

**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 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 BONUS ISSUE OF 191,073,393 NEW ORDINARY SHARES IN PESTECH INTERNATIONAL BERHAD (“PESTECH SHARE(S) OR “SHARE(S)” (“BONUS SHARE(S)”) ON THE BASIS OF 2 BONUS SHARES FOR EVERY 8 EXISTING PESTECH SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE OF SHARES”); AND**
- (II) **PROPOSED BONUS ISSUE OF UP TO 95,536,696 WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 8 EXISTING PESTECH SHARES HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES (“PROPOSED BONUS ISSUE OF WARRANTS”),**

**AND**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Principal Adviser*



**ALLIANCE INVESTMENT BANK**

**Alliance Investment Bank Berhad** 197401004393 (21605-D)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of PESTECH International Berhad (“PESTECH” or “Company”) (“EGM”) will be conducted on a fully virtual basis through live streaming from the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, on Thursday, 25 November 2021 at 11:30 a.m., or immediately following the conclusion of the Company’s Tenth Annual General Meeting (“10<sup>th</sup> AGM”), which will be held at the same Broadcast Venue and on the same day at 10:00 a.m., whichever is later. The Notice of EGM together with the Proxy Form and Administrative Guide for the EGM are enclosed with this Circular and available at the Company’s website at <https://pestech-international.com/>.

A member who is entitled but unable to attend, participate and vote remotely at the EGM, is entitled to appoint not more than 2 proxies to attend, participate and vote remotely on his/her behalf. If you decide to appoint a proxy(ies) to attend and vote on your behalf at the EGM, the Proxy Form should be completed and deposited at the office of the Company’s Share Registrar at Securities Services (Holdings) Sdn Bhd, 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 Proxy Form shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last day, date and time for lodging the Proxy Form for the EGM : Tuesday, 23 November 2021 at 11:30 a.m.  
Day, date and time of the EGM : Thursday, 25 November 2021 at 11:30 a.m.

**This Circular is dated 27 October 2021**

---

## DEFINITIONS

---

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

<b>Act</b>	:	Companies Act 2016
<b>AGM</b>	:	Annual General Meeting
<b>AIBB or Principal Adviser</b>	:	Alliance Investment Bank Berhad
<b>BNM</b>	:	Bank Negara Malaysia
<b>Board</b>	:	Board of Directors of PESTECH
<b>Bonus Share(s)</b>	:	191,073,393 new ordinary shares in PESTECH to be issued pursuant to the Proposed Bonus Issue of Shares
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad
<b>Circular</b>	:	This circular to shareholders of PESTECH dated 27 October 2021 in relation to the Proposals
<b>Deed Poll</b>	:	The deed poll constituting the Warrants to be executed by our Company and as may be supplemented from time to time
<b>Directors</b>	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007
<b>EGM</b>	:	Extraordinary General Meeting
<b>Entitlement Date</b>	:	A date to be determined and announced later by the Board, as at the close of business on which the shareholders of PESTECH must be registered in the Record of Depositors of our Company in order to be entitled to the Proposals
<b>Entitled Shareholders</b>	:	Shareholders whose names appear in the Record of Depositors of our Company on the Entitlement Date
<b>EPS</b>	:	Earnings per share
<b>FYE</b>	:	Financial year ended/ending
<b>Government</b>	:	The government of Malaysia
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	30 September 2021, being the latest practicable date prior to the printing of this Circular
<b>LTD</b>	:	27 August 2021, being the last market day prior to the initial announcement of the Proposals by the Company on 30 August 2021
<b>Main Market</b>	:	Main Market of Bursa Securities
<b>Market Day(s)</b>	:	Any day on which Bursa Securities is open for trading in securities
<b>NA</b>	:	Net assets

---

**DEFINITIONS (CONT'D)**

---

<b>Official List</b>	:	The list specifying all securities listed on the Main Market of Bursa Securities
<b>PESTECH or Company</b>	:	PESTECH International Berhad
<b>PESTECH Group or Group</b>	:	PESTECH and our subsidiaries, collectively
<b>PESTECH Share(s) or Share(s)</b>	:	Ordinary shares in PESTECH
<b>Proposals</b>	:	Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants, collectively
<b>Proposed Bonus Issue of Shares</b>	:	Proposed bonus issue of 191,073,393 Bonus Shares on the basis of 2 Bonus Shares for every 8 existing PESTECH Shares held on the Entitlement Date
<b>Proposed Bonus Issue of Warrants</b>	:	Proposed bonus issue of up to 95,536,696 Warrants on the basis of 1 Warrant for every 8 existing PESTECH Shares held on the Entitlement Date
<b>Record of Depositors</b>	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
<b>Rules of Bursa Depository</b>	:	Rules of Bursa Malaysia Depository Sdn Bhd
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>Share Registrar or Securities Services</b>	:	Securities Services (Holdings) Sdn Bhd
<b>TEAP</b>	:	Theoretical ex-all price
<b>TEBP</b>	:	Theoretical ex-bonus share price
<b>VWAMP</b>	:	Volume weighted average market price
<b>Warrants</b>	:	Up to 95,536,696 warrants to be issued pursuant to the Proposed Bonus Issue of Warrants

All references to “PESTECH” or “our Company” in this Circular are to PESTECH International Berhad, references to “PESTECH Group” or “Group” are to our Company and our subsidiaries and references to “we”, “us”, “our” and “ourselves” are to our Group, our Company, and where the context otherwise requires, our subsidiaries.

All references to “you” in this Circular are to the shareholders of our 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. References to persons shall include corporations, unless otherwise specified.

Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to any legislation is a reference to that legislation as for the time being amended or re-enacted.

Certain figures in this Circular have been subject to rounding adjustments.

---

**TABLE OF CONTENTS**

---

	<b>Page</b>
<b>EXECUTIVE SUMMARY</b>	iv
<b>LETTER FROM OUR BOARD TO THE SHAREHOLDERS OF PESTECH IN RELATION TO THE PROPOSALS</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. USE OF PROCEEDS	8
4. RATIONALE FOR THE PROPOSALS	9
5. OUTLOOK AND PROSPECTS	9
6. EFFECTS OF THE PROPOSALS	13
7. HISTORICAL SHARE PRICES	18
8. APPROVALS REQUIRED AND CONDITIONALITY	18
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	20
10. DIRECTORS' STATEMENT AND RECOMMENDATION	20
11. ESTIMATED TIMEFRAME FOR COMPLETION	20
12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	20
13. EGM	21
14. FURTHER INFORMATION	21
<b>APPENDIX</b>	
I. FURTHER INFORMATION	22
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>ADMINISTRATIVE GUIDE FOR THE EGM</b>	<b>ENCLOSED</b>
<b>PROXY FORM</b>	<b>ENCLOSED</b>

---

**EXECUTIVE SUMMARY**

---

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” Section and context of the Circular.

This Executive Summary highlights only the pertinent information of the Proposals. Shareholders are advised to read this Circular 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 EGM.

<b>Key information</b>	<b>Description</b>
<b>Summary of the Proposals</b>	<p>On 30 August 2021, on behalf of our Board, AIBB announced that our Company proposed to undertake the following Proposals:</p> <p><b>(i) <u>Proposed Bonus Issue of Shares</u></b></p> <p>Proposed bonus issue of 191,073,393 Bonus Shares on the basis of 2 Bonus Shares for every 8 existing PESTECH Shares held on the Entitlement Date.</p> <p><b>(ii) <u>Proposed Bonus Issue of Warrants</u></b></p> <p>Proposed bonus issue of up to 95,536,696 Warrants on the basis of 1 Warrant for every 8 existing PESTECH Shares held on the same Entitlement Date.</p> <p>For the avoidance of doubt, the Entitlement Date for the Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants is the same date.</p> <p>On 18 October 2021, on behalf of our Board, AIBB announced that Bursa Securities had, vide its letter dated 18 October 2021, provided its approval-in-principle for the following:</p> <ul style="list-style-type: none"><li>(a) admission of the Warrants to the Official List;</li><li>(b) listing of and quotation for the Warrants;</li><li>(c) listing of and quotation for the Bonus Shares; and</li><li>(d) listing of and quotation for the new PESTECH Shares to be issued arising from the exercise of the Warrants,</li></ul> <p>on the Main Market of Bursa Securities.</p>
<b>Rationale for the Proposals</b>	<p>The Proposals are an appropriate avenue for us to reward our existing shareholders. The rationale for the Proposals are set out below:</p> <p><b>(i) <u>Proposed Bonus Issue of Shares</u></b></p> <ul style="list-style-type: none"><li>(a) will enable the shareholders to have a greater participation in the equity of our Company; and</li><li>(b) is expected to further enhance the trading liquidity of PESTECH Shares on Bursa Securities.</li></ul>

---

**EXECUTIVE SUMMARY (CONT'D)**

---

Key information	Description
<b>Rationale for the Proposals (Cont'd)</b>	<p>(ii) <b><u>Proposed Bonus Issue of Warrants</u></b></p> <ul style="list-style-type: none"><li>(a) will enable existing shareholders of our Company to participate in convertible securities of our Company;</li><li>(b) will provide existing shareholders of our Company with an opportunity to increase their equity participation in our Company;</li><li>(c) will allow existing shareholders of our Company to benefit from any potential capital appreciation of the Warrants; and</li><li>(d) will help to strengthen our Company's capital base and shareholders' funds as well as potentially provide additional working capital for our Group, as and when the Warrants are exercised.</li></ul>
<b>Approvals Required</b>	<p>The Proposals are subject to the following approvals being obtained:</p> <ul style="list-style-type: none"><li>(i) Bursa Securities, the approval of which was obtained on 18 October 2021;</li><li>(ii) The shareholders of PESTECH for the Proposals at an EGM to be convened; and</li><li>(iii) Any other relevant authorities and/or third parties, if required.</li></ul>
<b>Board's Recommendation</b>	<p>Our Board recommends that you <b>vote in favour</b> of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.</p>

# 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 2021

## BOARD OF DIRECTORS

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

### To: Our shareholders

Dear Sir/Madam,

- (I) **PROPOSED BONUS ISSUE OF SHARES; AND**  
(II) **PROPOSED BONUS ISSUE OF WARRANTS**  
**(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

---

## 1. INTRODUCTION

On 30 August 2021, on behalf of our Board, AIBB announced that our Company proposed to undertake the Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants.

On 18 October 2021, on behalf of our Board, AIBB announced that Bursa Securities had, vide its letter dated 18 October 2021, provided its approval-in-principle for the following:

- (a) admission of the Warrants to the Official List;
- (b) listing of and quotation for up to 95,536,696 Warrants;
- (c) listing of and quotation for 191,073,393 Bonus Shares; and
- (d) listing of and quotation for up to 95,536,696 new Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 8** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS, AND TO SET OUT THE VIEW AND RECOMMENDATION OF OUR BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Details of the Proposed Bonus Issue of Shares**

#### **2.1.1 Basis and number of Bonus Shares to be issued**

The proposed bonus issue of Shares entails the issuance of 191,073,393 Bonus Shares on the basis of 2 Bonus Shares for every 8 existing PESTECH Shares held by the Entitled Shareholders.

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

- (a) the potential adjustments to the share price of PESTECH Shares arising from the Proposed Bonus Issue of Shares;
- (b) compliance with Paragraph 6.30(1A) of the Listing Requirements which states that the Company must ensure that its share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAMP during the 3-month period before the application date; and
- (c) the enlarged number of PESTECH Shares after the Proposed Bonus Issue of Shares.

As at the LPD, the issued share capital of our Company is RM212,671,867 comprising 764,293,572 PESTECH Shares, including 3,121,200 treasury shares. For the avoidance of doubt, any treasury shares held by our Company on the Entitlement Date will be entitled to the Bonus Shares as permitted under Section 127 of the Act and such Bonus Shares will be treated as treasury shares held by our Company at the time the Bonus Shares are allotted. Upon completion of the Proposed Bonus Issue of Shares, the issued share capital of our Company will remain at RM212,671,867 while the number of issued shares will increase to 955,366,965 PESTECH Shares.

For the shareholders' information, our Board is authorised to purchase and/or hold up to 10% of the total number of issued shares of our Company pursuant to the renewal of our Company's share buy-back authority obtained from the shareholders of our Company at our Company's ninth AGM convened on 26 November 2020. Our Company's share buy-back authority shall continue to be in force until the conclusion of the next AGM of our Company or at the expiry of the period within which the next AGM is required to be held, whichever is earlier.

The Entitlement Date will be determined and announced at a later date after all relevant approvals for the Proposals have been obtained. The Proposed Bonus Issue of Shares will be implemented in a single issuance and is not intended to be implemented in stages over a period of time. For the avoidance of doubt, the Proposed Bonus Issue of Shares will be implemented concurrently with the Proposed Bonus Issue of Warrants. The Entitlement Date for the Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants is the same date.



In determining shareholders' entitlements to the Proposed Bonus Issue of Shares, fractional entitlements, if any, will be disregarded and dealt with in such a manner at the absolute discretion as our Board may deem fit and expedient and in the best interest of our Company.

There will be an adjustment to the share price of PESTECH Shares after the completion of the Proposed Bonus Issue of Shares. Pursuant to Paragraph 6.30(1A) of the Listing Requirements, a listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily VWAMP during the 3-month period before the date of application to Bursa Securities.

For illustrative purposes, based on the 5-day VWAMP of PESTECH Shares up to and including the LPD, as well as the lowest daily VWAMP of PESTECH Shares during the 3-month period before 4 October 2021, being the date of submission of the listing application to Bursa Securities for the Proposals, the TEBP and the TEAP of PESTECH Shares are as follows:

	<b>Before the Proposed Bonus Issue of Shares</b>	<b>After the Proposed Bonus Issue of Shares</b>	<b>After the Proposals</b>
	<b>Market Price (RM)</b>	<b>TEBP (RM)</b>	<b>TEAP* (RM)</b>
5-day VWAMP up to and including the LPD	1.0993	0.8794	0.8586
Lowest daily VWAMP for the 3-month period before 4 October 2021	0.8502	0.6802	0.6774

**Note:**

\* The TEAP is based on the exercise price of the Warrants which has been fixed at RM0.65 as stated in Section 2.2.2.

Based on the above, the Proposed Bonus Issue of Shares shall be in compliance with Paragraph 6.30(1A) of the Listing Requirements.

### **2.1.2 No capitalisation of reserves**

Under the Act, a bonus issue can be undertaken either:

- (i) by way of capitalisation of the retained earnings/accumulated profits of a company; or
- (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

Our Board has resolved that the Bonus Shares will be issued as fully paid PESTECH Shares at nil consideration and without capitalisation from our Company's reserves. The Proposed Bonus Issue of Shares will increase the number of PESTECH Shares in issue but will not increase the value of the issued share capital of our Company.

### **2.1.3 Ranking of the Bonus Shares**

The Bonus Shares shall, upon issuance and allotment, rank equally in all respects with the existing PESTECH Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Bonus Shares.

As PESTECH Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act 1991, the Bonus Shares will be credited directly into the respective central depository system accounts of the Entitled Shareholders and no physical share certificates will be issued.

## 2.1.4 Listing of and quotation for the Bonus Shares

The approval of Bursa Securities for the listing of and quotation for the Bonus Shares was obtained on 18 October 2021, as set out in **Section 8** of this Circular.

## 2.2 Details of the Proposed Bonus Issue of Warrants

### 2.2.1 Basis and number of Warrants to be issued

The proposed bonus issue of Warrants entails the issuance of up to 95,536,696 Warrants on the basis of 1 Warrant for every 8 existing PESTECH Shares held by the Entitled Shareholders.

As at the LPD, our Company has an issued share capital of RM212,671,867 comprising 764,293,572 PESTECH Shares, including 3,121,200 treasury shares. For the avoidance of doubt, any treasury shares held by our Company on the Entitlement Date will not be entitled to the Warrants. Assuming all the 3,121,200 treasury shares as at the LPD are resold on the open market at their respective acquisition prices prior to the implementation of the Proposed Bonus Issue of Warrants Issue, a total of up to 95,536,696 Warrants may be issued pursuant to the Proposed Bonus Issue of Warrants. Assuming the full exercise of 95,536,696 Warrants, a total of 95,536,696 new PESTECH Shares will be issued therefrom. Similarly, if our Company purchases any Shares under our Company's share buy-back authority, the number of Warrants to be issued will be reduced accordingly.

For illustrative purposes throughout this Circular, the effects of the Proposals shall be illustrated based on the following 2 scenarios:

**“Minimum Scenario”** : Assuming none of the treasury shares have been resold in the open market of Bursa Securities prior to the Entitlement Date.

**“Maximum Scenario”** : Assuming the entire 3,121,200 treasury shares have been resold on the open market of Bursa Securities at their respective acquisition prices (i.e. no gain or loss) prior to the Entitlement Date.

The actual number of Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants will depend on the total number of issued shares of our Company (excluding treasury shares) on the Entitlement Date which will be determined by our Board and announced by our Company at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants. Pursuant to Section 127 of the Act, the treasury shares held by the Company shall not be entitled to the Warrants.

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

- (a) the Warrants will be issued at no cost to the Entitled Shareholders;
- (b) the enlarged number of PESTECH Shares in issue upon exercise of the Warrants;
- (c) the dilutive effect on PESTECH's EPS upon exercise of the Warrants; and
- (d) compliance by PESTECH with Paragraph 6.50 of the Listing Requirements, where the total number of new PESTECH Shares arising from the exercise of the Warrants must not exceed 50% of our Company's total number of issued shares (excluding treasury shares and before the exercise of the Warrants) at all times.

Fractional entitlements of the Warrants under the Proposed Bonus Issue of Warrants, if any, will be disregarded and dealt with in such a manner at the absolute discretion as our Board may deem fit and expedient and in the best interest of our Company.

The Entitlement Date will be determined and announced at a later date after all relevant approvals for the Proposals have been obtained. The Proposed Bonus Issue of Warrants will be implemented in a single issuance and is not intended to be implemented in stages over a period of time. For the avoidance of doubt, the Proposed Bonus Issue of Warrants will be implemented concurrently with the Proposed Bonus Issue of Shares. The Entitlement Date for the Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants is the same date. Accordingly, the Bonus Shares arising from the Proposed Bonus Issue of Shares will not be entitled to the Warrants pursuant to the Proposed Bonus Issue of Warrants.

No reserves will be capitalised for the issuance of Warrants under the Proposed Bonus Issue of Warrants.

## 2.2.2 Basis of determining and justification for the exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders. The exercise price of the Warrants has been fixed by our Board at RM0.65 (“**Exercise Price**”) each after taking into consideration the following:

- (a) the historical price movement of PESTECH Shares;
- (b) the TEBP of RM0.7470, which is based on the 5-day VWAMP of PESTECH Shares of RM0.9337 up to and including 27 August 2021, which represents the LTD. The exercise price of RM0.65 represents a discount of approximately RM0.097 or 12.99% to the TEBP of PESTECH Shares of RM0.7470; and
- (c) prevailing market conditions.

For illustrative purposes, based on the Exercise Price, the discount of the Exercise Price to the TEAP are as follows:

	<b>Before the Proposals Market Price (RM)</b>	<b>After the Proposals TEAP (RM)</b>	<b>Discount of the Exercise Price to the TEAP (RM)</b>	<b>Discount of the Exercise Price to the TEAP (%)</b>
5-day VWAMP up to and including 27 August 2021, being the LTD	0.9337	0.7381	0.0881	11.94
5-day VWAMP up to and including the LPD	1.0993	0.8586	0.2086	24.30

## 2.2.3 Ranking of the Warrants and the new PESTECH Shares to be issued arising from the exercise of the Warrants

The Warrants shall rank equally in all respects with one another.

The Warrant holders will not be entitled to any voting rights in any general meeting of our Company or to participate in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new PESTECH Shares.

The new PESTECH Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing PESTECH Shares except that such new PESTECH Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of such new PESTECH Shares.

## 2.2.4 Listing of and quotation for the Warrants and new PESTECH Shares to be issued arising from the exercise of the Warrants

The approval of Bursa Securities for the listing of and quotation for the Warrants and new PESTECH Shares to be issued arising from the exercise of the Warrants was obtained on 18 October 2021, as set out in **Section 8** of this Circular.

## 2.2.5 Salient terms of the Warrants

The indicative salient terms of the Warrants are set out below:

<b>Terms</b>	<b>Details</b>
Issue size	: Up to 95,536,696 Warrants.
Form	: The Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company and as may be supplemented from time to time.
Tenure	: 7 years commencing from and inclusive of the date of allotment and issuance of the Warrants (" <b>Issue Date</b> ").
Exercise Rights	: Each Warrant entitles the registered Warrant holder to subscribe for 1 new PESTECH Share arising from the Warrant at the Exercise Price at any time during the Exercise Period, subject to the provisions of the Deed Poll.
Exercise Price	: The exercise price of the Warrants is RM0.65 each, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	: The Warrants may be exercised at any time commencing on and including the date from the 3 <sup>rd</sup> anniversary date of the Issue Date and ending at 5.00 p.m. in Malaysia on the Expiry Date (both dates inclusive). Any Warrants which have not then been exercised will lapse and every Warrant not exercised by then will cease to be valid for any purpose.
Expiry Date	: 5.00 p.m. on the day immediately preceding the 7 <sup>th</sup> anniversary of the Issue Date, provided that if such day is not a market day, then it shall be the market day immediately preceding the said non-market day.
Adjustment in the Exercise Price and/or the number of Warrants	: Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants shall from time to time be adjusted by the Board in consultation with an approved adviser appointed by the Company and certified by the auditors of the Company in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll.
Status of the new PESTECH Shares to be issued arising from the exercise of the Warrants	: The new PESTECH Shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing issued PESTECH Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders of PESTECH, in respect of which the entitlement date is prior to the date of allotment and issuance of the said Shares.
Rights of Warrant holders	: The Warrant holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution other than on winding up, compromise or arrangement of the Company as set out in the Deed Poll until and unless such Warrant holders are issued with new PESTECH Shares arising from their exercise of the Warrants.

Terms	Details
Modification of rights of Warrant holders	: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders. Any such modification is, however, subject to the approval of any relevant authorities.
Modification of the Deed Poll	: Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities, other relevant authorities (if so required) and the Warrant holders by way of special resolution.  No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution unless the amendments or additions are required to correct a manifest error or to comply with any provisions of the prevailing laws or regulations of Malaysia or, in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.
Rights in the event of winding up, liquidation, compromise and / or arrangement	: Where a resolution has been passed by the Company for a members' voluntary winding-up of the Company or if a court order approving a scheme of compromise or arrangement pursuant to Section 366 of the Act is granted, then:  (a) for the purpose of such a winding-up, compromise or scheme of arrangement in which the Warrant holders or some persons designated by them for such purposes by special resolution shall be a party, the terms of such winding-up, compromise or scheme of arrangement shall be binding on all the Warrant holders; or  (b) in any other case, every Warrant holder shall be entitled at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the Exercise Period), by an irrevocable surrender of his Warrants and delivery to the Company of a duly completed exercise form together with payment of the relevant Exercise Price monies, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the Exercise Rights represented by such Warrants, to the extent specified in the exercise form and be entitled to receive out of the assets of the Company (which would be available in liquidation) if he had on such date been a holder of the PESTECH Shares, to which he would have become entitled pursuant to such exercise, and the liquidator of the Company shall give effect to such election accordingly; and  subject to the foregoing, if the Company is wound up (other than by way of a members' voluntary winding up), all Exercise Rights which have not been exercised prior to the date of commencement of the winding up will lapse and the relevant Warrants will cease to be valid for any purpose.

<b>Terms</b>	<b>Details</b>
Transferability	: The Warrants may be transferable in accordance with the provisions of the Deed Poll, subject to the Rules of Bursa Depository and the provisions of the Securities Industry (Central Depositories) Act 1991 and traded on the Main Market of Bursa Securities.
Board Lot	: The Warrants are tradable upon listing in board lot of 100 Warrants carrying the right at the Issue Date to subscribe for 100 new PESTECH Shares or such other denomination as may be prescribed by Bursa Securities.
Listing	: The Warrants will be listed and quoted on the Main Market of Bursa Securities.
Governing law	: The Warrants and the Deed Poll shall be governed by and construed in accordance with the laws of Malaysia.

### **3. USE OF PROCEEDS**

The Proposed Bonus Issue of Shares will not raise any funds for our Company while the Proposed Bonus Issue of Warrants is not expected to raise immediate funds for our Company as the Warrants will be issued at no cost to the Entitled Shareholders.

The actual gross proceeds to be raised from the exercise of the Warrants (if any) are dependent on the number of Warrants exercised during the exercise period of the Warrants. As such, the exact time frame and manner in which the said proceeds will be utilised cannot be determined at this juncture.

For illustrative purpose, based on the exercise price of RM0.65 per Warrant and in the event the Warrants are fully exercised, our Company is expected to raise gross proceeds of approximately RM61.85 million and RM62.10 million under the Minimum Scenario and Maximum Scenario, respectively.

The proceeds arising from the exercise of the Warrants, if raised, will be used to finance working capital requirements, which may include operating expenses and general administrative expenses, for our ongoing and new projects, and to be used as cost of investment for any business expansion plans and acquisition or investment opportunities that are made available to the Group regionally.

Pending the use of the proceeds raised as and when the Warrants are exercised, such proceeds will be placed in deposits with financial institutions or short-term money market instruments as the Board deems fit. Interest derived from such deposits or gains from such money market instruments will be used as additional working capital for our Group as set out above. The actual breakdown of the additional working capital utilisation cannot be determined at this juncture as they are subject to the actual amount of proceeds to be raised from the exercise of Warrants and our Group's operating requirements at the time of utilisation.

#### **3.1 Details of equity fund-raising exercises undertaken in the past 12 months**

Our Company has not undertaken any equity fund-raising exercises in the past 12 months before the date of the announcement of the Proposals.

## **4. RATIONALE FOR THE PROPOSALS**

### **4.1 Proposed Bonus Issue of Shares**

After taking into consideration other options, our Board is of the view that the Proposed Bonus Issue of Shares is an appropriate avenue for our Company to reward our existing shareholders as the Proposed Bonus Issue of Shares:

- (i) will enable our shareholders to have a greater participation in the equity of our Company in terms of the increased number of PESTECH Shares held, whilst maintaining their percentage of equity interest without incurring any cost; and
- (ii) is expected to further enhance the trading liquidity of PESTECH Shares on Bursa Securities at a lower adjusted trading price and increased number of issued Shares.

### **4.2 Proposed Bonus Issue of Warrants**

The Proposed Bonus Issue of Warrants is intended to reward our existing shareholders of PESTECH as the Proposed Bonus Issue of Warrants will:

- (i) enable existing shareholders of our Company to participate in convertible securities of our Company which are tradable on Bursa Securities without incurring any cost;
- (ii) provide existing shareholders of our Company with an opportunity to increase their equity participation in our Company through the exercise of Warrants at a pre-determined price during the tenure of the Warrants (as per Section 2.2.5 of the indicative salient terms of the Warrants);
- (iii) allow existing shareholders of our Company to benefit from any potential capital appreciation of the Warrants; and
- (iv) help to strengthen our Company's capital base and shareholders' funds as well as potentially provide additional working capital for our Group, as and when the Warrants are exercised.

## **5. OUTLOOK AND PROSPECTS**

### **5.1 Overview and outlook of Malaysian economy**

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order ("FMCO"). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector.

Thus, in projecting the revised growth range for the year, Bank Negara Malaysia took into account the latest global economic developments, the implementation of the first phase of the National Recovery Plan ("NRP"), and assumptions on the gradual transitions to the second, third and fourth phases for each state based on the pace of vaccination rollouts, and healthcare system capacities. Against this backdrop, the Malaysian economy is projected to expand between 3.0% and 4.0% in 2021.

Domestic demand turned around to register a positive growth of 12.3% (1Q 2021: -1.0%) in the second quarter of 2021, mainly supported by private sector expenditure. Private consumption growth increased by 11.6% during the quarter (1Q 2021: -1.5%), following a broad-based expansion across both necessity and discretionary items, particularly at the start of the quarter, prior to the imposition of FMCO.

The private consumption growth was due mainly to less stringent containment measures and mobility restrictions in the first half of the quarter. Labour market conditions also showed signs of improvement in the same period, which lent support to household spending. Furthermore, various policy measures, including the EPF i-Sinar withdrawals and Bantuan Prihatin Rakyat, provided additional lift to consumer expenditure.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (“CPI”), recorded a sharp increase to 4.1% during the quarter (1Q 2021: 0.5%), driven mainly by transitory factors. This elevation was mainly due to base effects from the low domestic retail fuel prices last year, as well as the lapse in the effect from the tiered electricity tariff rebate. Underlying inflation is expected to remain subdued, averaging between 0.5% and 1.5% for the year, amid continued spare capacity in the economy. The outlook, however, is subject to global oil and commodity price developments.

Despite the increase in headline inflation, upward pressures on prices during the quarter were not broad-based, as the share of CPI items recording month-on-month price increases was lower than the long-term average (2Q 2021 average: 36%; 2010-2019 average: 45%).

*(Source: Economic and Financial Developments in the Malaysian economy in the 2<sup>nd</sup> Quarter of 2021, BNM and BNM Quarterly Bulletin, Vol. 36 No. 2, 2<sup>nd</sup> Quarter of 2021, BNM)*

## **5.2 Outlook of the Malaysian electricity supply sector**

Malaysia will experience a lower electricity demand growth in the financial year 2021 due to economic uncertainties arising from the COVID-19 pandemic. For Malaysia, electricity demand fell by 5% for the first ten months of 2020, according to the latest International Energy Agency (“IEA”) report. In the Association of Southeast Asian Nations (“ASEAN”) as a whole, the drop was expected to be 1%, so Malaysia was more negatively impacted. An estimate by Fitch expects coal to have contracted by 2.4% and natural gas by 2.6% but renewables growing by 4.2%.

There is a correlation between electricity consumption and the Movement Control Order (“MCO”) introduced by the Government to control the spread of the COVID-19 virus. The first MCO introduced nationwide on 18 March 2020 for a period of four weeks had the biggest impact on consumption. There was a sharp drop in demand among its industrial and commercial customers, but this was softened by the rise in domestic consumption triggered by the stay-at-home requirements. The net effect was a 20% drop in consumption from March to May, the worst experienced during the year.

Year-on-year consumption saw a decrease of 4% to 5% in 2020. The drop was mainly consumption among industrial and commercial customers. However, the impact was offset by a spike in consumption among residential customers. Overall, the electricity sector was not as badly affected by the COVID-19 pandemic as other businesses. Malaysia will experience a lower electricity demand growth in the financial year 2021 due to economic uncertainties arising from the COVID-19 pandemic.

*(Source: Energy Malaysia, Volume 21, 2021, Energy Commission)*



### 5.3 Outlook of the Cambodian electricity supply sector

Number of consumers of energy in Cambodia has been increasing over the years, with numbers of consumers in 2018 being 2.70 million, increasing to 2.95 million (9.13% increase from 2018) in 2019 and increasing again to 3.24 million (9.97% increase from 2019) in 2020. Similarly, energy sold in Cambodia has been increasing throughout the years. In 2018, 8,649 kilowatt-hour (“kWh”) of energy has been sold. In 2019, the energy sold increased by 20.00% to 10,378 kWh. In 2020, the energy sold increased by 6.88% to 11,092 kWh when compared to 2019.

*(Source: Annual Report on Power Sector for Year 2020, Electricity Authority of Cambodia)*

Electricity demand in Cambodia has grown at an average of nearly 20% per year since 2010. Electricity demand is mostly supplied by large-scale hydropower and coal-fired power plants. Although Cambodia has the potential for non-hydro renewable energy, such as biomass, wind, and solar, non-hydro renewable energy is not yet utilised optimally due to barriers such as higher up-front costs and no clear target for renewable energy in the energy mix.

Coal (29%) and hydro (52%) are two primary sources of power, together accounting for 81% of the total installed capacity in 2017, while other renewable power plants using wood and other biomass comprised only 5%. Based on the Cambodia Energy Outlook, the most possible energy mix in the year 2030 comprises hydro at 55% and non-hydro renewable energy at 10% (biomass, solar PV, and wind) of the projected total electricity output of 26.2 terrawatt-hour (“TWh”).

*(Source: Cambodia Basic Energy Plan, 2019, Electricity Authority of Cambodia, Economic Research Institute for ASEAN and East Asia)*

Regarding future electricity supply, liquid natural gas (“LNG”) is expected to dominate the fuel mix in 2050, followed by coal. Cambodia’s Power Development Master Plan 2020–2030 predicts that the country will have total additional installed electricity generation capacity of 24,384 megawatts (“MW”), contributed mainly by LNG (9,600 MW), hydro (5,927 MW), and coal (5,140 MW) by 2050.

Average annual growth rate (“AAGR”) for primary energy supply will be 5.6% in 2018–2050. Primary energy supply will increase from 5.9 million tonnes of oil equivalent (“Mtoe”) in 2018 to 33.27 Mtoe in 2050, which is slightly faster than final energy consumption, from 4.3 Mtoe in 2018 to 22.33 Mtoe in 2050. The fastest-growing energy source is solar and wind, with AAGR of 18% in 2018 to 2050.

Electricity generation will increase by 8% per year, from 8.48 TWh in 2018 to 99.56 TWh in 2050.

*(Source: Energy Outlook and Energy Saving Potential in East Asia 2020, Economic Research Institute for ASEAN and East Asia)*

Southeast Asia is, in terms of electricity demand, one of the fastest-growing regions in the world. Driven by the growing ownership of household appliances and air conditioners, as well as increasing consumption of goods and services, demand has grown by more than 6% annually over the past 20 years on average. The ASEAN community has put forward an ambitious project of regional development in order to support economic growth and the integration of higher shares of renewable energy. ASEAN as a region has a target of integrating 23% renewable energy by 2025. One of the ways of reaching that target is regional interconnection and trade.

*(Source: IEA Electricity Market Report, 2020, Regional Focus: Southeast Asia)*

## 5.4 Prospects of our Group

Our Group remains steadfast on our foray into the ASEAN market. Our Group strongly believes that the future growth will be generated from this region, with emphasis on the IndoChina, and the Philippines markets. The demand for rural electrification will also see an increase, as respective government of Malaysia and Papua New Guinea encourage implementation of off-grid power supply solution to serve the remote community. To-date, PESTECH, has delivered green and sustainable off-grid power supply system to some rural areas in these countries.

Our Group continues to engage in the opportunities of the power network segment, maintaining the focus in the high voltage and extra high voltage transmission system build up in the region. Our Group remains keen in the rail electrification prospects, both locally and overseas, to preserve PESTECH's momentum in this segment of the business following the existing implementation of Mass Rapid Transit 2 and Southern Double Track projects.

PESTECH, under our subsidiary Green Sustainable Ventures (Cambodia) Co., Ltd., will be completing and commissioning our Group's first 20 Mega-Watt Alternating Current ("**MWac**") large scale solar photovoltaic plant in Bavet City, Svay Rieng Province, Cambodia by December 2021. The conclusion of the development of this project provides the indispensable credential to our Group to undertake similar renewable energy projects around the region. The regional power demand growth in Southeast Asia helps to create consistent market demand for power infrastructure buildup.

To further expand the sustainable power infrastructure development, PESTECH has also embarked on the initiative to implement electric vehicle ("**EV**") charging stations, especially with an open-based software back-end system, where mass users can embark on the service with ease. This is the catalyst to encourage the early acceptance of EV within the community. PESTECH has set its sight to spearhead in the EV charging infrastructure segment as one of the impetus for long-term sustainability programs towards a carbon neutral society.

Further commitment towards decarbonisation within the region will spur overall sustainable energy development, which means continuous investment into solar photovoltaic power generation, introduction of waste to energy technology, and eventual deployment of mass EV charging facilities in various countries, particularly in the ASEAN region. PESTECH with its proven track record and project completion credentials will be ready to undertake the opportunities in the sustainable power development area in line with our Group's aspiration to be in the forefront as a solution provider in this industry.

To curb the spread of COVID-19 infection, on 28 May 2021, the Malaysian government announced the imposition of a nationwide lockdown (full MCO 3.0). The nationwide lockdown started from 1 June 2021 to 14 June 2021, and further extended to 16 July 2021, where all sectors were not allowed to operate during this period except for those in the essential economic and service sectors. On 27 June 2021, the Malaysian government announced that the full MCO 3.0 is known as Phase 1 of Movement Control under the National Recovery Plan ("**NRP**"). On 15 August 2021, the Malaysian government announced that non-essential activities in the manufacturing, construction, mining and quarrying sectors for all states under Phases 1, 2 and 3 of the NRP are allowed to operate from 16 August 2021, with operating capacity dependent on the level of vaccination of the workers. On 22 September 2021, the Malaysian government announced that the attendance of employees for each business is allowed to operate at full capacity provided that the employer and all employees are fully vaccinated. Starting 18 October 2021, a few states including the Klang Valley and Melaka entered into Phase 4 of the NRP and all economic sectors can operate at full capacity with health protocols in place.

General operational wise, our Group continued to implement strict standard operating procedures ("**SOP**") in each of the countries we operate in, as recommended by the respective local governments. This effort shall be maintained whilst we continue to carry out operations in a minimal disruptive manner to ensure the smooth delivery of projects to our customers.

The prolonged pandemic impact on overall business environment remained the greatest challenge for PESTECH, and most of the businesses.

As regional inoculation rate picked up, many countries were treating the situation as an endemic instead of a pandemic. With established SOP, borders between certain countries had started to open up. This assisted the logistic flow for goods and services, which in turn promoted the long-stagnated business transactions. PESTECH hopes the current improved situation will be sustained so that the unprecedented challenges of the pandemic could be mitigated gradually going forward.

The risks relating to project execution were minimal, as the Group had SOP to mitigate normal project related risks such as design, engineering, procurement, logistic, construction, testing and commissioning activities. The established procedures provided the Group a stable operating environment that ensured smooth functioning of the business around ASEAN.

## 6. EFFECTS OF THE PROPOSALS

For illustration purposes, the pro forma effects of the Proposals on PESTECH's issued share capital, NA, NA per share, gearing, earnings, EPS as well as the substantial shareholders' shareholdings are set out below:

### 6.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of PESTECH are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of PESTECH Shares	RM	No. of PESTECH Shares	RM
Issued share capital as at the LPD (including 3,121,200 treasury shares)	764,293,572	212,671,867	764,293,572	212,671,867
Shares to be issued pursuant to the Proposed Bonus Issue of Shares	191,073,393	-	191,073,393	-
<b>After the Proposed Bonus Issue of Shares</b>	<b>955,366,965</b>	<b>212,671,867</b>	<b>955,366,965</b>	<b>212,671,867</b>
Shares to be issued assuming full exercise of the Warrants	95,146,546 <sup>(1)</sup>	61,845,255 <sup>(2)</sup>	95,536,696 <sup>(1)</sup>	62,098,852 <sup>(2)</sup>
<b>Enlarged issued share capital</b>	<b>1,050,513,511</b>	<b>274,517,122</b>	<b>1,050,903,661</b>	<b>274,770,719</b>

#### Notes:

(1) Calculated based on the total number of issued shares of the Company of 761,172,372 PESTECH Shares (excluding 3,121,200 treasury shares) under the Minimum Scenario and 764,293,572 PESTECH Shares (including 3,121,200 treasury shares) under the Maximum Scenario.

(2) Calculated based on the exercise price of Warrants of RM0.65 per Warrant.

## 6.2 NA, NA per share and gearing

Based on the latest audited consolidated financial statements of PESTECH as at 30 June 2021, the pro forma effects of the Proposals on PESTECH's consolidated NA, NA per Share and gearing are as follows:

Minimum Scenario	(I)		(II)	
	Audited as at 30 June 2021 RM'000	After the Proposed Bonus Issue of Shares RM'000	After (I) and Full Exercise of Warrants RM'000	
Share capital	212,672	212,672	274,517	(4)
Treasury shares	(2,345)	(2,345)	(2,345)	
Reserves	(48,066)	(48,066)	(48,066)	
Retained earnings	419,290	419,090 <sup>(1)</sup>	419,090	(1)
<b>Equity attributable to the owners of the Company / NA</b>	<b>581,551</b>	<b>581,351</b>	<b>643,196</b>	
No. of PESTECH Shares	761,172,372 <sup>(2)</sup>	951,465,465 <sup>(3)</sup>	1,046,612,011	
PAT attributable to owners (RM'000)	66,213	66,213	66,213	
NA per share (RM)	0.76	0.61	0.61	
Total borrowings (RM'000)	1,249,723	1,249,723	1,249,723	
Gearing (times)	2.15	2.15	1.94	
EPS (sen)	8.70	6.96	6.33	

### Notes:

- (1) After deducting estimated expenses of RM200,000 in relation to the Proposals.
- (2) Excluding 3,121,200 treasury shares.
- (3) After issuance of 191,073,393 Bonus Shares pursuant to the Proposed Bonus Issue of Shares and excluding 3,901,500 treasury shares after the Proposed Bonus Issue of Shares.
- (4) Assuming 95,146,546 Warrants are exercised at the exercise price of RM0.65 per Warrant.

	(I)	(II)	
	Audited as at 30 June 2021 RM'000	Assuming treasury shares are resold at their respective acquisition cost RM'000	
		After the Proposed Bonus Issue of Shares RM'000	
		After (I) and Full Exercise of Warrants RM'000	
<b>Maximum Scenario</b>			(4)
Share capital	212,672	212,672	274,771
Treasury shares	(2,345)	-	-
Reserves	(48,066)	(48,066)	(48,066)
Retained earnings	419,290	419,290	419,090 (1)
<b>Equity attributable to the owners of the Company / NA</b>	<b>581,551</b>	<b>583,896</b>	<b>645,795</b>
No. of PESTECH Shares	761,172,372 (2)	764,293,572	1,050,903,661
PAT attributable to owners (RM'000)	66,213	66,213	66,213
NA per share (RM)	0.76	0.76	0.61
Total borrowings (RM'000)	1,249,723	1,249,723	1,249,723
Gearing (times)	2.15	2.14	1.94
EPS (sen)	8.70	8.66	6.30

**Notes:**

- (1) After deducting estimated expenses of RM200,000 in relation to the Proposals.
- (2) Excluding 3,121,200 treasury shares.
- (3) After issuance of 191,073,393 Bonus Shares pursuant to the Proposed Bonus Issue of Shares.
- (4) Assuming 95,536,696 Warrants are exercised at the exercise price of RM0.65 per Warrant.

**6.3 Earnings and EPS**

The Proposals are not expected to have any material effect on the earnings of PESTECH Group for the financial year ending 30 June 2022.

However, the issuance of new PESTECH Shares arising from the Bonus Shares and exercise of Warrants will result in a dilution in PESTECH Group's EPS due to the increase in the number of PESTECH Shares in issue.

#### 6.4 Convertible securities

As at the LPD, PESTECH does not have any convertible securities.

#### 6.5 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial shareholders' shareholdings of our Company as at the LPD are as follows:

Minimum Scenario	As at the LPD			After Proposed Bonus Issue of Shares		
	<-----Direct----->	<-----Indirect----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->	<-----Indirect----->
Substantial shareholders	No. of PESTECH Shares	% <sup>(1)</sup>	No. of PESTECH Shares	% <sup>(1)</sup>	No. of PESTECH Shares	% <sup>(2)</sup>
Lim Ah Hock	256,008,604	33.63%	3,364,264*	0.44%	320,010,755	33.63%
Lim Pay Chuan	145,535,096	19.12%	1,056,064^	0.14%	181,918,870	19.12%
						4,205,330*
						1,320,080^
						0.44%
						0.14%

(I)

Substantial shareholders	After I and full exercise of Warrants		
	<-----Direct----->	<-----Indirect----->	<-----Indirect----->
Substantial shareholders	No. of PESTECH Shares	% <sup>(3)</sup>	No. of PESTECH Shares
Lim Ah Hock	352,011,830	33.63%	4,625,863*
Lim Pay Chuan	200,110,757	19.12%	1,452,088^
			0.44%
			0.14%

(II)

#### Notes:

- (1) Based on PESTECH's issued share capital of 761,172,372 PESTECH Shares (excluding treasury shares) as at the LPD.
  - (2) Based on PESTECH's enlarged issued share capital of 951,465,465 PESTECH Shares (excluding treasury shares) after the Proposed Bonus Issue of Shares.
  - (3) Based on PESTECH's enlarged issued share capital of 1,046,612,011 PESTECH Shares (excluding treasury shares) after the Proposed Bonus Issue of Shares and after full exercise of Warrants.
- \* Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Kumpulan Liva Sdn Bhd and VESTECH Projects Sdn Bhd.
- ^ Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VESTECH Projects Sdn Bhd.

(I)

Maximum Scenario	As at the LPD			After Proposed Bonus Issue of Shares		
	<-----Direct----->	<-----Indirect----->		<-----Direct----->	<-----Indirect----->	
Substantial shareholders	No. of PESTECH Shares	% <sup>(1)</sup>	No. of PESTECH Shares	% <sup>(2)</sup>	No. of PESTECH Shares	% <sup>(2)</sup>
Lim Ah Hock	256,008,604	33.63%	3,364,264*	33.50%	4,205,330*	0.44%
Lim Pay Chuan	145,535,096	19.12%	1,056,064^	19.04%	1,320,080^	0.14%

(II)

After I and full exercise of Warrants		
<-----Direct----->	<-----Indirect----->	
Substantial shareholders	No. of PESTECH Shares	% <sup>(3)</sup>
Lim Ah Hock	352,011,830	33.50%
Lim Pay Chuan	200,110,757	19.04%

**Notes:**

- (1) Based on PESTECH's issued share capital of 761,172,372 PESTECH Shares (excluding treasury shares) as at the LPD.
  - (2) Based on PESTECH's enlarged issued share capital of 955,366,965 PESTECH Shares after the Proposed Bonus Issue of Shares.
  - (3) Based on PESTECH's enlarged issued share capital of 1,050,903,661 PESTECH Shares after the Proposed Bonus Issue of Shares and after full exercise of Warrants.
- \* Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Kumpulan Liva Sdn Bhd and VESTECH Projects Sdn Bhd.
- ^ Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VESTECH Projects Sdn Bhd.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of PESTECH Shares as traded on Bursa Securities for the past 12 months up to September 2021 are as follows:

	<b>High (RM)</b>	<b>Low (RM)</b>
<b><u>2020</u></b>		
October	0.745	0.655
November	0.860	0.655
December	1.010	0.805
<b><u>2021</u></b>		
January	0.940	0.740
February	1.430	0.860
March	1.280	1.030
April	1.260	1.070
May	1.160	0.955
June	1.060	0.855
July	1.010	0.865
August	0.975	0.835
September	1.140	0.985
Last transacted market price of PESTECH Shares as at the LTD		0.910
Last transacted market price of PESTECH Shares as at the LPD		1.120

(Source: Bloomberg)

## 8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are conditional upon the following approvals being obtained:

- (i) Bursa Securities' for the following:
  - (a) admission of the Warrants to the Official List;
  - (b) listing of and quotation for up to 95,536,696 Warrants;
  - (c) listing of and quotation for 191,073,393 Bonus Shares; and
  - (d) listing of and quotation for up to 95,536,696 new Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities.

The approval-in-principle has been obtained vide Bursa Securities' letter dated 18 October 2021 which is subject to the following conditions:

<b>Conditions</b>	<b>Status of compliance</b>
(i) PESTECH and AIBB must fully comply with the relevant provisions under the <b>Listing Requirements</b> pertaining to the implementation of the Proposals;	To be complied.



<b>Conditions</b>	<b>Status of compliance</b>
(ii) PESTECH and AIBB to inform Bursa Securities upon the completion of the Proposals;	To be complied.
(iii) PESTECH and AIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied.
(iv) PESTECH / AIBB are required to furnish Bursa Securities with a certified copy of the resolution passed by the shareholders at the forthcoming general meeting for the Proposed Bonus Issue of Shares prior to the listing and quotation of the Bonus Shares;	To be complied.
(v) PESTECH / AIBB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements, in relation to the Proposed Bonus Issue of Shares;	To be complied.
(vi) 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 Warrants under the Proposed Bonus Issue of Warrants as at the end of each quarter; and	To be complied.
(vii) Incorporation of Bursa Securities' comments in the circular to shareholders.	Complied.

(ii) the shareholders of PESTECH for the Proposals at the forthcoming EGM; and

(iii) any other relevant authorities and/or third parties, if required.

The Proposed Bonus Issue of Warrants is conditional upon the Proposed Bonus Issue of Shares but not vice versa for the purpose of seeking the approvals of shareholders of PESTECH at the forthcoming EGM.

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

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

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

**10. DIRECTORS' STATEMENT AND RECOMMENDATION**

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

Accordingly, our Board recommends that you **vote in favour** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

**11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposals are expected to be completed by the fourth (4<sup>th</sup>) quarter of calendar year 2021. The tentative timeline for the implementation of the Proposals is as follows:

<b>Event</b>	<b>Tentative timeline</b>
EGM	25 November 2021
Announcement of the Entitlement Date for the Proposals	Early December 2021
Listing of and quotation for the Bonus Shares	End December 2021
Admission to the Official List and listing of and quotation for the Warrants	End December 2021

**12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposals, our Board confirms that as at the date of this Circular, there are no other outstanding corporate exercises that have been announced but pending completion by our Company.

**13. EGM**

The EGM will be held on a fully virtual basis through live streaming from the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, on Thursday, 25 November 2021 at 11:30 a.m., or immediately following the conclusion of the Company's Tenth (10<sup>th</sup>) AGM, which will be held at the same Broadcast Venue and on the same day at 10:00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the resolutions as set out in the Notice of EGM enclosed in this Circular, with or without modifications, to give effect to the Proposals.

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

**14. FURTHER INFORMATION**

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

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

**LIM PAY CHUAN**  
Managing Director and Group Chief Executive Officer

---

**APPENDIX I – FURTHER INFORMATION**

---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making 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**

AIBB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name in this Circular and all references thereto in the form and context in which it appears in this Circular.

Save as disclosed below, AIBB is not aware of any conflict of interest which exists or is likely to exist in relation to AIBB's capacity to act as the Principal Adviser to PESTECH for the Proposals.

As at the LPD, Alliance Bank Malaysia Berhad ("**ABMB**") and its subsidiaries ("**ABMB Group**") have extended credit facilities to our Group. Notwithstanding the above, AIBB is of the opinion that the financial relationship of ABMB Group with our Group as aforementioned would not give rise to a conflict of interest situation for AIBB to act as the Principal Adviser to PESTECH for the Proposals, based on the following:

- (i) The total credit facilities granted by ABMB Group are part of the ordinary course of business of ABMB Group and are not material when compared to the audited shareholders' funds of ABMB Group as at 31 March 2021 of RM6.258 billion; and
- (ii) The credit facilities were not granted by AIBB. 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 controls and checks. In addition, AIBB is a licensed investment bank and its appointment as the Principal Adviser to PESTECH for the Proposals is conducted in the ordinary course of its business. The conduct of AIBB is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and its own internal controls, policies and procedures.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

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
<b>Approved and not contracted for:</b>	
Acquisition of a land	6,808

**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 PESTECH Sdn Bhd (“PSB”) and Dhaya Maju Infrastructure (Asia) Sdn Bhd (“DMIA”)**

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 with interests to PSB (“**Total Adjudicated Amount**”).

On 8 June 2021, DMIA made payment of RM8,797,264.51 being partial payment towards the Total Adjudicated Amount. The total outstanding amount due and payable by DMIA to PSB under the Adjudication Decision is RM12,852,723.22 plus interest at the rate of 5% per annum calculated from 9 June 2021 until full payment.

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.

On 16 July 2021, the High Court granted an ad interim stay of the enforcement of the Adjudication Decision pending disposal of DMIA’s Setting Aside Application. The High Court has fixed a hearing for PSB’s Enforcement Application and DMIA’s Setting Aside Application on 13 December 2021.

On 30 September 2021, DMIA made a further payment of RM5,242,661.52 and a cheque of RM7,610,061.70 was collected by PSB on 26 October 2021.

**(ii) In the matter of the adjudication proceedings between PESTECH Technology Sdn Bhd (“PTSB”) and Lion Pacific Sdn Bhd (“LPSB”)**

On 30 October 2019, PTSB, a wholly-owned subsidiary of the Company, obtained an adjudication award in their favour as a result of the adjudication proceedings initiated by PTSB against LPSB for non-payment of works done pursuant to the sub-contract with LPSB, whereby LPSB appointed PTSB 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 PTSB that LPSB shall pay a total sum of approximately RM12,666,667.00 with interests to PTSB (“**PTSB Adjudication Decision**”).

---

## APPENDIX I – FURTHER INFORMATION

---

On 19 February 2020, LPSB filed applications in the High Court to set aside/stay the PTSB Adjudication Decision ("**LPSB's Setting Aside / Stay Application**"). On 23 July 2020, PTSB filed an application to enforce the PTSB Adjudication Decision ("**PTSB's Enforcement Application**"). The High Court dismissed LPSB's Setting Aside / Stay Application and allowed PTSB's Enforcement Application on 29 September 2020. LPSB filed appeals to the Court of Appeal against the High Court's order ("**LPSB's Appeals**"). The hearing for LPSB's Appeals is fixed on 27 October 2021.

On 2 March 2021, LPSB initiated a further suit in the High Court against PTSB, raising new allegations arising out of the Works under the Project ("**New High Court Suit**"). PTSB has in turn filed an application to stay the New High Court Suit pending arbitration ("**PTSB's Stay Application**"). The hearing of PTSB's Stay Application before the Judicial Commissioner came up on 28 July 2021, 25 August 2021, 15 September 2021 and 29 September 2021 and was then fixed for a decision on 20 October 2021, which was then deferred to 21 October 2021.

On 21 October 2021, the learned Judicial Commissioner allowed PTSB's Stay Application with costs of RM3,000.00 to be paid by LPSB to PTSB. LPSB has one 1 month from 21 October 2021 to lodge an appeal against the decision (if any).

(iii) **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 PTSB, 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 27 October 2021 and hearing dates have not been fixed.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (i) Our constitution;
- (ii) Our audited consolidated financial statements for the FYE 30 June 2020 and FYE 30 June 2021;
- (iii) The letter of consent and declaration on conflict of interest referred to in Section 2 of Appendix I of this Circular;
- (iv) The relevant cause papers in relation to the adjudication and arbitration proceedings stated in Section 5 of Appendix I of this Circular; and
- (v) The draft Deed Poll.

# 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 “**Company**”) will be held on a fully virtual basis through live streaming from the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, on Thursday, 25 November 2021 at 11:30 a.m., or immediately following the conclusion of the Company’s Tenth Annual General Meeting (“**10th AGM**”), which will be held at the same Broadcast Venue and on the same day at 10:00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:

### ORDINARY RESOLUTION 1

**PROPOSED BONUS ISSUE OF 191,073,393 NEW ORDINARY SHARES IN PESTECH (“PESTECH SHARE(S)” OR “SHARES”) (“BONUS SHARE(S)”) ON THE BASIS OF 2 BONUS SHARES FOR EVERY 8 EXISTING PESTECH SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE OF SHARES”)**

**“THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained for the Proposed Bonus Issue of Shares, authority be and is hereby given to the Board of Directors of the Company (“**Board**”) to issue and allot 191,073,393 Bonus Shares in the share capital of the Company credited as fully paid to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5:00 p.m. on the Entitlement Date to be determined and announced by the Board at a later date on the basis of 2 Bonus Shares for every 8 existing PESTECH Shares held;

**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) in respect of the Proposed Bonus Issue of Shares, authority be and is hereby given to the Board to implement any other adjustments as a result of the Proposed Bonus Issue of Shares;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, will be disregarded and dealt with in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

**THAT** the Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the existing PESTECH Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Bonus Shares;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all such acts and matters in the manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares.”



## **ORDINARY RESOLUTION 2**

### **PROPOSED BONUS ISSUE OF UP TO 95,536,696 WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 8 EXISTING PESTECH SHARES HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES (“PROPOSED BONUS ISSUE OF WARRANTS”)**

**“THAT** subject to the passing of Ordinary Resolution 1, the approvals of all relevant authorities or parties (where required) being obtained for the Proposed Bonus Issue of Warrants, authority be and is hereby given to the Board to issue up to 95,536,696 Warrants to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5:00 p.m. on the Entitlement Date to be determined and announced by the Board at a later date on the basis of 1 Warrant for every 8 existing PESTECH Shares held;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of new PESTECH Shares arising from the exercise of the Warrants by the Warrant holders, credited as fully paid, in accordance with the provisions of a deed poll to be executed (“**Deed Poll**”);

**THAT** the new PESTECH Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing PESTECH Shares except that such new PESTECH Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of such new PESTECH Shares;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Warrants, if any, will be disregarded and dealt with in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

**THAT** the Warrants be constituted under the Deed Poll and the Board be and is hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deems fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all such acts and matters in the manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants.”

By Order of the Board  
**PESTECH INTERNATIONAL BERHAD**

**Pan Seng Wee (SSM PC No. 202008003688) (MAICSA 7034299)**  
**Chua Siew Chuan (SSM PC No. 201908002648) (MAICSA 0777689)**  
**Teh Bee Choo (SSM PC No. 202008002493) (MIA 7562)**  
Company Secretaries

Shah Alam  
27 October 2021

**Notes:**

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2021 (“**General Meeting Record of Depositors**”) shall be eligible to attend the Meeting.*
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 and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
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 Seal or under the hand of an officer or attorney duly authorised.*
4. *A member of the Company may appoint one (1) or more proxy to attend the 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 forty-eight (48) hours before the time appointed for holding the Meeting.*
8. *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*
9. *The members are advised to refer to the Administrative Guide for the EGM on the registration process for the Meeting. The Administrative Guide had taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Kindly check Bursa Malaysia Securities Berhad and the Company’s website at <https://pestech-international.com/> for the latest updates on the status of the Meeting.*

# PESTECH

PESTECH INTERNATIONAL BERHAD

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

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

Meeting Date : Thursday, 25 November 2021  
Time : 11:30 a.m  
Meeting platform / hosted by : Securities Services e-Portal (“**SS e-Portal**”) at <https://sshsb.net.my/>

**Securities Services e-Portal** is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to –

- Submit proxy form 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

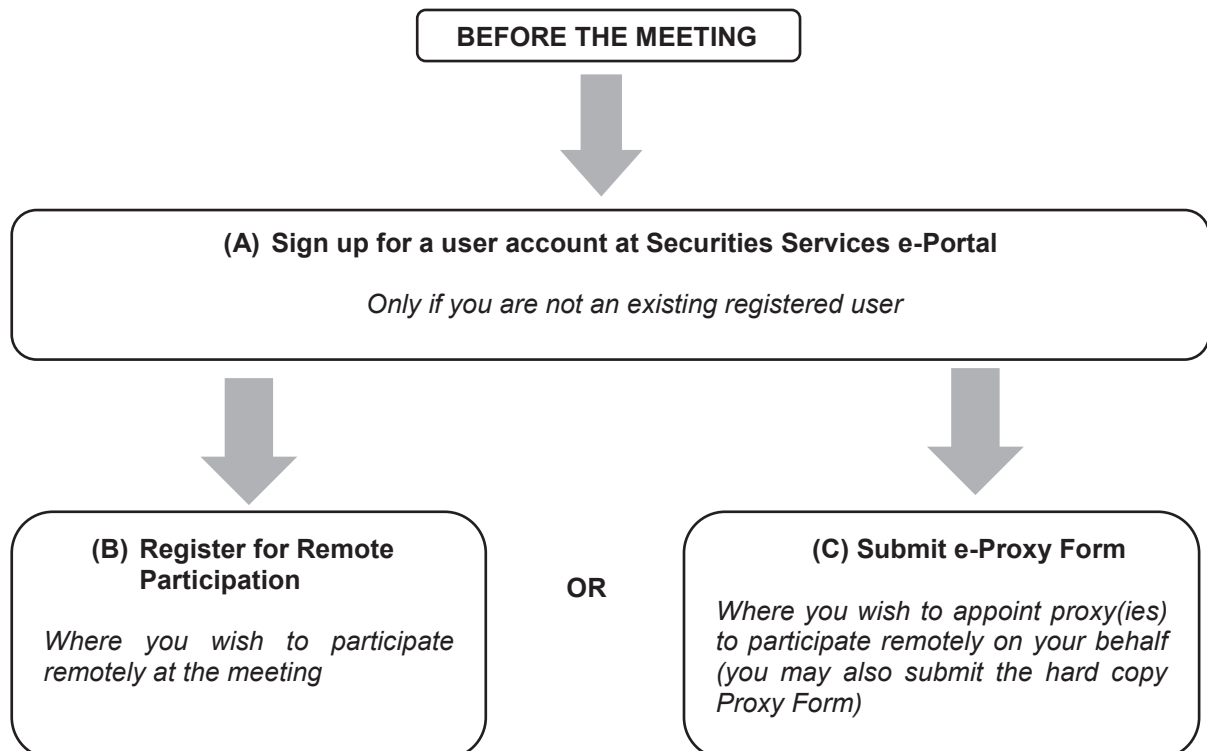
(referred to as “**e-Services**”).

The usage of the 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 e-Portal.**

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

### REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Evangeline Yeoh (DID: +603 2084 9007) or 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](mailto: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 Securities Services e-Portal**

Step 1 Visit <https://sshsb.net.my/>

Step 2 Sign up for a user account

Step 3 Wait for our notification email that will be sent within one (1) working day

Step 4 Verify your user account within seven (7) days of the notification email and log in

- We require 1 working day to process all user sign-ups. If you do not have a user account with the 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.

To register for the meeting under (B) below, please sign up for a user account by **23 NOVEMBER 2021**.

To submit e-Proxy Form under (C) below, please sign up for a user account by **21 NOVEMBER 2021**, failing which you may only be able to submit the hard copy proxy form.

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 at the Meeting**

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

➤ Look for **PESTECH International Berhad** under Company Name and **EGM on 25 November 2021 at 11:30 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click ">" to register for remote participation at the meeting.

Step 1 Check if you are attending as –

- Individual shareholder
- 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 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, Wilayah Persekutuan for verification before the registration closing date and time above.*

Step 2 Submit your registration.

- All shareholders must register for remote participation 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 18 November 2021.
- A copy of your e-Registration for remote participation 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 fully 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**

Thursday, 25 November 2021 at 11:30 a.m.

**Proxy Form Submission Closing Date and Time**

Tuesday, 23 November 2021 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 on 25 November 2021 at 11:30 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click ">" to submit your proxy forms 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
- Corporate or authorised representative of a body corporate

*For body corporates, the appointed corporate / authorised representative is 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 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, Wilayah Persekutuan for verification before the 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 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 under (B) above but if they are not registered users of the e-Portal, they will need to sign up as users of the e-Portal under (A) above by **21 NOVEMBER 2021**. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully 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
Thursday, 25 November 2021 at 11:30 a.m.	Thursday, 25 November 2021 at 11:00 a.m.

- Look for **PESTECH International Berhad** under Company Name and **EGM on 25 November 2021 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
Thursday, 25 November 2021 at 11:30 a.m.	Thursday, 25 November 2021 at 11:30 a.m.

- 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 e-Portal, look for **PESTECH International Berhad** under Company Name and **EGM on 25 November 2021 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).

# PESTECH

PESTECH INTERNATIONAL BERHAD

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

## PROXY FORM

CDS account number of holder
Number of shares held

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(Address)

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

\_\_\_\_\_ of \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS & NRIC NO.) (Address)

or failing him/her \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS & NRIC 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**" or "**Meeting**") to be held at fully virtual basis through live streaming from the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, on Thursday, 25 November 2021 at 11:30 a.m., or immediately following the conclusion of the Company's Tenth Annual General Meeting ("**10th AGM**"), which will be held at the same Broadcast Venue and on the same day at 10:00 a.m., whichever is later, My/Our proxy/proxies shall vote as indicated below:

RESOLUTION	FOR	AGAINST
<b>Ordinary Resolution 1</b> Proposed Bonus Issue of Shares		
<b>Ordinary Resolution 2</b> Proposed Bonus Issue of Warrants		

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

\_\_\_\_\_  
Signature / Common Seal of Member

Date : \_\_\_\_\_  
Contact No. : \_\_\_\_\_

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

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

\* Delete whichever not applicable.



**Notes:**

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2021 (“**General Meeting Record of Depositors**”) shall be eligible to attend the Meeting.*
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 and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
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 Seal or under the hand of an officer or attorney duly authorised.*
4. *A member of the Company may appoint one (1) or more proxy to attend the 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 forty-eight (48) hours before the time appointed for holding the Meeting.*
8. *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*
9. *The members are advised to refer to the Administrative Guide for the EGM on the registration process for the Meeting. The Administrative Guide had taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Kindly check Bursa Malaysia Securities Berhad and the Company’s website at <https://pestech-international.com/> for the latest updates on the status of the Meeting.*



*Fold this flap for sealing*

*Then fold here*

AFFIX  
STAMP

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

*1<sup>st</sup> fold here*

