

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager 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.

In line with the provisions of Practice Note No. 18 on Perusal of Draft Circulars and Other Documents, Bursa Malaysia Securities Berhad has not perused the Circular to Shareholders on Proposed Renewal of Share Buy-Back Authority as it falls under the category of Exempt Circulars as outlined in the aforesaid Practice Note.

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposals as set out herein.

# PESTECH

## PESTECH INTERNATIONAL BERHAD

(Company No. 948035-U)

(Incorporated in Malaysia)

### CIRCULAR TO SHAREHOLDERS IN RELATION TO

#### PART A

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

#### PART B

#### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE ISSUED SHARE CAPITAL OF PESTECH INTERNATIONAL BERHAD**

The above Proposals will be tabled as Special Business at PESTECH International Berhad's Sixth Annual General Meeting ("AGM") to be held at Zamrud Room, Ground Floor, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 23 November 2017 at 10:00 a.m. The Notice of the Sixth AGM is set out in the Annual Report of PESTECH International Berhad for the financial year ended 30 June 2017.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time set for holding the meeting. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy.....: Tuesday, 21 November 2017 at 10:00 a.m.

Date and time of the AGM .....: Thursday, 23 November 2017 at 10:00 a.m.

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## DEFINITIONS

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

“Act”	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“AsiaPac”	:	AsiaPac Machineries Sdn Bhd (1074243-X)
“Board”	:	The Board of Directors of PESTECH
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad (635998-W)
“CPM”	:	Perunding CPM Services Sdn Bhd (856320-M)
“Director(s)”	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for purposes of the Proposed Renewal of Existing Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of PESTECH or its subsidiary or holding company or a group chief executive of PESTECH Group.
“DPL”	:	Diamond Power Limited (Co. 0390 E/2015)
“ENR”	:	Enersol Co. Ltd. (LL11850)
“EPS”	:	Earnings per Share
“FMW”	:	Forward Metal Works Sdn. Bhd. (49147-P)
“FNX”	:	Fomix Sdn Bhd (705247-A)
“FCSB”	:	Fomix Capital Sdn Bhd (530346-K)
“FYE”	:	Financial Year Ended/Ending
“LAH”	:	Lim Ah Hock
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements, including any amendment(s) thereto that may be made from time to time
“LPD”	:	2 October 2017, being the latest practicable date prior to the printing of the Circular

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## DEFINITIONS

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- “Major Shareholder(s)” : Means a person who has an interest or interests in one or more voting shares in PESTECH and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-
- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in PESTECH; or
  - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in PESTECH where such person is the largest shareholder of PESTECH

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act

For the purposes of the Proposed Renewal of Existing Shareholders’ Mandate, Major Shareholder(s) includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of PESTECH or any other corporation which is its subsidiary or holding company

- “Mercula” : Mercula Sdn Bhd (712286-W)
- “PPW” : PESTECH Power Sdn Bhd (1128783-H)
- “PTR” : PESTECH Transmission Sdn Bhd (1079049-H) (formerly known as PESTECH Switchgear Sdn. Bhd.)
- “PTE” : PESTECH Technology Sdn Bhd (1075814-X)
- “Paul Lim” : Lim Pay Chuan, Paul
- “PBR” : PESTECH (Brunei) Sdn Bhd (RC/00008311)
- “PCL” : PESECH (Cambodia) Limited (00000957)
- “PCN” : PESTECH Engineering Technology (China) Co. Limited (91110113MA0075KC4G)
- “PEN” : PESTECH Energy Sdn. Bhd. (formerly known as Xcell ATS (M) Sdn Bhd (503755-H)

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## DEFINITIONS

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“Person(s) Connected”	:	In relation to a Director or a Major Shareholder, means such person who falls under any one (1) of the following categories:- <ul style="list-style-type: none"><li>(i) a family member of the Director or Major Shareholder;</li><li>(ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;</li><li>(iii) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;</li><li>(iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li><li>(v) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;</li><li>(vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li><li>(vii) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;</li><li>(viii) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or</li><li>(ix) a body corporate which is a related corporation</li></ul>
“PESTECH” or “the Company”	:	PESTECH International Berhad (948035-U)
“PESTECH Group”	:	PESTECH and its subsidiary companies
“PESTECH Shares” or “Shares”	:	Ordinary Shares in PESTECH
“PPNG”	:	PESTECH (PNG) Ltd (1-112642)
“Proposals”	:	Proposed Renewal of Existing Shareholders’ Mandate and Proposed Renewal of Share Buy-Back Authority
“Proposed Renewal of Existing Shareholders’ Mandate”	:	Proposed renewal of existing shareholders’ mandate for RRPTs to be entered into by PESTECH Group from the date of the forthcoming AGM until the next AGM
“Proposed Renewal of Share Buy-Back Authority”	:	Proposed renewal of shareholders’ authority for PESTECH to purchase up to ten per centum (10%) of its own issued share capital
“PSB”	:	PESTECH Sdn Bhd (220578-T)
“PSW”	:	PESTECH (Sarawak) Sdn Bhd (977694-K)

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**DEFINITIONS**

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“PTL”	:	PESTECH Transmission Limited (CA-99,553)
“Purchased Shares”	:	Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
“Related Party(ies)”	:	Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s)
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RRPT(s)”	:	Recurrent related party transaction(s) of a revenue or trading nature, which are necessary for the PESTECH Group’s day-to-day operations and are entered into by PESTECH or its subsidiary companies in the ordinary course of business of the PESTECH Group
“SC”	:	Securities Commission Malaysia
“SET”	:	SystemCORP Embedded Technology Pty Ltd (CAN 138507392)
“TPJ”	:	Tajri-PESTECH JV Sdn. Bhd. (553143-U)
“the Code”	:	Malaysian Code on Take-Overs and Mergers 2010
“VPSB”	:	VESTECH Projects Sdn Bhd (806946-U)
“2016/2017 Annual Report”	:	Annual Report of PESTECH issued for the FYE 30 June 2017

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

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

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# PESTECH

## PESTECH INTERNATIONAL BERHAD

(Company No. 948035-U)

(Incorporated in Malaysia)

Registered office:  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

31 October 2017

Directors:-

Mr. Lim Ah Hock (*Executive Chairman*)

Mr. Paul Lim Pay Chuan (*Executive Director/Group Chief Executive Officer*)

Encik Ibrahim Bin Talib (*Senior Independent Non-Executive Director*)

Mr. Tan Puay Seng (*Independent Non-Executive Director*)

Mr. Lee Ting Kiat (*Independent Non-Executive Director*)

**To: The Shareholders of PESTECH**

Dear Sir/Madam,

**(A) PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE**

**(B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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

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### INTRODUCTION

On 6 October 2017, the Company announced that PESTECH proposes to seek the approval of its shareholders in respect of the Proposals.

The purpose of this Circular is to provide you with details of the Proposals and to seek your approval for the ordinary resolutions pertaining to the Proposals under the agenda of Special Business as set out in the 2016/2017 Annual Report to be tabled at the forthcoming AGM. The Notice of the AGM together with the Form of Proxy are enclosed in the 2016/2017 Annual Report.

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

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**PART A**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE**



## **1. DETAILS OF THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE**

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

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

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

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

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

whichever is the earlier.

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

### **1.2 Principal Activities of PESTECH Group**

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

<b>Name</b>	<b>Principal activities</b>	<b>Effective equity interest</b>
<b><u>Subsidiaries</u></b>		
ENR	Investment holding, provision of comprehensive power system engineering and technical solution for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution	100%
FMW	Investment holding	100%
FNX	Investment holding	100%
PPW	Investment holding and provision of establishing electric power transmission concessions	100%
PEN	Provision of design and supply of remote control systems and data communication products and its related services	100%
PCN	Provision of project management, electrical substations, transmission line erection and installation, supervision of testing and commission and civil works	100%
PSB	Provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacture proprietary power system components and equipment. It is also an investment holding company.	100%
PSW	Provision of electrical, mechanical and civil engineering, subcontracting and engineering services and its related products	100%
PTR	Marketing of medium voltage switchgear products	100%
PTE	Provision of design, engineering, supply and commissioning of balance of plant systems for power plants and rail electrification projects	100%
PTL	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commissioning and civil works	100%
PCL	Construction of electrical substation and transmission line	100%
PPNG	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commissioning and civil works	100%
PBR	Provision of electrical engineering services, specialising in transmission and distribution	90%
DPL	Own, operate and maintain 230kV Kampong Cham – Kratie power transmission infrastructure system	60%
SET	Provision of design, manufacture and supply of supervisory control and data acquisition systems, SMART Grid products and associated software and hardware products for the electrical utility industry	51%
<b><u>Jointly-Controlled Entity</u></b>		
TPJ	Provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy	50%

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

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### 1.3 Classes and Nature of the RRPTs

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

Name of Company Involved	Name of Related Party	Nature of Transactions	Interested Directors/Major Shareholders/Persons Connected	Estimated value as disclosed in the Circular to Shareholders dated 31 October 2016 (RM'000)	Actual value transacted from 28 November 2016 up to LPD (i.e. 2 October 2017) (RM'000)	*Estimated aggregate value from 23 November 2017 (date of AGM) to the next AGM in 2018 (RM'000)
PSB/ FNX **	VPSB	Civil works rendered by VPSB involving, but not limited to, construction of building to house the electrical control equipment, outdoor foundations for high voltage equipment, cable trenches, roads, perimeter fencing, within an electrical substation	<ul style="list-style-type: none"> <li>• LAH</li> <li>• Paul Lim</li> <li>• Lim Pay Chin</li> <li>• Lim Kok Siang</li> <li>• Lim Kok Shen</li> </ul> (See note 1)	50,000	21,193	50,000
PSB	CPM	Risk management and professional engineering services rendered by CPM for projects in relation to the provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of high voltage and extra high voltage substations, transmission lines and underground cables for electricity transmission and distribution in the local and international markets	<ul style="list-style-type: none"> <li>• LAH</li> <li>• Paul Lim</li> <li>• Lim Kok Shen</li> <li>• Lim Pay Homg</li> </ul> (See note 2)	10,000	751	5,000
PSB	SET***	Purchases by PSB of embedded system design and related accessories for substation automation	<ul style="list-style-type: none"> <li>• LAH</li> <li>• Paul Lim</li> </ul> (See note 3)	5,000	1,350	5,000
PSB	AsiaPac	Piling related works rendered by AsiaPac for civil construction including, but not limited to, earth works, civil construction machineries operation and maintenance, and supply of civil construction materials for works within an electrical substation	<ul style="list-style-type: none"> <li>• LAH</li> <li>• Paul Lim</li> </ul> (See note 4)	30,000	456	30,000

Note:-

\* The estimated values as set out above are based on Management estimates of the value of transactions to be undertaken for the period from the forthcoming AGM to the next AGM. However, the value of transactions may be subject to changes. Disclosure will be made in the Annual Report of the Company for the FYE 30 June 2018 of the actual breakdown of the aggregate value of transactions contemplated as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements.

\*\* FNX is a wholly owned subsidiary of PSB

\*\*\* SET is a 51%-owned subsidiary of PESTECH with effective from 28 August 2015.

- (1) LAH and Paul Lim are Directors of PSB. LAH and Paul Lim are Directors and substantial shareholders of FCSB, a substantial shareholder of VPSB. Lim Kok Siang, Lim Kok Shen and Lim Pay Chin are Directors of VPSB. LAH is the brother of Lim Kok Siang and Lim Kok Shen, and uncle of Paul Lim and Lim Pay Chin. Paul Lim and Lim Pay Chin are brothers.
- (2) LAH and Paul Lim are Directors of PSB. LAH and Paul Lim are Directors and substantial shareholders of FCSB, a substantial shareholder of Mercula. Mercula is a substantial shareholder of CPM. Lim Kok Shen and Lim Pay Hong are Directors of CPM. Lim Kok Shen is a substantial shareholder of CPM. LAH is the brother of Lim Kok Shen, and uncle of Paul Lim and Lim Pay Hong. Paul Lim and Lim Pay Hong are brothers.
- (3) LAH and Paul Lim are Directors of PSB. Paul Lim is a Director of SET. LAH and Paul Lim are substantial shareholders of SET through their interests in PESTECH and FCSB. PESTECH and FCSB are also the substantial shareholders of SET. LAH and Paul Lim are Directors and substantial shareholders of FCSB.
- (4) LAH and Paul Lim are Directors of PSB and AsiaPac. LAH and Paul Lim are also Directors and substantial shareholders of FCSB, a substantial shareholder of AsiaPac. LAH is the uncle of Paul Lim.

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

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

As at the FYE 30 June 2017, there were no amounts due and owing to PESTECH Group by the Related Parties pursuant to the RRPT which exceeded the credit terms granted. All amounts outstanding were settled within the credit term. As such, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

#### **1.5 Review Procedures for the RRPTs**

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

- (i) The pricing of transactions with a Related Party will take into account the pricing, prevailing market rates and conditions, quality, availability, timing of delivery and other related facts. The final pricing of transactions with a Related Party shall not be at terms more favourable than the prevailing market practices;
- (ii) All transactions entered/to be entered into pursuant to the Proposed Renewal of Existing Shareholders' Mandate have been/will be tabled to the Audit Committee on a quarterly basis for its review of compliance with the above. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources;
- (iii) Records will be maintained by the Company to capture all RRPTs entered into pursuant to the Proposed Renewal of Existing Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iv) The Audit Committee shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee(s) within the Company as they deem appropriate;
- (v) Where any of the Directors of the Company has an interest (whether direct or indirect) in a RRPT, such Director(s) shall abstain from all deliberations and voting on that matter in the Board's deliberations of such transaction. Where any member of the Audit Committee is interested in a RRPT, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transaction;
- (vi) Immediate announcement will be made when the actual amount of a RRPT exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more;
- (vii) Disclosure will be made in the Annual Report of the Company of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Existing Shareholders' Mandate; and
- (viii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties could not be obtained, the transaction prices will be based on usual business practice of PESTECH Group. There are no

thresholds for approval of RRPTs within PESTECH Group. However, all RRPTs are reviewed and authorised by two (2) personnel of at least managerial level, provided always that such personnel has no interest in the transaction.

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

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

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

#### **1.7 Rationale**

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

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

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

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

Based on the Register of Directors' Shareholdings, Register of Substantial Shareholders' Shareholdings and Record of Depositors as at 2 October 2017, the direct and indirect interests of the interested Directors, Major Shareholders and Persons Connected to Directors/Major Shareholders of PESTECH in respect of the Proposed Renewal of Existing Shareholders' Mandate are as follows:-

<b>Interested Director/ Major Shareholder</b>	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
<b>Director and Major Shareholder</b>				
LAH	254,851,304	33.345	1,306,064*	0.171
Paul Lim	155,329,096	20.323	1,306,064*	0.171
<b>Persons Connected to Director/ Major Shareholder</b>				
VPSB	1,306,064	0.171	-	-
Lim Pay Chin	2,473,500	0.324	-	-
Lim Kok Shen	1,019,500	0.133	-	-
Lim Kok Siang	-	-	-	-
Lim Pay Hong	-	-	-	-
AsiaPac	-	-	-	-
CPM	400	*	-	-

Note:-

<sup>^</sup> Negligible

<sup>\*</sup> Deemed interested pursuant to Section 8 of the Act by virtue of their substantial shareholdings in VPSB.

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

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

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

### **3.0 APPROVALS REQUIRED**

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

### **4.0 DIRECTORS' RECOMMENDATION**

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

### **5.0 AGM**

An AGM, the Notice of which is enclosed in the 2016/2017 Annual Report accompanying this Circular, will be held at Zamrud Room, Ground Floor, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 23



November 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Renewal of Existing Shareholders' Mandate under the agenda of Special Business as set out in the 2016/ 2017 Annual Report.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy attached to the 2016/2017 Annual Report, in accordance with the instructions printed thereon as soon as possible so as to arrive at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time fixed for the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

## **6.0 FURTHER INFORMATION**

Shareholders are requested to refer to the attached appendix II for further information.

Yours faithfully

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

Ibrahim Bin Talib  
Senior Independent Non-Executive Director

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**PART B**

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

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

### 1.1 Introduction

The Board of Directors of PESTECH had, during the AGM held on 28 November 2016 obtained its shareholders' approval to continue the share buy-back exercise, to purchase up to 10% of the total issued share capital of the Company as quoted on Bursa Securities as at the point of purchase. In accordance with the Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming AGM of the Company which will be held on Thursday, 23 November 2017.

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

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

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

whichever occurs first.

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

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

In the event that the Company decides to retain the Purchased Shares as treasury shares, the Company may only resell the treasury shares on Bursa Securities at the following prices:-

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

## **1.2 Quantum**

Based on the issued share capital of PESTECH of 764,293,572 PESTECH Shares as at 2 October 2017, a maximum of 76,429,357 PESTECH Shares representing 10% of the issued share capital of PESTECH may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority, subject always to the prevailing laws.

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

## **1.3 Funding**

In compliance with Paragraph 12.10 of the Listing Requirements, a listed issuer must ensure that the proposed purchases of its own shares are made wholly out of retained profits of the listed corporation. For the purpose of Paragraph 12.10 above, Paragraph 12.11 of the Listing Requirements, states that there are no restrictions on the types of funds which can be utilised so long as the share buy-back is backed by an equivalent amount of retained profits of the Company, subject to compliance with Section 127 of the Act and any prevailing laws, including compliance with at least 25% of its total listed shares are in the hands of public shareholders, as required by Paragraph 8.02(1) of the Listing Requirements. The retained profits of PESTECH as at 30 June 2017 is RM2,373,000..

The Company shall allocate an amount not exceeding the retained profits of the Company based on the latest audited financial statements and/or latest management accounts of the Company (where applicable) available at the time of the purchase(s), subject to compliance with Prevailing Laws.

The Proposed Renewal of Share Buy-Back Authority would allow the Board of PESTECH to exercise the power of the Company to purchase its own shares at any time within the time period mentioned in Section 1.1 above, using internally generated funds and/or borrowings. The Board will ensure that PESTECH has sufficient funds to repay the borrowings and that the repayment will not have a material effect on the cashflow of the Group. The amount of funds to be utilised would only be determined later depending on the actual number of PESTECH Shares to be purchased, the availability of funds at the time of purchase(s), market conditions and sentiments of the share market.

## **1.4 Public shareholding spread**

As at LPD, the Record of Depositors of PESTECH showed that 314,797,680 PESTECH Shares representing 41.19% of the issued share capital were held by public shareholders. The Company would endeavour to ensure that the Proposed Renewal of Share Buy-Back Authority will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed corporation must not purchase its own shares if the purchase(s) would result in the listed corporation being in breach of Paragraph 8.02(1) of the Listing Requirements which states that at least 25% of the Company's listed shares (excluding treasury shares) are in the hands of public shareholders.

In any case, the Board will ensure that the share buy-back exercise of the Company be implemented in such a manner so as not to cause the public shareholdings spread to fall below the minimum 25% threshold set by Bursa Securities.

## **1.5 Treatment of Shares purchased**

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

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

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

If the Purchased Shares are retained as treasury shares, the Company could realise capital gains if the Purchased Shares are subsequently resold on Bursa Securities at price(s) higher than the purchase price(s). Alternatively, the Company could cancel or distribute the treasury shares as share dividends to shareholders, or subsequently be cancelled, depending on the availability of retained profits and tax credit (in accordance with Section 108 of the Income Tax Act, 1967) of the Company.

In the event that the Company decides to purchase its own shares, the Company will announce on the day the purchase is made providing details of the description of the Shares purchased, the number of the Shares purchased, the price of each Share or, where relevant, the highest and lowest price paid, the total consideration paid and whether the Shares purchased are held either as treasury shares or proposed to be cancelled.

In the event that the Company decides to resell the Company's treasury shares, the Company will announce on the day the resale is made providing details of the description of the Shares resold, the number of the Shares resold, the resale price of each Share resold or, where relevant, the highest and lowest resale price and the total consideration received.

In the event that the Company decides to cancel the Company's treasury shares, the Company will announce on the day the cancellation is made providing details of the number of treasury shares, the date of cancellation and the outstanding paid-up share capital of the Company after the cancellation.

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

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

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

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the issued share capital of the Company. Should any of the treasury shares be distributed as share dividend, this would serve to reward the shareholders of the Company.

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

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at 2 October 2017, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full [subject always to Paragraph 8.02(1) of the Listing Requirements which states that at least 25% of the listed PESTECH Shares (excluding treasury shares) are in the hands of public shareholders] and that the Purchased Shares are from shareholders other than the substantial shareholders and Directors, the effect of the Proposed Renewal of Share Buy-Back Authority on the direct and indirect interests of the Directors and substantial shareholders and any Person Connected with the Directors and/or substantial shareholders in the proposed purchase of Shares or resale of treasury shares are set out below:-

<b>Directors</b>	<b>Before the Proposed Share Buy-Back</b>				<b>After the Proposed Share Buy-Back</b>			
	<b>&lt;---Direct---&gt;</b>		<b>&lt;---Indirect---&gt;</b>		<b>&lt;---Direct---&gt;</b>		<b>&lt;---Indirect---&gt;</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
Lim Ah Hock	254,851,304	33.345	1,306,064*	0.171	254,851,304	37.050	1,306,064*	0.190
Paul Lim	155,329,096	20.323	1,306,064*	0.171	155,329,096	22.581	1,306,064*	0.190
Ibrahim Bin Talib	-	-	15,406,732**	2.016	-	-	15,406,732**	2.240
Tan Puay Seng	720,932	0.094	-	-	720,932	0.105	-	-
Lee Ting Kiat	531,300	0.070	-	-	531,300	0.077	-	-
<b>Substantial Shareholders</b>								
Lim Ah Hock	254,851,304	33.345	1,306,064*	0.171	254,851,304	37.050	1,306,064*	0.190
Paul Lim	155,329,096	20.323	1,306,064*	0.171	155,329,096	22.581	1,306,064*	0.190
<b>Persons Connected to Directors/ Substantial Shareholders</b>								
Lim Pay Chin	2,473,500	0.324	-	-	2,473,500	0.360	-	-
Lim Kok Shen	1,019,500	0.133	-	-	1,019,500	0.148	-	-
VPSB	1,306,064	0.171	-	-	1,306,064	0.190	-	-
CPM	400	^	-	-	400	^	-	-

Notes:-

^ Negligible

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

\*\* Deemed interested by virtue of his children's shareholdings pursuant to Section 59(11)(c) of the Act.

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

### 4.0 IMPLICATIONS RELATING TO THE CODE

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

In the event that the share buy-back results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining PESTECH Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by the SC under Practice Note 2.9.10 of the Code, subject to the affected person and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

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

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

The Company had not purchased, cancelled and/or resold any PESTECH Shares or treasury shares in the previous twelve (12) months preceding the date of this Circular and the Company currently does not hold any treasury shares.

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

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

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

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

- (a) as the Proposed Renewal of Share Buy-Back Authority could only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future; and
- (b) the Proposed Renewal of Share Buy-Back Authority would reduce the financial resources of PESTECH Group and may result in the PESTECH Group foregoing better investment opportunities that may emerge in the future.

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

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

## 8.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of PESTECH Shares as traded on Bursa Securities for the past twelve (12) months from October 2016 to September 2017 are as follows:-

<u>Year 2016/2017</u>	High <u>RM</u>	Low <u>RM</u>
<u>2016</u>		
October	1.72	1.66
November	1.70	1.62
December	1.64	1.52
<u>2017</u>		
January	1.65	1.52
February	1.75	1.61
March	1.73	1.65
April	1.72	1.62
May	1.70	1.62
June	1.65	1.56
July	1.62	1.51
August	1.69	1.54
September	1.67	1.56

(Source: Yahoo Finance)

The last transaction price of PESTECH Shares on 2 October 2017, being the LPD prior to announcement on the Proposed Renewal of Share Buy-Back : RM1.54

The last transaction price of PESTECH Shares on 17 October 2017, being the LPD prior to printing of this Circular : RM1.61

## 9.0 FINANCIAL EFFECTS

### 9.1 Share Capital

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

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



	<b>No. of PESTECH Shares</b>
Existing issued share capital as at 2 October 2017	764,293,572
Less : Maximum number of PESTECH Shares that may be purchased	76,429,357
Issued share capital after the Proposed Renewal of Share Buy-Back Authority	687,864,215

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

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

## **9.2 Net Assets per Share**

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

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

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

## **9.3 Working Capital**

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

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

## **9.4 EPS**

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

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

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

#### **10.0 APPROVALS REQUIRED**

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

#### **11.0 DIRECTORS' RECOMMENDATION**

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

#### **12.0 AGM**

An AGM, the Notice of which is enclosed in the 2016/2017 Annual Report accompanying this Circular, will be held at Zamrud Room, Ground Floor, The Saujana Hotel Kuala Lumpur Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 23 November 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority under the agenda of Special Business as set out in the 2016/2017 Annual Report.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy attached to the 2016/2017 Annual Report, in accordance with the instructions printed thereon as soon as possible so as to arrive at the registered office of the Company at Level 7, Menara Milenium, Jalan Damania, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time fixed for the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

#### **13.0 FURTHER INFORMATION**

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

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

Ibrahim Bin Talib  
Senior Independent Non-Executive Director

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

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

**2. MATERIAL CONTRACTS**

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

**3. MATERIAL LITIGATION**

Neither PESTECH nor its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of PESTECH do not have any knowledge of any proceedings, pending or threatened against PESTECH and/or its subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of PESTECH and its subsidiaries as at 2 October 2017 (*being the LPD prior to the printing of this Circular*).

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of PESTECH at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours on any working day from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) The Company's Constitution (Memorandum and Articles of Association); and
- (b) Audited consolidated accounts of PESTECH for the past two (2) FYE 30 June 2016 and FYE 2017

# PESTECH

## PESTECH INTERNATIONAL BERHAD

(Company No. 948035-U)

(Incorporated in Malaysia)

### EXTRACT OF NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

#### **ORDINARY RESOLUTION 7**

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

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**"THAT**, subject to the provision of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, approval be and is hereby given to PESTECH International Berhad Group ("**the Group**") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Part A Section 1.3 of the Circular to Shareholders dated 31 October 2017, which are necessary for its day-to-day operations, to be entered into by the Group on the basis that these transactions are entered into on terms which are not more favourable to the Related Party involved than generally available to the public and are not detrimental to the minority shareholders of the Company;

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

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed; or
- (b) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

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

#### **ORDINARY RESOLUTION 8**

#### **- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE ISSUED SHARE CAPITAL OF PESTECH INTERNATIONAL BERHAD ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

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**"THAT** subject always to the Companies Act, 2016 ("**the Act**"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the approvals of all relevant governmental and/or regulatory authorities, the Company be authorised, to the extent permitted by the law, to buy back such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares bought-back does not exceed 10% of the issued share capital of the Company at any point in time;
- ii) the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and
- iii) The shares purchased are to be treated in either of the following manners:-
  - (a) cancel the purchased ordinary shares; or
  - (b) retain the purchased ordinary shares as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities; or
  - (c) retain part of the purchased ordinary shares as treasury shares and cancel the remainder;

**THAT** the authority conferred by this resolution shall commence upon the passing of this resolution until:-

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

whichever occurs first;

**AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the purchase of the Company's shares."