

THIS SHARE BUY-BACK STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad has not perused the contents of this Share Buy-back Statement (“**Statement**”) as it is an exempt document pursuant to Guidance Note 22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Statement, 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 Statement.



SYSTECH BHD.

[Registration No. 201001012883 (897114-T)]

SHARE BUY-BACK STATEMENT

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES (“PROPOSED SHARE BUY-BACK”)

The Proposed Share Buy-Back will be tabled as Special Business at the Fourteenth Annual General Meeting (“**14th AGM**”) of Systech Bhd. (“**the Company**”) to be conducted virtually through live streaming and online remote voting via the meeting platform at <https://conveneagm.my/systechagm2024> from the Broadcast Venue at Level 10, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 11 September 2024 at 10.00 a.m. The resolution pertaining to the Proposed Share Buy-Back is set out in the Notice of the 14th AGM which is attached in the Annual Report 2024 and can be downloaded at the Company’s website at www.systech.asia or Bursa Malaysia Securities Berhad’s website at www.bursamalaysia.com.

A member entitled to participate and vote at the 14th AGM is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. In such event, please complete and return the proxy form in accordance with the instructions therein as soon as possible and shall be deposited at **KPMG Management & Risk Consulting Sdn. Bhd.** at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 14th AGM or any adjournment thereof. Alternatively, individual shareholder(s) may submit the proxy form electronically via ConveneAGM Meeting Platform at <https://conveneagm.my/systechagm2024> or email to support_conveneagm@kpmg.com.my, not less than forty-eight (48) hours before the time for holding the 14th AGM or any adjournment thereof. The lodging of the proxy form shall not preclude you from attending, participating and voting remotely in person at the 14th AGM should you subsequently wish to do so, but if you do, your proxy or proxies shall be precluded from attending the 14th AGM. For further information on the electronic submission of the proxy form and participation at the 14th AGM, kindly refer to the Administrative Guide.

Last day and time for lodging the Proxy Form	:	Monday, 9 September 2024 at 10.00 a.m.
Date and time of 14th AGM	:	Wednesday, 11 September 2024, at 10.00 a.m. or any adjournment thereof.

This Statement is dated 31 July 2024

DEFINITIONS

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

“Act”	:	The Companies Act 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of Systech Bhd.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Exempt Authorised Nominee”	:	An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities and any amendments thereto
“LPD”	:	1 July 2024, being the latest practicable date prior to the printing of this Statement and the cut-off date for the information disclosed in this Statement unless otherwise indicated
“Systech” or “Company”	:	Systech Bhd.
“Systech Group” or “Group”	:	Systech and its subsidiaries
“Systech Share(s)” or the “Share(s)”	:	Ordinary Shares of Systech
“Proposed Share Buy-Back”	:	Proposed renewal of authority for the Company to purchase up to ten percent (10%) of the total number of issued Systech Shares in accordance with Section 127 of the Act and the requirement of Bursa Securities and/or any other relevant authority
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Statement”	:	This statement dated 31 July 2024 in relation to the Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares
“Substantial Shareholder(s)”	:	A person who has interest or interests in one or more voting Shares in the Company and the nominal amount of that Share, or aggregate of the nominal amount of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting Shares in the Company
“Treasury Shares”	:	Purchased Systech Shares which will be retained as treasury shares (as defined in Section 127(4)(b) of the Act)

All references to “our Company” in this Circular are to the Company, and references to “our Group” are to our Company, our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, shall include our subsidiaries. All references to “you” in this Circular are to our shareholders.

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. References 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 specified.

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Appendix I ENCLOSED



SYSTECH BHD.
[Registration No. 201001012883 (897114-T)]

Registered Office:
E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

31 July 2024

Board of Directors:

Chan Soon Tat	<i>(Non-Independent Non-Executive Chairman)</i>
Hong Boon Toh	<i>(Senior Independent Non-Executive Director)</i>
Fong Sheng Nie	<i>(Independent Non-Executive Director)</i>
Ooi Gin Hui	<i>(Independent Non-Executive Director)</i>
Dato' Ng Wei Yee	<i>(Executive Director)</i>
Dato' Hooi Jia Hao	<i>(Executive Director)</i>
Teoh Keng Chang	<i>(Executive Director)</i>

To: The Shareholders of Systech

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

Systech had on 22 July 2024 announced to Bursa Securities that it intends to seek shareholders' approval for the Proposed Share Buy-Back at the forthcoming 14th AGM of the Company.

The purpose of this Statement is to provide our shareholders with the relevant information on the Proposed Share Buy-Back and to seek your approval for the ordinary resolution to be tabled at the forthcoming 14th AGM of the Company.

SHAREHOLDERS OF SYSTECH ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE 14TH AGM.

2. PROPOSED SHARE BUY-BACK

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek the authority from the shareholders of the Company to purchase up to ten percent (10%) of the total issued Shares through stockbroker(s) to be appointed at a later date. The Proposed Share Buy-Back is subject to compliance with the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities.

The Proposed Share Buy-Back shall be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the 14th AGM of the Company and shall be valid until:

- (a) the conclusion of the next AGM of the Company (“**15th AGM**”), at which the Proposed Share Buy-Back was passed, at which time it will lapse unless an ordinary resolution is passed at the 15th AGM, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the 15th AGM is required by law to be held; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;
- whichever occurs first.

2.2 MAXIMUM NUMBER OR PERCENTAGE OF SYSTECH SHARES MAY BE PURCHASED

As at the LPD, the total number of issued shares of the Company is 644,485,597 shares.

A maximum of 64,448,559 Systech Shares may be repurchased, representing ten percent (10%) of the enlarged total number of issued shares of Systech.

2.3 TREATMENT OF PURCHASED SHARES

In accordance with Section 127(4) of the Act, the Company would be able to deal with any of the Systech Shares purchased by the Company in the following manner:

- (a) to cancel the Systech Shares purchased; or
- (b) to retain the Systech Shares purchased as treasury shares; or
- (c) to retain part of the Systech Shares purchased as treasury shares and cancel the remainder of the Systech Shares purchased.

In accordance with Section 127(7) of the Act, where the Systech Shares are held as treasury shares, the Directors of the Company may:

- (a) distribute the Systech Shares as dividends to shareholders;
- (b) resell any of the Systech Shares in accordance with the Listing Requirements;
- (c) transfer any of the Systech Shares for the purposes of or under an employees’ share scheme;
- (d) transfer any of the Systech Shares as purchase consideration;
- (e) cancel any of the Systech Shares; or
- (f) sell, transfer or otherwise use any of the Systech Shares for such other purposes as the minister may by order prescribe.

Immediate announcement(s) and notice(s) will be made to Bursa Securities and the relevant authorities in respect of the Board’s decision on the treatment of the purchased Systech Shares in compliance with the Listing Requirements and the Act.

In accordance with Section 127(8) of the Act, if such purchased Systech Shares were held as treasury shares, it shall not confer:

- (a) the right to attend or vote at meetings and any purported exercise of such rights is void; and

- (b) the right to receive dividends or other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up the Company.

In accordance with Section 127(9) of the Act, if such purchased Systech Shares were held as treasury shares, the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of this provision, the provisions of any law or requirements of the Constitution of the Company or the Listing Requirements on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings

Nonetheless, Section 127(11) of the Act states that the purchased Systech Shares shall not be taken to prevent:

- (a) an allotment of Systech Shares as fully paid bonus shares in respect of the Treasury Shares; or
- (b) the subdivision or consolidation of Treasury Shares.

2.4 SOURCE OF FUNDS

Pursuant to the Listing Requirements, the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company. Therefore, the maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the retained profits account of the Company.

Based on the latest audited financial statements of Systech as at 31 March 2024, the Company's retained loss recorded at RM33.5 million.

The Proposed Share Buy-Back will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Systech Shares to be purchased and other relevant cost factors. The actual number of Systech Shares to be purchased and/or held and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company. In the event that the Company purchases and holds its own shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of the Group. In addition, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before execution of the Proposed Share Buy-Back.

The Company will not buy-back its own shares unless it has recorded retained profit at the Company level.

2.5 PURCHASE/RESALE/TRANSFER PRICE

Pursuant to the Listing Requirements, the purchase price of the Systech Shares cannot be more than 15% above the weighted average market price of Systech Shares for the five (5) market days immediately before the purchase. In the case of a resale and/or transfer of Treasury Shares, the Treasury Shares may be resold and/or transfer on Bursa Securities at a price, which is:

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

2.6 PURCHASE AND RESALE MADE IN THE PRECEDING TWELVE (12) MONTHS

As at the LPD, the Company holds a total of 1,860,000 of its issued Shares as treasury shares. During the past 12 months preceding the LPD, the Company did not purchase, resell, cancel and/or transfer any Treasury Shares.

2.7 PUBLIC SHAREHOLDING SPREAD

The Board is mindful of the requirement that any purchase of Systech Shares by the Company must not result in the public shareholding spread of Systech falling below 25% of the total issued shares pursuant to the Listing Requirements.

As at the LPD, the public security holding spread of the Company was 46.49% of its total number of issued shares. The public security holding spread of the Company is expected to be reduced to 40.72% assuming the Proposed Share Buy-Back is implemented in full. The Company will ensure that the public security holding of at least 25% is maintained prior to any share buy-back exercise.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is envisaged to potentially benefit Systech Group as follows:

- (a) the Company is able to utilise its surplus financial resources more efficiently and this may help to stabilise the supply and demand of the Systech Shares traded on Bursa Securities and thereby support its fundamental value;
- (b) the Systech Shares purchased can be held as treasury shares and resold on Bursa Securities at a higher price and generate capital gains for the Company without affecting the total number of issued shares of the Company;
- (c) the Treasury Shares can be distributed as share dividends to our shareholders as a reward;
- (d) the Treasury Shares can be re-issued to satisfy the option(s) to subscribe for Systech Share(s) to be granted to the eligible persons under any employees' share scheme; and
- (e) depending on the price paid for the purchase of each share and its impact on earnings of our Group, the purchase of our own shares may strengthen the earnings per share and return of equity of our Company in the event that the Systech Shares purchased are cancelled.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

4.1 POTENTIAL ADVANTAGES

The potential advantages of the Proposed Share Buy-Back are as follows:

- (a) Systech may be able to stabilise the supply and demand of the Systech Shares traded on Bursa Securities and thereby supporting its fundamental values especially in time of irrational share market movements;
- (b) if the Systech Shares bought back by the Company are cancelled, shareholders are likely to enjoy an increase in the value of their investment in the Company as the net earnings per share of Systech will increase;
- (c) if the Systech Shares bought back are kept as treasury shares, it will give the Directors an option to sell the Systech Shares so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively, the Systech Shares so purchased can be distributed to shareholders as dividends and serve as reward to the shareholders of the Company; and

- (d) the Proposed Share Buy-Back will allow Systech to utilise its financial resources more efficiently especially where there is no immediate use and this may strengthen the consolidated earnings per share of the Group.

4.2 POTENTIAL DISADVANTAGES

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (a) any purchase of own ordinary shares will reduce the Company's financial resources and may result in the Company foregoing better investment opportunities that may emerge in future;
- (b) the cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back; and
- (c) as any purchase of our own ordinary shares can only be made out of our retained profits, it may result in the reduction of financial resources available for distribution to our shareholders in the immediate future.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and our shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact.

Nevertheless, the Board will be mindful of the interest of the Company and our shareholders in undertaking any purchase of our own ordinary shares and in the subsequent resale of Treasury Shares on Bursa Securities, if any.

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5. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table below illustrates the direct and indirect interest of the Directors and substantial shareholders of the Company as at the LPD, assuming that the Proposed of Share Buy-Back Authority is undertaken in full, which are exercisable as at the LPD, are exercised into new Systech Shares.

Minimum Scenario	:	Assuming that the Proposed Share Buy-Back is undertaken in full and none of the outstanding 160,656,361 Warrants A of the Company, which are exercisable as at the LPD, are exercised into new Systech Shares
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	Before Proposed Share Buy-Back ⁽¹⁾				After Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Directors</u>								
Chan Soon Tat	-	-	-	-	-	-	-	-
Hong Boon Toh	-	-	-	-	-	-	-	-
Fong Sheng Nie	-	-	-	-	-	-	-	-
Ooi Gin Hui	-	-	-	-	-	-	-	-
Dato' Ng Wei Yee	60,500	0.01	788,300 ⁽³⁾	0.12	60,500	0.01	788,300 ⁽³⁾	0.14
Dato' Hooi Jia Hao	72,222,600	11.24	200,277,486 ⁽⁴⁾	31.17	72,222,600	12.45	200,277,486 ⁽⁴⁾	34.53
Teoh Keng Chang	-	-	-	-	-	-	-	-
<u>Substantial Shareholders</u>								
Dato' Hooi Jia Hao	72,222,600	11.24	200,277,486 ⁽⁴⁾	31.17	72,222,600	12.45	200,277,486 ⁽⁴⁾	34.53
Smartpro Capital Sdn. Bhd.	180,687,820	28.12	-	-	180,687,820	31.15	-	-
JCAP Sdn. Bhd.	-	-	180,687,820 ⁽⁵⁾	28.12	-	-	180,687,820 ⁽⁵⁾	31.15
Liew Choon Lian	-	-	180,687,820 ⁽⁵⁾	28.12	-	-	180,687,820 ⁽⁵⁾	31.15
Sun Jianwei	-	-	180,687,820 ⁽⁵⁾	28.12	-	-	180,687,820 ⁽⁵⁾	31.15
Julius Leonie Chai	69,444,445	10.81	-	-	69,444,445	-	-	-

Notes:

- (1) Based on the total issued shares of 642,625,597 Systech Shares, excluding Treasury Shares of 1,860,000 Shares as at the LPD.
- (2) Based on the total issued shares of 580,037,038 Systech Shares, excluding a total of 64,448,559 Systech Shares, assuming the entire ten percent (10%) of the total number of Systech Shares issued are bought back by the Company and retained as treasury shares.
- (3) Deemed interested by virtue of his spouse's shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.
- (4) Deemed interested through Smartpro Capital Sdn. Bhd. and Sea Capital LP by virtue of Section 8 of the Companies Act 2016.
- (5) Deemed interested through Smartpro Capital Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.

Maximum Scenario	:	Assuming that the Proposed Share Buy-Back is undertaken in full and all outstanding 160,656,361 Warrants A of the Company, which are exercisable as at the LPD, are exercised into new Systech Shares
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	Before Proposed Share Buy-Back ⁽¹⁾				After Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Chan Soon Tat	-	-	-	-	-	-	-	-
Hong Boon Toh	-	-	-	-	-	-	-	-
Fong Sheng Nie	-	-	-	-	-	-	-	-
Ooi Gin Hui	-	-	-	-	-	-	-	-
Dato' Ng Wei Yee	60,500	0.01	788,300 ⁽³⁾	0.12	75,625	0.01	985,375 ⁽³⁾	0.14
Dato' Hooi Jia Hao	72,222,600	11.24	200,277,486 ⁽⁴⁾	31.17	91,204,700	12.59	213,510,441 ⁽⁴⁾	29.46
Teoh Keng Chang	-	-	-	-	-	-	-	-
Substantial Shareholders								
Dato' Hooi Jia Hao	72,222,600	11.24	200,277,486 ⁽⁴⁾	31.17	91,204,700	12.59	213,510,441 ⁽⁴⁾	29.46
Smartpro Capital Sdn. Bhd.	180,687,820	28.12	-	-	193,920,775	26.76	-	-
JCAP Sdn. Bhd.	-	-	180,687,820 ⁽⁵⁾	28.12	-	-	193,920,775 ⁽⁵⁾	26.76
Liew Choon Lian	-	-	180,687,820 ⁽⁵⁾	28.12	-	-	193,920,775 ⁽⁵⁾	26.76
Sun Jianwei	-	-	180,687,820 ⁽⁵⁾	28.12	-	-	193,920,775 ⁽⁵⁾	26.76
Julius Leonie Chai	69,444,445	10.81	-	-	86,805,556	11.98	-	-

Notes:

- (1) Based on the total issued shares of 642,625,597 Systech Shares, excluding Treasury Shares of 1,860,000 Shares as at the LPD.
- (2) Based on the total issued shares of 724,627,763 Systech Shares, excluding a total of 80,514,195 Systech Shares, assuming the entire ten percent (10%) of the total number of Systech Shares issued are bought back by the Company and retained as treasury shares.
- (3) Deemed interested by virtue of his spouse's shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.
- (4) Deemed interested through Smartpro Capital Sdn. Bhd. and Sea Capital LP by virtue of Section 8 of the Companies Act 2016.
- (5) Deemed interested through Smartpro Capital Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.

6. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The financial effects of the Proposed Share Buy-Back are presented below based on the following assumptions:

- (a) the purchase of own shares of up to ten percent (10%) of the total number of Systech Shares issued is carried out in full; and
- (b) Systech Shares purchased are cancelled.

6.1 TOTAL NUMBER OF ISSUED SHARES

For illustration purposes only, the scenario below shows the movement of the total number of Systech Shares issued as at the LPD upon the implementation of the Proposed Share Buy-Back, assuming that ten percent (10%) of the total number of Systech Shares issued are purchased and cancelled:

- Minimum Scenario : Assuming that the Proposed Share Buy-Back is undertaken in full and none of the outstanding 160,656,361 Warrants A of the Company, which are exercisable as at the LPD, are exercised into new Systech Shares
- Maximum Scenario : Assuming that the Proposed Share Buy-Back is undertaken in full and all outstanding 160,656,361 Warrants A of the Company, which are exercisable as at the LPD, are exercised into new Systech Shares

	Minimum Scenario	Maximum Scenario
Existing number of issued Shares as at LPD	644,485,597	644,485,597
Assuming all the Warrants A are fully exercised	-	160,656,361
Enlarged total number of issued Shares	644,485,597	805,141,958
Maximum number of Shares which may be purchased pursuant to the Proposed Share Buy-Back	64,448,559	80,514,195
Resulting total issued Shares upon cancellation of maximum number of Shares which may be purchased under the Proposed Share Buy-Back	580,037,038	724,627,763

6.2 NET ASSETS

The Proposed Share Buy-Back may increase or decrease the net assets per share of Systech Group depending on the purchase price in comparison to the net assets per share of Systech Group at the time that the purchase is made.

6.3 WORKING CAPITAL

The Proposed Share Buy-Back will result in cash outflow, thereby reducing the working capital of the Group, the quantum of which is dependent on the purchase prices of the Shares and the number of Shares repurchased and the funding costs, if any. Nevertheless, the Board will take into consideration the interests of Systech and its shareholders as well as assess the working capital requirements of the Group prior to the Proposed Share Buy-Back.

6.4 EARNINGS

Depending on the number of Systech Shares purchased and the purchase price of the Systech Shares, the Proposed Share Buy-Back may increase the earnings per share of Systech Group. Similarly, on the assumption that the Systech Shares purchased are resold, the extent of the effect on earnings of Systech Group will depend on the actual selling prices, the number of treasury shares resold and the effective gain or interest savings arising.

7. IMPLICATIONS IN RELATION TO THE MALAYSIAN'S RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES")

Pursuant to Note 9 of Paragraph 4.01 of the Rules which deals with the obligation to make a mandatory offer pursuant to the purchase by a company of its own voting shares states that the Rules (which is in relation to mandatory offers) shall apply to the following persons ("**Offeror**"):

- (a) a person obtains controls in a company as a result of a buy-back scheme by the company; or
- (b) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a buy-back scheme by the company, increase his holding of the voting shares or voting rights of the company by more than 2% in any 6 months period.

However, an exemption from mandatory offer obligation may be granted by the Securities Commission Malaysia ("**SC**") under Paragraph 4.15 of the Rules subject to the Offeror and its parties acting-in-concert complying with the conditions stipulated in Paragraph 4.15 of the Rules.

The Company intends to implement the Proposed Share Buy-Back in the manner that will not result in any of the shareholders of Systech having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirements of the Rules when implementing the Proposed Share Buy-Back.

In the event that Systech decides to purchase its own shares which will result in an obligation for the Offeror and its parties acting-in-concert to undertake a mandatory offer, the relevant parties shall make the necessary application to the SC for a waiver to undertake a mandatory offer pursuant to the Rules.

8. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of Systech shares traded on Bursa Securities for the past twelve (12) months from July 2023 to June 2024 are as follows:

<u>Month</u>	<u>High</u>	<u>Low</u>
2023		
July	0.385	0.330
August	0.410	0.330
September	0.425	0.350
October	0.620	0.380
November	0.575	0.410
December	0.485	0.420
2024		
January	0.495	0.425
February	0.470	0.415
March	0.445	0.405
April	0.480	0.410
May	0.465	0.360
June	0.485	0.395

(Source: www.investing.com)

The last transacted price of Systech shares on LPD, being the latest practicable date prior to the printing of this Statement, was RM0.420.

9. APPROVAL REQUIRED FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-back is subject to the approval of shareholders of the Company at the forthcoming 14th AGM.

The Proposed Share Buy-Back is not conditional upon any other corporate exercises/schemes or proposal undertaken or to be undertaken by the Company.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of the Directors, major shareholders of the Company and/or persons connected to them have any direct or indirect interest, in the Proposed Share Buy-Back or resale of Treasury Shares, if any.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered all aspects of the Proposed Share Buy-Back is of the opinion that the terms and conditions of the Proposed Share Buy-Back are fair, reasonable and in the best interest of the Company. As such, the Board recommends the shareholders of the Company to vote in favour of the resolution in relation to the Proposed Share Buy-Back to be tabled at the 14th AGM.

12. 14TH AGM

The 14th AGM of the Company will be conducted virtually through live streaming and online remote voting via the meeting platform at <https://conveneagm.my/systechagm2024> from the Broadcast Venue at Level 10, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 11 September 2024 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Share Buy-Back.

If you are unable to attend or vote in person at the AGM, kindly complete the proxy form attached in the Annual Report of the Company and return to the Company, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:

(a) In hard copy

The original instrument appointing a proxy must be deposited at **KPMG Management & Risk Consulting Sdn. Bhd.** at Concourse, KPMG Tower, No 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(b) By electronic means

The proxy form can also be lodged electronically via ConveneAGM Meeting Platform at <https://conveneagm.my/systechagm2024> or email to support_conveneagm@kpmg.com.my. Please follow the procedures provided in the Administrative Guide for the 14th AGM in order to deposit the Proxy Form electronically.

13. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
SYSTECH BHD.

CHAN SOON TAT
Non-Independent Non-Executive Chairman

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the 14th AGM:

- (i) Constitution of Systech; and
- (ii) Audited consolidated financial statements of our Group for the past two (2) financial years up to the Financial Year Ended 31 March 2024.