e) cancel the Shares or any of the Shares; or
- (f) sell, transfer or otherwise use the Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

If such Purchased Shares were held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any distribution or otherwise would be suspended and the treasury shares would not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

Where treasury shares are distributed as share dividends, the costs of the Shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the Shares so purchased are cancelled or to cancel any treasury shares, the costs of the Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the Shares so cancelled.

## **2.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority, if implemented, would enable PESTECH to utilise its financial resources not immediately required for use to purchase its own shares, when appropriate, at prices which the Board views as favourable. The Proposed Renewal of Share Buy-Back Authority is to permit a stabilising factor on the supply and demand, as well as the price of PESTECH Shares.

All things being equal, the Proposed Renewal of Share Buy-Back Authority would improve the EPS of PESTECH as it would result in a lower number of the PESTECH Shares being used for the purpose of computing EPS, whether the Purchased Shares are maintained as treasury shares or cancelled. If the EPS of the Group is improved, it is expected to have a positive impact on the market price of PESTECH Shares.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price and therefore realising potential gain without affecting the total number of issued shares. Should any of the treasury shares be distributed as share dividend, this would serve to reward the shareholders of the Company. The treasury shares may also be utilised as purchase consideration by the Company in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of the Company.

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### 3.0 SHAREHOLDINGS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full (up to 10% of the total number of issued shares) and that the Purchased Shares are from shareholders other than the substantial shareholders and Directors, the effect of the Proposed Renewal of Share Buy-Back Authority on the direct and indirect interests of the Directors and substantial shareholders and any Person Connected with the Directors and/or substantial shareholders in the proposed purchase of Shares or resale of treasury shares are set out below:-

<b>Directors</b>	<b>Before the Proposed Share Buy-Back</b>				<b>After the Proposed Share Buy-Back</b>			
	<b>← Direct →</b>		<b>← Indirect →</b>		<b>← Direct →</b>		<b>← Indirect →</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
LAH	320,353,855	32.54	3,892,830*	0.39	320,353,855	35.87	3,892,830*	0.44
Paul Lim	190,221,870	19.32	1,320,080**	0.13	190,221,870	21.30	1,320,080**	0.15
LPS	-	-	2,572,750#	0.26	-	-	2,572,750#	0.29
MK Tan	558,750	0.06	-	-	558,750	0.06	-	-
<b>Substantial Shareholders</b>								
LAH	320,353,855	32.54	3,892,830*	0.39	320,353,855	35.87	3,892,830*	0.44
Paul Lim	190,221,870	19.32	1,320,080**	0.13	190,221,870	21.30	1,320,080**	0.15
<b>Persons Connected to Directors/ Substantial Shareholders</b>								
Lim Pay Chin	2,456,500	0.25	-	-	2,456,500	0.28	-	-
Lim Kok Shen	198,625	0.02	-	-	198,625	0.02	-	-
Lim Pay Hong	45,000	^	-	-	45,000	0.01	-	-
VPSB	1,320,080	0.13	-	-	1,320,080	0.15	-	-
KLSB	2,572,750	0.26	-	-	2,572,750	0.29	-	-

Notes:-

^ Negligible

\* Deemed interested pursuant to Section 8(4)(c) of the Act by virtue of his substantial shareholdings in KLSB and VPSB.

\*\* Deemed interested pursuant to Section 8(4)(c) of the Act by virtue of his substantial shareholdings in VPSB.

# Deemed interested pursuant to Section 8(4)(c) of the Act by virtue of his substantial shareholdings in KLSB

Save for the resulting increase in percentage of shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors, Substantial Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or the resale of treasury shares, if any.

### 4.0 IMPLICATIONS RELATING TO THE RULES

Pursuant to the Rules, a person or a group of persons acting in concert will be required to make a mandatory general offer if his/their stake(s) in the Company is/are increased to beyond 33% of the voting shares or if his/their existing shareholding(s) is/are more than 33% but less than 50% and it exceeds by another 2% in any period of six (6) months.

In the event that the share buy-back results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining PESTECH Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by the SC under the Rules, subject to the affected person

and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

As it is not intended for the share buy-back to trigger the obligation to undertake a mandatory general offer by any of its substantial shareholders and/or parties acting in concert with them, the Company is mindful that only such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Rules will not be triggered. However, in the event that an obligation to undertake a mandatory offer should arise with respect to any parties from the share buy-back exercise, the relevant parties shall make necessary application to SC for an exemption from undertaking a mandatory offer under the Rules before a mandatory offer is triggered.

## **5.0 PURCHASE OF SHARES, RESALE OR CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS**

During the FYE, the Company had bought back 3,764,600 shares and retained as treasury shares. As at LPD, the total treasury shares of Company are 7,666,100 shares. The Company had not cancelled, resold and/or transferred any treasury shares in the previous twelve (12) months preceding the date of this Statement. Details of the shares bought back by the Company in the previous twelve (12) months up to the LPD are as follows:

<b>Date</b>	<b>Total No. of Shares Purchased</b>	<b>Highest Price (RM)</b>	<b>Lowest price (RM)</b>	<b>Average Price (RM)</b>	<b>Total Consideration (RM)</b>
26/05/2022	271,700	0.475	0.475	0.475	129,484.81
27/05/2022	1,502,900	0.489	0.489	0.489	736,488.15
30/05/2022	1,173,000	0.492	0.492	0.492	579,021.81
31/05/2022	817,000	0.487	0.487	0.487	399,110.34

## **6.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- (a) allows the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (b) allows the Company to take preventive measures against speculations particularly if its Shares are under valued which would in turn, stabilise the market price of PESTECH Shares and hence, enhance investors' confidence;
- (c) the Company may have the opportunity for potential gains if the Purchased Shares which are retained as treasury shares are resold at prices higher than their purchase price and consequently increase the working capital and net assets of the Company; and
- (d) in the event the treasury shares are distributed as share dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- (a) as the Proposed Renewal of Share Buy-Back Authority could only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future; and

- (b) the Proposed Renewal of Share Buy-Back Authority would reduce the financial resources of PESTECH Group and may result in the PESTECH Group foregoing better investment opportunities that may emerge in the future.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as any share buy-back will be undertaken only after in-depth consideration of the financial resources of PESTECH and the resultant impact on its shareholders. The Board, in exercising any decision in implementing the Proposed Renewal of Share Buy-Back Authority will be mindful of the interests of the Company and its shareholders.

## **7.0 RISK FACTORS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Board is not aware of any risk factors relating to the Proposed Renewal of Share Buy-Back Authority which could have a material adverse effect on the business or financial position of PESTECH Group.

## **8.0 HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of PESTECH Shares as traded on Bursa Securities for the past twelve (12) months from October 2021 to September 2022 are as follows:-

<u>Year 2021/2022</u>	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
<u>2021</u>		
October	1.190	1.160
November	1.040	1.000
December	0.840	0.810
<u>2022</u>		
January	0.730	0.715
February	0.690	0.675
March	0.605	0.615
April	0.565	0.550
May	0.500	0.475
June	0.445	0.430
July	0.410	0.390
August	0.380	0.350
September	0.300	0.285

(Source: Bursa Malaysia)

The last transaction market price of PESTECH Shares on the LPD was RM0.31.

## **9.0 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL SHARE BUY-BACK AUTHORITY**

### **9.1 Share Capital**

The effects of the Proposed Renewal of Share Buy-Back Authority are dependent on whether the Purchased Shares are cancelled or alternatively retained as treasury shares.

Based on the assumption that the maximum number of PESTECH Shares authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, the effects on the on the total number of issued shares of PESTECH would be as follows:-

	<b>No. of PESTECH Shares</b>
Existing total issued shares as at LPD	992,221,471
Less : Maximum number of PESTECH Shares that may be purchased	99,222,147
Total number of issued shares after the Proposed Renewal of Share Buy-Back Authority	892,999,324

The Proposed Renewal of Share Buy-Back Authority will result in the reduction of the Company's total number of issued shares if the PESTECH Shares so purchased are cancelled.

However, the Proposed Renewal of Share Buy-Back Authority would have no effect on the total number of issued shares of PESTECH if all Purchased Shares are retained as treasury shares, resold or distributed as share dividends to shareholders but the rights attached to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended.

## **9.2 Net Assets per Share**

The effect of the Proposed Renewal of Share Buy-Back Authority on the net assets per share of PESTECH would depend on the purchase prices of PESTECH Shares at the time of buy back or any loss in interest income to the Company, and whether the Purchased Shares are cancelled or retained as treasury shares.

If all the Purchased Shares were cancelled or kept as treasury shares, the Proposed Renewal of Share Buy-Back Authority would reduce the net assets per share of PESTECH when the purchase price exceeds the audited net assets per share, and will increase the net assets per share of PESTECH if the purchase price is less than the audited net assets per share at the time of purchase.

If the treasury shares are resold on Bursa Securities, the net assets per share of PESTECH would increase if the Company realises a gain from the resale and would reduce the net assets per share of PESTECH if the Company makes a loss from the resale. If the treasury shares are distributed as share dividends, the net assets per share of PESTECH would decrease by the cost of the treasury shares.

## **9.3 Working Capital**

The Proposed Renewal of Share Buy-Back Authority is likely to reduce the working capital of PESTECH, the quantum of which depends on the purchase prices and the quantity of Purchased Shares.

For Purchased Shares which are kept as treasury shares, upon its resale, the working capital of the Company would increase assuming that a gain has been realised. Again, the quantum of the increase in the working capital would depend on the actual selling price of the treasury shares and the number of treasury shares resold.

## **9.4 EPS**

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of PESTECH would depend on the purchase prices of PESTECH Shares or any loss in interest income to PESTECH Group.

If the Purchased Shares are held as treasury shares and later resold, the extent of the impact to the EPS would depend on the actual selling price, the number of treasury shares resold, the effective funding cost (if applicable), the gain or loss on the disposal and the manner in which the proceeds arising from the resale are utilised.

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority would increase the EPS of PESTECH Group provided that the income foregone on the Purchased Shares is less than the EPS before the share buy-back.



## 10.0 APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of the shareholders of PESTECH at the forthcoming AGM to be convened or at any adjournment thereof.

## 11.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM of PESTECH.

## 12.0 AGM

The AGM shall be held virtually via live streaming with online remote participation and voting ("**eLive and eVoting**"). Please refer to the Administrative Guide issued to all shareholders of PIB on the conduct of a virtual AGM.

The AGM, the Notice of which is enclosed in the 2022 Annual Report accompanying this Statement, will be held at the Broadcast Venue located at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 November 2022 at 3:00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority under the agenda of Special Business as set out in the 2022 Annual Report.

If you are unable to participate and vote at the AGM via eLive and eVoting, you may complete, sign and return the Form of Proxy attached to the 2022 Annual Report and deposit it at the Share Registrar's office of the Company at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or e-mail to [info@sshshb.com.my](mailto:info@sshshb.com.my), no later than forty-eight (48) hours before the time of holding the AGM. The lodging of the Form of Proxy will not, however, preclude you from participating and voting via eLive and eVoting at the forthcoming AGM should you subsequently wish to do so.

## 13.0 FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

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

Ir. Amir bin Yahya  
Senior Independent Non-Executive Director

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**FURTHER INFORMATION****1. RESPONSIBILITY STATEMENT**

This Circular has been reviewed and approved by the Directors of PESTECH and they individually and collectively 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 other facts the omission of which would make any statement in this Circular misleading.

**2. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered in the ordinary course of business) which have been entered into by PESTECH and/or its subsidiaries during the two (2) years preceding the date of this Circular.

**3. MATERIAL LITIGATION**

As at the LPD, save for the adjudication and arbitration proceedings stated in Section 5 of Appendix I of this Circular, our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise, and our Board is not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially or adversely affect the position or business of our Group.

**4. MATERIAL COMMITMENT**

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments contracted or known to be contracted by our Group, which may have a material impact on the financial position of our Group.

	<b>RM'000</b>
<b>Approved and contracted for:</b>	
Acquisition of a motor vehicle	2,406
Acquisition of a land	1,779

**5. MATERIAL CONTINGENT LIABILITIES**

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

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

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

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

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

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

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

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

As at 6 October 2022, DMIA has made a total payment in the sum of RM21,649,987.73 (without interests) towards the Total Adjudicated Amount.

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

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

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

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

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

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

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

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

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

The hearing before the Federal Court for the PTE's Leave for Appeal is fixed on 1 November 2022.

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

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

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

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

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

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

This matter is fixed for a case management before the High Court on 20 October 2022.

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

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

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

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

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

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

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

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

## 6. DOCUMENTS FOR INSPECTION

Copies of the following documents are 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 on any working day from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) The Company's Constitution; and
- (b) Audited consolidated accounts of PESTECH for the past two (2) FYE 30 June 2021 and FYE 2022.

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

**EXTRACT OF NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING**

**ORDINARY RESOLUTION 7**  
**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")**

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"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to PESTECH International Berhad Group ("**the Group**") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Part A Section 1.3 of the Circular to Shareholders dated 27 October 2022, which are necessary for its day-to-day operations, to be entered into by the Group on the basis that these transactions are entered into on terms which are not more favourable to the Related Party involved than generally available to the public and are not detrimental to the minority shareholders of the Company;

**THAT** the Proposed Renewal of Existing Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Existing Shareholders' Mandate, shall only continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed; or
- (b) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

**AND THAT** the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Existing Shareholders' Mandate."

**ORDINARY RESOLUTION 8**  
**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARE OF PESTECH INTERNATIONAL BERHAD ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

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"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the provisions of the Company's Constitution, the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:

- i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase.

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:

- i) cancel all the shares so purchased; and/or
- ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- iii) retain part thereof as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

**THAT** such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first;

**AND THAT** the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company.”