

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately. Bursa Malaysia Securities Berhad ("Bursa Securities") has perused the Part B of this Circular on a limited review basis pursuant to Paragraph 4.1(c) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular.

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G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)
[Registration No. 199501000977 (330171-P)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

- (I) **PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF G CAPITAL BERHAD (FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD) ("GCAP") AND ITS SUBSIDIARIES (COLLECTIVELY, "GCAP GROUP" OR "GROUP") TO INCLUDE THE PROVISION OF ENERGY SOLUTION ("PROPOSED DIVERSIFICATION");**
- (II) **PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN OF UP TO 15.0% OF THE ISSUED SHARE CAPITAL OF GCAP (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE LONG TERM INCENTIVE PLAN, FOR THE ELIGIBLE EMPLOYEES AND DIRECTORS OF GCAP GROUP (EXCLUDING ITS DORMANT SUBSIDIARIES) WHO FULFIL THE ELIGIBILITY CRITERIA AS SET OUT IN THE BY-LAWS OF THE LONG TERM INCENTIVE PLAN ("ELIGIBLE PERSON(S)") ("PROPOSED LTIP") WHICH COMPRISES THE FOLLOWING:-**
- (a) **PROPOSED ISSUANCE OF EMPLOYEES' SHARES OPTION TO THE ELIGIBLE PERSONS TO SUBSCRIBE FOR NEW ORDINARY SHARES IN GCAP ("GCAP SHARE(S) OR SHARE(S)") AT A PRE-DETERMINED SUBSCRIPTION PRICE ("ESOS OPTION(S)"); AND**
- (b) **PROPOSED EXECUTIVE SHARE GRANT WHICH WOULD ENABLE GCAP TO AWARD GCAP SHARES TO THE ELIGIBLE PERSONS WITHOUT ANY CASH CONSIDERATION PAYABLE; AND**
- (III) **PROPOSED AWARD OF GCAP SHARES AND PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF GCAP UNDER THE PROPOSED LTIP ("PROPOSED AWARDS AND PROPOSED ALLOCATIONS")**

PROPOSED DIVERSIFICATION, PROPOSED LTIP, PROPOSED AWARDS AND PROPOSED ALLOCATIONS; AND

PART B

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



UOB Kay Hian Securities (M) Sdn Bhd

Registration No.: 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of G Capital Berhad (formerly known as Gunung Capital Berhad) (the "Company") which is scheduled to be conducted on a fully virtual basis through live streaming and Remote Participation Voting Facilities provided by Agmo Digital Solutions Sdn. Bhd. via its Vote2U Online website at <https://web.vote2u.my> on Wednesday, 30 June 2021 at 10.30 a.m. or at any adjournment thereof, together with the accompanying Form of Proxy are enclosed herein. Please refer to the Administrative Guide issued to all shareholders of the Company on the conduct of the EGM.

If you are unable to attend and vote remotely at the forthcoming EGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions therein and deposit it at the Company's Share Registrar Office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. The completion and lodging of the Form of Proxy will not preclude you from attending and voting remotely at the EGM should you subsequently wish to do so and, in such event, the Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy : Monday, 28 June 2021 at 10.30 a.m.
Date and time of the EGM : Wednesday, 30 June 2021 at 10.30 a.m.

This Circular is dated 15 June 2021

DEFINITIONS

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

“Act”	:	The Companies Act 2016
“AGM”	:	Annual General Meeting
“Apex Furniture”	:	Apex Office Furniture Sdn Bhd [Registration No. 198601006758 (155927-X)]
“Apex Furniture Exporter”	:	Apex Office Furniture Exporter Sdn Bhd [Registration No. 200201023631 (591294-V)]
“Apex Furniture Exporter’s Premises”	:	The premises of Apex Furniture Exporter located at Lot 3684, Jalan Kampung Orang Asli, Kampung Baru Kuang, 48050 Kuang, Selangor
“Audit Committee”	:	Audit Committee of GCAP
“Board”	:	The Board of Directors of GCAP
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Circular”	:	This Circular dated 15 June 2021
“COVID-19”	:	Coronavirus disease 2019
“De-Luxe Food”	:	De-Luxe Food Services Sdn Bhd [Registration No. 198501004752 (137192-D)]
“De-Luxe Food’s Premises”	:	The premises of De-Luxe Food located at No 78, Jalan Sungai Pinang 4/7, Taman Perindustrian Pulau Indah, 42920 Pulau Indah, Selangor
“Director(s)”	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was (within the preceding 6 months of the date on which the terms of the respective transaction was agreed upon), a director of GCAP (or any other company which is a subsidiary or holding company of GCAP) or a chief executive of GCAP, any of its subsidiaries or its holding company, as the case may be
“Depositories Act”	:	Securities Industry (Central Depositories) Act 1991
“EGM”	:	Extraordinary general meeting
“eLeaps”	:	eLeaps Sdn. Bhd [Registration No. 200601012797 (732548-H)]
“Eligible persons”	:	Eligible employees and directors of GCAP Group (excluding dormant subsidiaries) who fulfil the eligibility criteria
“Energy Solutions Provider”	:	Provision of energy solution
“EPS”	:	Earnings per Share

DEFINITIONS (CONT'D)

“ESGS Grant”	:	The award of such number of GCAP Shares in writing to the Eligible Persons at nil consideration by the LTIP Committee from time to time to participate in the Proposed ESGS in accordance with the provisions of the LTIP By-Laws
“ESGS Grantee(s)”	:	Eligible Person(s) who has accepted the ESGS Grant in the manner provided in the LTIP By-Laws
“ESOS Award(s)”	:	The award of such number of ESOS Option(s) to an Eligible Person to subscribe for GCAP Share(s) at the Option Price in the manner and subject to the terms and conditions provided in the LTIP By-Laws
“ESOS Grantee(s)”	:	An Eligible Person who has accepted the ESOS Award in accordance with the provisions of the LTIP By-Laws
“Existing ESOS”	:	Existing Employees’ Shares Option Scheme entailing the issuance of up to 10.0% of the total number of issued shares (excluding treasury shares, if any) of GCAP
“Existing ESOS By-Laws”	:	The by-laws governing the Existing ESOS
“Existing ESOS Option(s)”	:	The options under the Existing ESOS that were offered to the eligible employees and directors of GCAP Group during the offer period in accordance to the terms of the Existing ESOS By-Laws
“FYE”	:	Financial year ended/ending
“GCAP” or “Company”	:	G Capital Berhad (formerly known as Gunung Capital Berhad) [Registration No. 199501000977 (330171-P)]
“GCAP Group” or “Group”	:	Collectively, GCAP and its subsidiaries
“GCAP Share(s)” or “Share(s)”	:	Ordinary share(s) in the Company
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	31 May 2021, being the latest practicable date prior to the printing and despatch of this Circular
“LTIP”	:	Long term incentive plan
“LTIP Award(s)”	:	Collectively, the ESOS Award(s) and/or ESGS Grant(s)
“LTIP Award Date”	:	The date of which the LTIP Award is made by the LTIP Committee from time to time to an Eligible Person in accordance to the LTIP By-Laws
“LTIP By-Laws”	:	By-laws governing the Proposed LTIP, as amended, modified and supplemented from time to time

DEFINITIONS (CONT'D)

“LTIP Committee”	:	The committee comprising such number of the Directors and/or senior management personnel of the Group identified from time to time, as may be appointed and duly authorised by the Board pursuant to the LTIP By-Laws to implement and/or administer the LTIP
“LTIP Grantee(s)”	:	ESGS Grantees and ESOS Grantees
“M-B”	:	A public company principally engaged in investment holding and provision of management services to its subsidiaries and through its subsidiaries, M-B group is principally involved in the manufacturing, trading and sale of paper products
“M-1”	:	M-1, a private company incorporated under the Act and a wholly-owned subsidiary of M-B
“M-2”	:	M-2, a private company incorporated under the Act and a wholly-owned subsidiary of M-B
“M-3”	:	M-3, a private company incorporated under the Act and a wholly-owned subsidiary of M-B
“M-1’s Premises”	:	The premises of M-1 located in Pulau Pinang
“M-2’s Premises”	:	The premises of M-2 located in Pulau Pinang
“M-3’s Premises”	:	The premises of M-3 located in Johor
“Major Shareholder(s)”	:	<p>A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:-</p> <p>(a) 10% or more of the total number of voting shares in the corporation; or</p> <p>(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation,</p> <p>and 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 GCAP or any other company which is its subsidiary or holding company</p> <p>For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act</p>
“Market Day(s)”	:	Any day from Mondays to Fridays (inclusive of both days), which is not a public holiday and on which Bursa Securities is open for trading of securities
“Maximum Scenario”	:	Assuming all of the Existing ESOS Options are exercised into new GCAP Shares
“MCO”	:	Movement control order
“Minimum Scenario”	:	Assuming none of the Existing ESOS Options are exercised into new GCAP Shares
“NA”	:	Net assets attributable to ordinary equity holders of GCAP

DEFINITIONS (CONT'D)

“New ESOS Option(s)”	:	The right of ESOS Grantee(s) to subscribe for new Shares at the Option Price in the manner provided in the By-Laws
“Option Price”	:	The price at which ESOS Grantee(s) shall be entitled to subscribe for each new GCAP Share(s) upon the exercise of New ESOS Option(s), as initially determined and as may be adjusted, pursuant to the LTIP By-Laws
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PPA”	:	Power purchase agreement
“PPA 1”	:	Solarcity had, on 20 January 2021, entered into a PPA with M-2 to design, construct, install, own, operate and maintain Solar PV System on the rooftop of M-2’s Premises for self-consumption
“PPA 2”	:	Solarcity had, on 20 January 2021, entered into a PPA with M-1 to design, construct, install, own, operate and maintain Solar PV System on the rooftop of M-1’s Premises for self-consumption
“PPA 3”	:	Solarcity had, on 20 January 2021, entered into a PPA with M-3 to design, construct, install, own, operate and maintain Solar PV System on the rooftop of M-3’s Premises for self-consumption
“PPA 4”	:	Solarcity had, on 11 March 2021, entered into a PPA with De-Luxe Food to design, construct, install, own, operate and maintain Solar PV System on the rooftop of De-Luxe Food’s Premises for self-consumption
“PPA 5”	:	Solarcity had, on 19 May 2021, entered into a PPA with Apex Furniture and Apex Furniture Exporter to design, construct, install, own, operate and maintain Solar PV System on the rooftop of Apex Furniture Exporter’s Premises for self-consumption
“Proposals”	:	Collectively, the Proposed Diversification, Proposed LTIP, and Proposed Awards and Proposed Allocations
“Proposed Awards and Proposed Allocations”	:	Proposed award of GCAP Shares and proposed allocation of ESOS Options to the Directors of GCAP
“Proposed Diversification”	:	Proposed diversification of the existing core business of GCAP Group to include Energy Solution Provider
“Proposed ESGS”	:	Proposed establishment of an executive share grant scheme for GCAP to grant Shares at nil consideration to the Eligible Persons pursuant to the Proposed LTIP
“Proposed LTIP”	:	Proposed establishment of a LTIP of up to 15.0% of the issued share capital of GCAP (excluding treasury shares, if any) at any point in time during the duration of the long term incentive plan to the Eligible Persons, which comprises Proposed ESGS and Proposed New ESOS
“Proposed New ESOS”	:	Proposed establishment of an employees’ shares option scheme to the Eligible Persons pursuant to the Proposed LTIP
“Proposed Shareholders’ Mandate”	:	Proposed new shareholders’ mandate for GCAP Group to enter into RRPTs of a revenue or trading nature

DEFINITIONS (CONT'D)

“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Related Party” or “Related Parties”	:	Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of GCAP Group
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RRPT(s)”	:	Transaction(s) entered into by the GCAP Group which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the GCAP Group
“Rules of Bursa Depository”	:	The Rules of Bursa Depository as issued pursuant to the Depositories Act
“Solarcity”	:	Solarcity Malaysia Sdn Bhd [Registration No. 201301019610 (1049440-T)]
“Solar PV System”	:	Solar photovoltaic electric power generation system
“UOBKH” or “Principal Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd [Registration No. 199001003423 (194990-K)]
“VWAP”	:	Volume weighted average market price

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole sen, for ease of reference.

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

All references to “**you**” or “**your**” in this Circular are to the shareholders of GCAP.

Any reference in this Circular to any act or enactment is a reference to that act or 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.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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PART A

LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSALS

EXECUTIVE SUMMARY

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

PART A: PROPOSALS

Key information Details of the Proposals	Description	Reference to Circular Sections 2 and 4
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Proposed Diversification

The transportation segment of the Group has been the sole revenue contributor to the Group. However, the revenue from the transportation segment has been on a declining trend since the FYE 31 December 2017 due to the suspension and subsequent cancellation of National Service Trainee Programme (“**PLKN**”) by the Federal Government of Malaysia (“**Government**”) in 2018 as well as the closure of schools following the outbreak of the COVID-19 pandemic and MCO imposed by the Government.

In view of the above, the management of the Group had proceeded to accelerate the development of its current mini-hydropower projects as well as commenced the expansion of its presence and to diversify into the Energy Solution Provider business. The management intends to prioritise on the expansion on the renewable energy segment through its mini-hydropower projects and to venture into solar energy sector.

Premised on the above, the Company proposes to undertake the Proposed Diversification as the Board anticipates that, barring any unforeseen circumstances, the Group's business activities in the Energy Solution Provider sector may contribute to 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the net assets of the Group towards the Energy Solution Provider business.

Proposed LTIP, Proposed Awards and Proposed Allocations

In view that the Existing ESOS expired on 4 June 2021, GCAP proposes to establish and implement the Proposed LTIP, Proposed Awards and Proposed Allocations which will be valid for a period of 5 years from its commencement date, and may be extended for a further period of 5 years.

The maximum number of Shares which may be made available pursuant to the Proposed LTIP shall not exceed 15.0% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the tenure of the Proposed LTIP.

The Proposed LTIP, Proposed Awards and Proposed Allocations will be implemented and/or administered in accordance with the LTIP By-Laws by the LTIP Committee, who will be responsible for, amongst others, implementing, allocating and administering the Proposed LTIP.

EXECUTIVE SUMMARY (CONT'D)

PART A: PROPOSALS**Key information****Description****Reference to
Circular**

The members of the LTIP Committee shall comprise of such number of directors and/or senior management personnel of the Group to be identified from time to time. The Board will also formulate and approve the terms of reference of the LTIP Committee.

The Proposed ESGS is intended to award GCAP Shares to executive directors and/or senior management of GCAP whilst the Proposed New ESOS is intended to allow GCAP to award share options to directors and employees (excluding dormant subsidiaries) of the Group, subject to them fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP.

**Rationale and
Justifications for
the Proposals****Proposed Diversification****Section 5**

The Board intends to undertake the Proposed Diversification for the following reasons:-

- (i) whilst reducing the Group's reliance on the transportation segment, the Proposed Diversification allows GCAP Group to further establish itself in the Energy Solutions Provider sector, in particular, the renewable energy industry, through its existing mini-hydropower projects and its newly acquired subsidiary, Solarcity; and
- (ii) the Energy Solution Provider segment is expected to provide a source of steady recurring income stream to the GCAP Group (in particular, through the existing mini hydropower projects and Solarcity) as well as enhance the shareholders' value moving forward.

Proposed LTIP, Proposed Awards and Proposed Allocation

The Proposed LTIP will enable GCAP to align interests of the Eligible Persons to the corporate goals of the Group and provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the objectives as set out below:-

- (i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realize any capital gains arising from appreciation in the value of the Company's shares;
- (iii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;

EXECUTIVE SUMMARY (CONT'D)

PART A: PROPOSALS

Key information	Description	Reference to Circular
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- (iv) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (v) to possibly retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level.

The Proposed LTIP is also extended to GCAP's subsidiary companies, which are not dormant, in recognition of their contributions towards the growth and performance of the Group.

Interested parties and any conflict of interest from the Proposals

- None of the Directors, major shareholders and/or chief executive of GCAP and/or persons connected with them has any interest, whether direct or indirect, in the Proposals, save for the Proposed LTIP, Proposed Awards and Proposed Allocations.
- All the Directors are entitled to participate in the Proposed LTIP, Proposed Awards and Proposed Allocations. As such, the said Directors are hence deemed interested in the Proposed LTIP only to the extent of their respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed LTIP, Proposed Awards and Proposed Allocations ("**Interested Directors**")
- UOBKH has given its written confirmation that it is not aware of any conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to GCAP for the Proposals.

Section 11**Approvals required**

The Proposals are subject to the following approvals:-

- (i) the approval of Bursa Securities for the listing of and quotation for such number of new GCAP Shares, representing up to 15.0% of GCAP's total number of issued shares (excluding treasury shares, if any) that may be issued pursuant to the Proposed LTIP on the Main Market of Bursa Securities;
- (ii) the approval of the shareholders of GCAP at the forthcoming EGM for the Proposals; and
- (iii) any other relevant authority/parties, if required.

Section 10

EXECUTIVE SUMMARY (CONT'D)

PART A: PROPOSALS**Key information
Board's
recommendation****Description**

The Board recommends that you **VOTE IN FAVOUR** for the resolutions pertaining to the Proposals, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.

In view that the Interested Directors are eligible to participate in the Proposed LTIP, Proposed Awards and Proposed Allocation (to the extent of their respective allocations, as well as allocations to persons connected with them, if any, under the Proposed LTIP), the Interested Directors have hence abstained from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed LTIP, Proposed Awards and Proposed Allocation. They will also abstain and ensure that persons connected to them, if any, abstain from voting in respect of their direct and/or indirect interests in GCAP, on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed LTIP, Proposed Awards and Proposed Allocation at the forthcoming EGM.

**Reference to
Circular
Section 14**

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G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)
[Registration No. 199501000977 (330171-P)]
(Incorporated in Malaysia)

Registered Office

11B, Level 2,
Greentown Business Centre,
Persiaran Greentown 9,
30450 Ipoh, Perak
Malaysia

15 June 2021

Board of Directors

Tan Sri Dr. Ali bin Hamsa (*Executive Director*)
Datuk Yap Yee Ping (*Executive Director*)
Loi Jin Choo (*Independent Non-Executive Director*)
Dato' Rosli bin Sharif (*Independent Non-Executive Director*)
Dato' Haji Roshidi bin Haji Hashim (*Independent Non-Executive Director*)

To: The shareholders of GCAP

Dear Sir/Madam,

- (I) **PROPOSED DIVERSIFICATION;**
- (II) **PROPOSED LTIP; AND**
- (III) **PROPOSED AWARDS AND PROPOSED ALLOCATIONS**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 11 May 2021, UOBKH had, on behalf of the Board, announced that the Company proposes to undertake the following:-

- (i) Proposed Diversification;
- (ii) Proposed LTIP; and
- (iii) Proposed Awards and Proposed Allocations.

On 2 June 2021, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated on even date, resolved to approve the listing of and quotation for such number of new GCAP Shares, representing up to 15.0% of GCAP's total number of issued shares (excluding treasury shares, if any) that may be issued pursuant to the Proposed LTIP on the Main Market of Bursa Securities, subject to the terms and conditions as set out in **Section 10, Part A** of this Circular.

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

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

2. DETAILS OF THE PROPOSED DIVERSIFICATION

As at the LPD, GCAP is principally engaged in the business of investment holding and through its subsidiaries, GCAP Group is principally involved in the transportation services, and mini-hydropower activities in Malaysia.

<u>Business segments</u>	<u>Business activities</u>
Transportation segment	: Through GPB Corporation Sdn Bhd, a wholly-owned subsidiary of GCAP, the Group is primarily involved in the following:- (a) provision of chartering transportation services to Government and companies with substantial fleet requirements. In particular, the Group provides school bus chartering services to the Ministry of Defence to the children of the armed forces personnel; and (b) shuttle bus services within university campuses
Mini-hydropower segment	: Through its 60% owned subsidiary, Perak Hydro Renewable Energy Corporation Sdn Bhd ⁽¹⁾ (“PHREC”), the Group is involved in the mini-hydropower renewable energy business. Further details of PHREC and its mini-hydropower businesses are set out in Section 2(a) below.

Note:-

- (1) *For information purposes, the balance 40.0% equity stake in PHREC is held by MB Incorporated (Perak). MB Incorporated (Perak) was formed under the Menteri Besar Incorporated Enactment 1951, serving as the state of Perak Darul Ridzuan (“Perak”)’s investment holding arm on diversified mineral development, property development and other viable strategic industries.*

GCAP Group has been operating at net losses for the past 3 financial years up to FYE 31 December 2019. The Group subsequently recorded a net profit of approximately RM1.71 million in the FYE 31 December 2020. A summary of the key financial performance of the Group for the past 4 financial years up to FYE 31 December 2020 (“**Key Financial Summary**”) are set out as follows:-

Key financial performance	Audited FYE 31 December			
	2017*	2018	2019	2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	40,273	28,438	16,823	11,620
PBT/LBT**1	(831)	688	(12,613)	364
PAT/LAT attributable to the owners of the Company	(2,636)	(214)	(11,624)	1,709

Notes:-

* For comparative purposes only.

*1 The summary of the Groups PBT/LBT based on the existing operating segments of the Group are as follows:-

	Audited FYE 31 December			
	2017*	2018	2019	2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Transportation segment	(3,779)	3,171	(9,342)	(2,919)
Mini-hydropower segment	4,304	(2)	(1,432)	(1,038)
Investments holding and others	(1,356)	(3,830)	(10,459)	(3,283)
	(831)	(661)	(21,233)	(7,240)
Inter-segment eliminations	-	1,349	8,620	7,604
PBT/LBT	(831)	688	(12,613)	364

Based on the Key Financial Summary above, it is pertinent to note that the revenue of GCAP Group has been on a declining trend since FYE 31 December 2017. The decline in revenue was mainly due to the revenue contraction from the transportation segment. For information purposes, the transportation segment has been the sole revenue contributor to Group.

A brief commentary on the Group's historical financial performance is set out as follows:-

Commentary on historical financial performance

(i) FYE 31 December 2018

The Group recorded a lower revenue of approximately RM28.43 million for FYE 31 December 2018 as compared to revenue of approximately RM40.27 million recorded in the previous financial year. The substantial decline in revenue was mainly attributed to the reduction in contract revenues from the National Service Trainee Programme (“**PLKN**”) service contract arising from the suspension of the PLKN programme in May 2018 and the subsequent cancellation of the programme by the Government in August 2018.

Despite the substantial decline in revenue, the Group had only incurred a lower LAT of approximately RM0.21 million for the FYE 31 December 2018 as compared to the LAT of RM2.64 million recorded in the previous financial year. This was mainly attributed to gain of approximately RM1.67 million from the partial disposal of an indirect associate and the gain of approximately RM1.86 million on the disposal of 32 units of under-utilised buses in the financial year under review.

(ii) **FYE 31 December 2019**

The Group recorded a lower revenue of approximately RM16.82 million for FYE 31 December 2019 as compared to the revenue of RM28.43 million recorded in the FYE 31 December 2018. The decline in revenue was primarily due to the absence of revenue from the PLKN programme service contract, which was discontinued in August 2018.

In view of the above, the Group incurred a higher LAT of approximately RM11.62 million for the FYE 31 December 2019 as compared to the LAT of approximately RM0.21 million recorded in the previous financial year. The higher LAT was mainly due to declining earnings of the transportation segment as well as the impairment losses on trade receivables of approximately RM6.21 million incurred in the financial year.

(iii) **FYE 31 December 2020**

The Group recorded a lower revenue of approximately RM11.62 million as compared to the revenue of RM16.82 million recorded in the previous financial year. The decline in revenue was mainly attributed to the impact of the COVID-19 pandemic and the imposition of the MCOs by the Government during the financial year. The closure of schools under the MCOs has resulted in the suspension of the transportation services of the Group, which in turn had materially affected the earnings of the Group.

Despite the impact of COVID-19 pandemic on the business operations, GCAP Group recorded a PAT of approximately RM1.71 million as compared to the LAT of RM11.62 million in the previous financial year. This was mainly due to fair value gain on the revaluation of investment and the gain on disposal of investments during the financial year under review as well as the lower administrative expenses incurred by the Group following its costs saving initiatives undertaken in view of the COVID-19 pandemic.

In view of the above and to improve the earnings moving forward, the management of the Group proceeded to accelerate development of its current mini-hydropower projects, as well as to expand and diversify into the Energy Solution Provider business. At this juncture, the management intends to prioritise on the expansion on the renewable energy segment through its mini-hydropower projects and to venture into solar energy sector.

The Board is confident that the Proposed Diversification will improve the revenue and earnings of GCAP Group, as well as reducing the Group's reliance on the existing core business (i.e. transportation segment) after taking into consideration the following:-

(a) **mini-hydropower plant sector;** and

PHREC, was mandated by the State Government of Perak to act as the master developer and overall coordinator for the development of mini-hydropower plants in Perak pursuant to the Water Rights Agreement dated 17 December 2012 and the supplemental agreement dated 11 April 2013 between PHREC and the State Government of Perak (collectively referred to as "**WRA**"). Pursuant to the WRA, PHREC has the exclusive rights to Build, Operate and Own ("**BOD**") the mini-hydropower plants at 31 pre-identified sites with an estimated total installed capacity of 286.1 megawatts ("**MW**") for a period of 21 years from the feed-in-tariff ("**FIT**") commencement date for each site. Of the 31 pre-identified sites, PHREC and its strategic partners have been registered as Feed-In-Approval Holder ("**FiAH**") for 10 sites ("**Active Sites**") and subsequently executed or in the midst of executing the Renewable Energy Power Purchase Agreement ("**REPPA**") with Tenaga Nasional Berhad ("**TNB**") for these sites. To-date, PHREC and its strategic partners had completed the construction and commissioning of the mini-hydropower plants located on 2 sites with a total installed capacity of 20.0MW.

Further details of the 31 pre-identified sites under BOD are as follows:-

(i) 10 Active Sites of 88.6MW

No.	Scheme/site reference	Location	Expected commencement/ Expected completion date (Construction)	Expected date of commission	Installed capacity (MW)	REPPA secured in	Estimated total cost of investment# (RM' million)
1	Sg. Slim	Sg. Slim	Completed	Commissioned in Mar-2019	6.0	Apr-2012	^
2	Sg. Kerian	Sg. Kerian	Completed	Commissioned in Jan-2019	14.0	Mar-2012	^
3	Sg. Geruntum	Sg. Geruntum	2022/2024	2024	2.0	Oct-2016	28.2
4	Sg. Korbu	Sg. Korbu	2019/2023	2023	7.0	Jan-2013	78.8
5	Sg. Kampar	Sg. Kampar	2016/2023	2023	5.3	Mar-2012	63.0
6	Sg. Selama	Sg. Selama	2019/2021	2021	9.0	Mar-2013	90.0
7	Sg. Pelus	Sg. Pelus	2022/2024	2024	25.8	Sep-2016	219.2
8	Sg. Gedong	Sg. Gedong	2022/2024	2024	3.0	Feb-2020	30.0
9	Sg. Perak, Salu	Sg. Perak, Salu	2022/2024	2024	10.0	**	161.2
10	Sg. Dipang	Sg. Dipang	2022/2024	2024	6.5	**	40.0

Notes:-

GCAP only decides on the funding structure of its subsidiary companies involved in the sites. On the other hand, joint venture companies decide on respective funding structure without GCAP Group's involvement and funding. Generally, 80.0% of the estimated total cost of investment will be financed via bank borrowing whilst the remaining 20% will be funded by the major shareholder of the joint venture companies (save for GCAP Group).

^ The joint venture companies incurred RM62.5 million and RM216.6 million to commission Sg. Slim site and Sg. Kerian site respectively.

The abovementioned estimated costs to be incurred in undertaking the following activities:-

No.	Description of activities	% to the total estimated Cost (%)
1	Construction cost which includes:- a) Civil and related works b) Electrical and mechanical cost c) Transmission system and Interconnection cost	60.0 21.0 10.0
2	Other cost which includes:- a) Engineering consultant fees b) Land surveyor fees c) Others	9.0
	Total	100.0

** The joint venture companies had been registered as FIAH on 15 December 2020 and were allowed to finalise the REPPA before 15 December 2021.

(ii) Other sites of 197.5MW

No.	Scheme/site reference	Location	Expected commencement/ Expected completion date (Construction)	Expected date of commission	Estimated Installed capacity (MW)	REPPA secured in	Estimated total cost of investment# (RM' million)
1	Sg. Geroh	Sg. Geroh	2022/2024	2024	1.6	Pending	17.8
2	Temenggor Scheme	Sg. Singor, Sg. Talang and Sg. Temenggor	2023/2025	2025	82.2	Pending	560.3
3	Sg. Temeliong	Sg. Temeliong	2023/2025	2025	8.0	Pending	80.0
4	Sg. Kinta	Sg. Kinta	2023/2025	2025	10.9	Pending	100.0
5	Perak Selatan Scheme	Sg. Bil, Sg. Geliting and Sg. Behrang	2023/2025	2025	12.3	Pending	113.0
6	Others	14 other sites*	2028/2030	2030	82.5	Pending	685.0

Notes:-

GCAP only decides on the funding structure of its subsidiary companies involved in the sites. On the other hand, joint venture companies decide on respective funding structure without GCAP Group's involvement and funding. Generally, bank financing 80% of the cost whilst the remaining 20% funded by the major shareholder (save for GCAP Group).

* Other 14 sites comprise of Sg. Perak, Lenggong (10.0MW), Sg. Batang Padang (19.0MW), Sg. Ayer Hitam, Bt. Kurau (2.0MW), Sg. Buloh (2.0MW), Sg. Boy (2.0MW), Sg. Ulu Kampar (2.0MW), Sg. Tebing Tinggi (2.0MW), Sg. Rui (2.5MW), Sg. Senoi Oi (3.0MW), Sg. Air Hitam, Selama (5.0MW), Sg. Tapah Kanan (6.0MW), Sg. Ranting (7.0MW), Sg. Perak (Telok Dato) (10.0MW), and Sg. Sungkai (10.0MW).

The abovementioned estimated costs to be incurred in undertaking the following activities are as follows:-

No.	Description of activities	% to the Total Estimated Cost (%)
1	Construction cost which includes:- a) Civil and related works b) Electrical and mechanical cost c) Transmission system and Interconnection cost	60.0 21.0 10.0
2	Other cost which includes:- a) Engineering consultant fees b) Land surveyor fees c) Others	9.0
	Total	100.0

For information purposes, it is pertinent to note that the joint venture companies are associate companies of PHREC as the equity interest held by PHREC in these companies are less than 50.0%. The contribution of the joint venture companies to the PAT of the Group will be via dividend distributions.

The Company also wishes to highlight that the Group via its 96.0% subsidiary, Gunung Hydropower Sdn Bhd, had also recently secured the approval from Sustainable Energy Development Authority Malaysia to BOD a 10.0MW mini-hydropower plant on the Sg Perak, Salu site (which is part of the 10 Active Sites). The Group is required to complete the construction of the mini-hydropower plant by December 2025.

The mini-hydropower plant is envisaged to contribute a potential revenue of more than RM400.0 million to the Group over a span of 21 years from the date of the commission and completion of the plant based on the FiT rate of RM0.2898 per kilowatt-hour and estimated annual production of 68 gigawatt hours of electricity to be generated from the plant. Barring any unforeseen circumstances, the management expects the mini-hydropower plant to contribute to the PAT of the Group from FYE 31 December 2025 onwards.

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(b) solar energy sector;

In line with the Group's strategic objective to venture into the solar energy sector, the Group had recently completed the business acquisition of Solarcity on 5 February 2021, which is envisaged to provide an established platform for GCAP Group to strategically position itself to participate in solar energy related projects. As at the LPD, Solarcity has secured 5 PPAs for 9.6MW to design, construct, install, operate and maintain a Solar PV System. Barring any unforeseen circumstances and upon the commissioning of the Solar PV System installation at the 5 locations below, the solar energy business is expected to contribute to the PAT of the Group for the FYE 31 December 2021 onwards.

No	PPA	Location	Expected commencement/ Expected completion date (Construction)	Expected date of commission	Estimated installed capacity (MW)	Estimated cost of investment (RM' million)#
1	PPA 1*	M-2's Premises	March 2021/ August 2021	August 2021	3.0	9.0
2	PPA 2*	M-1's Premises	March 2021/ August 2021	August 2021	3.0	9.0
3	PPA 3*	M-3's Premises	March 2021/ August 2021	August 2021	1.2	3.6
4	PPA 4	De-Luxe Food's Premises	July 2021/ March 2022	March 2022	1.1	3.3
5	PPA 5	Apex Furniture Exporter's Premises	July 2021/ May 2022	May 2022	1.3	3.9

Notes:-

GCAP Group is at its best endeavour to obtain bank financing up to 80% of the projects and alternative means financing, including internally generated fund to complete the projects.

* PPA secured by Solarcity prior to the subscription of 3,500,000 ordinary shares in Solarcity by GCAP

The above mentioned estimated costs to be incurred in undertaking the following activities are as follows:-

No	Description of activities	Percentile to Estimated Cost (%)
1	Purchases of solar panels	55.0
2	Purchases of inverters	10.0
3	Purchases of mounting structure	10.0
4	Alternating current ("AC") interconnection	5.0
5	Direct current ("DC") cabling and isolations	5.0
6	Labour cost	10.0
7	Engineering services	5.0
	Total	100.0

Shareholders also should note that the Company will be seeking the approval from its shareholders for the Proposed Shareholders' Mandate at the forthcoming EGM on the RRPTs between Solarcity and eLeaps, all of which are envisaged to be transacted from the date of the forthcoming EGM up to the next 27th AGM. The proposed RRPTs mainly relates to the appointment of eLeaps by GCAP (via Solarcity) to undertake engineering, procurement, construction and commission ("EPCC") services in respect of the secured PPAs and the potential tender projects to be secured by Solarcity, further details of which are set out below:-

No	Orderbook as at LPD	Estimated EPCC services to be procured from eLeaps (RM' million)
1	Secured PPAs*	28.8
2	PPAs in negotiations and tenders	471.2
Total		500.0

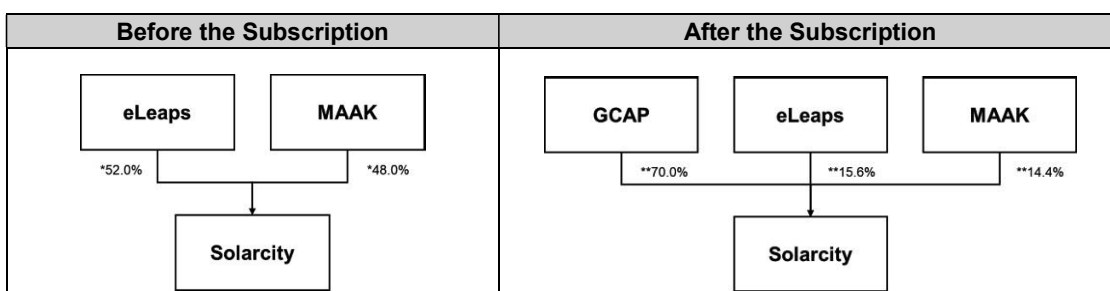
Note:-

* PPA 1, PPA 2, PPA 3, PPA 4 and PPA 5

Please refer to **Part B** of this Circular for further information on the Proposed Shareholders' Mandate.

(i) Brief details on the acquisition of Solarcity:

On 9 February 2021, the Board had announced that the Company had entered into a Joint Venture cum Shareholders' Agreement dated 5 February 2021 with eLeaps and Muhamad Albashir bin Abdullah Kok ("**MAAK**") ("**JVA**") to jointly develop the Solar PV System in connection with the PPA entered into by Solarcity with its respective clients to design, construct, install, own, operate and maintain the Solar PV System for self-consumption on the clients' respective premises. Under the JVA, the Company is required to subscribe for 3,500,000 ordinary shares in Solarcity ("**Solarcity Share(s)**") at RM1.00 each, representing 70.0% of the enlarged equity interest in Solarcity ("**Subscription**"). The shareholdings in Solarcity before and after the completion of the Subscription are as follows:-



Notes:-

* Computed based on 1,500,000 Solarcity Shares

** Computed based on 5,000,000 Solarcity Shares

(ii) Details of Solarcity:

Solarcity was duly incorporated in Malaysia as a private company under the Companies Act, 1965 on 11 June 2013. Solarcity is principally engaged in the business of supply, installation and operation of Solar PV System.

As at the LPD, the details of the issued share capital of Solarcity are set out below:-

	No. of shares	RM
Issued share capital	5,000,000	5,000,000

As at the LPD, the shareholders and their respective shareholdings in Solarcity are as follows:-

Name	Nationality/ Place of Incorporation	<-----Direct----->		<-----Indirect----->	
		No. of shares	%*1	No. of shares	%*1
GCAP	Malaysia	3,500,000	70.0	-	-
eLeaps	Malaysia	780,000	15.6	-	-
MAAK	Malaysian	720,000	14.4	-	-

Note:-

*1 Computed based on 5,000,000 Solarcity Shares as at the LPD

As at the LPD, the directors and their respective shareholdings in Solarcity are as follows:-

Name	Nationality/ Designation	<-----Direct----->		<-----Indirect----->	
		No. of shares	%*1	No. of shares	%*1
Heng Boon Liang (“ Boon Liang ”)	Malaysian/ Director	-	-	-	-
Yap Yee Ping	Malaysian/ Director	-	-	-	-
Syed Amir Nidzamuddin bin Dato’ Abu Hussin	Malaysian/ Director	-	-	-	-
Enoch Phan Tsung Yang	Malaysian/ Director	-	-	-	-
MAAK	Malaysian/ Director	720,000	14.4	-	-

Note:-

*1 Computed based on 5,000,000 Solarcity Shares as at the LPD

(iii) Salient terms of the JVA;

The extract of the salient terms of the JVA are set out below:-

- (a) This JVA shall be conditional and become effective on the date of the successful issuance of Solarcity shares to GCAP, which is to be notified by the eLeaps (“**Promoter A**”) and MAAK (“**Promoter B**”) (collectively known as “**Promoters**”) and/or Solarcity to GCAP.
- (b) Upon completion thereof, the respective shareholding in Solarcity shall be as follows:-

Party	Number of shares	% of shares
GCAP	3,500,000	70.0
Promoter A	780,000	15.6
Promoter B	720,000	14.4
Total	5,000,000	100%

(c) Funding and financing

- (i) It is the joint responsibility of the shareholders of Solarcity to provide, source and procure the required funds in order to develop the business of supply, installation and operation of Solar PV System (“**Business**”). This includes any payments during the pre-construction period up until the commissioning, operating and maintaining the Business. Solarcity shall at any time as it requires, to issue a letter requesting for injection of working capital to the shareholders of Solarcity and the shareholders of Solarcity shall provide such capital as shareholder advances in accordance to their shareholding proportion in the Solarcity and the shareholders of Solarcity shall be entitled to charge an interest on the advance granted therein at a rate to be determined by the Parties through arm-length negotiations (“**Additional Financing**”).
- (ii) Promoters, from time to time, shall render reasonable assistance to GCAP in complying with the requests or instructions from the financiers in order to secure the financing of the Business. In cases where any security instruments need to be executed, the Promoters undertakes that all such security instruments shall be executed accordingly.
- (iii) If in any financial year Solarcity has net profits available for distribution, each of the shareholders of Solarcity shall procure that the net profits available for distribution are applied in the following order of priority, inter alia, as advised by the board of directors of Solarcity (acting in accordance with principles of prudent financial management and the Act) :-
 - (a) in or towards the repayment of the Additional Financing;
 - (b) a sufficient amount to be set aside for working capital, investment and expansion of Solarcity; and
 - (c) the balance after (a) and (b) shall be utilised as payment of dividends to the shareholders of Solarcity.

The dividends of ordinary shares shall be distributed to the shareholders of Solarcity in accordance with the proportion of their shareholding in Solarcity.

(d) Roles and composition of the board

The board of directors of Solarcity shall comprise 5 directors namely 3 representatives of GCAP, 1 representative of Promoter A and Promoter B respectively. The shareholder will have the power to fix the period of a director's appointment and to remove the director so appointed. Whenever a director ceases to be a director, the shareholder who appoints such director shall nominate another director in his place.

(e) Termination

The JVA shall continue to be in full force until the occurrence of any of the following situations:

- (a) the Parties mutually agree in writing that this JVA shall be terminated;

- (b) any breach of terms of this JVA by any of the Parties herein and such breach has been continuing for 30 days from the date of notification to remedy the non-defaulting Party;
- (c) that the defaulting Party has a provisional liquidator, receiver, manager, administrator, trustee or similar office appointed in respect of all or any part of its business or assets;
- (d) that the defaulting Party has a resolution passed for its winding up or if a petition is presented or a proceeding is commenced or an order is made for the winding up, insolvency, administration, reorganization, reconstruction, or similar order for the benefit of creditors dissolution or bankruptcy of the defaulting Party;
- (e) that the defaulting Party stops or suspends payments to its creditor generally or is unable or admits its inability to pay its debts;
- (f) by GCAP if Solarcity fails to commence the business, complete the project or approval to commence and/or continue business is revoked by the authority;
- (g) by GCAP if it is discovered that there are unfavourable findings pursuant to the due diligence exercise; and/or
- (h) that the defaulting Party ceases or threatens to cease to carry on its business or if the defaulting Party disposes of or threatens to dispose of or any governmental or other authority expropriates or threatens to expropriate all of its business or assets.

Please refer to the Company's announcement dated 9 February 2021 for further information of JVA and its salient terms.

(iv) Details of eLeaps:

eLeaps was duly incorporated in Malaysia as a private company under the Companies Act, 1965 on 5 May 2006. eLeaps is principally engaged in providing turnkey engineering solutions including new product cosmetic development, engineering process improvement and business in generation of renewable energy, environmental and green technology engineering consultancy specialists.

As at the LPD, the details of the issued share capital of eLeaps are set out below:-

	No. of shares	RM
Issued share capital	1,400,000	1,400,000

As at the LPD, the shareholders and their respective shareholdings in eLeaps are as follows:-

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%*1	No. of shares	%*1
Boon Liang	Malaysian	1,050,000	75.0	-	-
Kong Chak Fung (" Kong ")	Malaysian	336,000	24.0	-	-
Steven Wong Chin Fung	Malaysian	14,000	1.0	-	-

Note:-

*1 Computed based on 1,400,000 shares in issue as at the LPD

As at the LPD, the directors and their respective shareholdings in eLeaps as at the LPD are as follows:-

Name	Nationality/ Designation	<-----Direct----->		<-----Indirect----->	
		No. of shares	%*1	No. of shares	%*1
Boon Liang	Malaysian/ Director	1,050,000	75.0	-	-
Kong	Malaysian/ Director	336,000	24.0	-	-

Note:-

*1 Computed based on 1,400,000 shares in issue as at the LPD

(v) Information on MAAK;

MAAK, aged 43 has a Bachelor degree in Business Administration from University of Hertfordshire UK.

He began his career as an operations auditor with Sindora Berhad in 2005. In 2008, he joined Maju Holdings Sdn Bhd as the Vice President of Operation, where he gained extensive experience in construction, property and infrastructure businesses. Subsequently, in 2010, he joined Songa Offshore Malaysia Sdn Bhd, where he was tasked to oversee the operation of the Company. He joined HeiTech Padu Berhad as the Vice President of Operation in 2012 and left the company in 2014.

He is currently the director and shareholder of Solarcity.

Notwithstanding the above, the management of the Group also intends to venture into the non-renewable segment. As at the LPD, GCAP Group does not have any presence in the non-renewable energy segment. The management is currently identifying suitable strategic partners and undertaking the relevant assessments/feasibility studies on potential business opportunities in respect of the non-renewable energy sector. In particular, the Company has the intention to collaborate with suitable strategic partners to venture into the liquefied petroleum gas and liquefied natural gas business segment. However, as at this juncture, the process of identifying such partners and negotiations on strategic terms with the parties are still at a preliminary stages. The Company will make the necessary required announcements and seek the relevant approvals, if required, as and when such partnership and/or collaborations are duly established.

As at 31 March 2021, GCAP Group has invested approximately RM24.5 million towards the Energy Solution business. The total investment of GCAP in Energy Solution business, represent approximately 19.5% of the Group's unaudited consolidated NA for the 3-month financial period ended 31 March 2021 of approximately RM125.9 million.

Premised on the above developments, the Company proposes to undertake the Proposed Diversification as the Board anticipates that, barring any unforeseen circumstances, the Group's business activities in the Energy Solution Provider sector may contribute to 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the net assets of the Group towards the Energy Solution Provider business moving forward, after taking into consideration, the developments made by the Group in respect of its expansion of the renewable energy segment, the outlook of the energy sector in Malaysia as highlighted in **Section 6.2, Part A** of this Circular and the potential contracts to be secured by Solarcity.

Hence, the Board proposes to seek the approval from shareholders for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements. Pursuant to Paragraph 10.13(1) of the Listing Requirements, a listed issuer must obtain its shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- (i) the diversion of 25% or more of the net assets of the listed issuer to an operation which differs widely from those operations previously carried on by the listed issuer; or
- (ii) the contribution from such an operation of 25% or more of the net profits of the listed issuer.

Notwithstanding the Proposed Diversification, the Board wishes to highlight that the Group intends to continue with its existing transportation business and the Board will review the business operations from time to time with the intention to further improve the Group's financial performance.

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Key Management Personnel

The Group has formed a project management team comprising experienced key management personnel to spearhead and oversee the expansion of the renewable energy segment of the Group. The profiles of the key management personnel are as below: -

(a) Boon Liang:

Boon Liang has a Master of Science and Bachelor of Science degree with a major in mechanical engineering from the Mississippi State University of United States of America (U.S.A.). In his early career, he was actively involved in research and development work in the U.S.A., including conducting key research and development of Reusable Launch Vehicle for National Aeronautics and Space Administration (NASA).

Boon Liang has vast experience in green technology, in particular, the Solar PV system and Pico-Hydro/Micro-Hydro Turbine Electrical Work segment. He is currently the director of Solarcity and has been tasked to expand the renewable energy segment of the Group.

Solar PV projects

The details of some of the completed major projects which he was involved in for the recent years, where he manages the finances, project overall execution, and implementations for the solar segment are as follows:-

No	Projects details	Roles & Responsibilities	Location	Commencement/ Completion date
1	Development of 2MW rooftop solar photovoltaic plant in Johor for a premier poultry company. The project is one of the largest solar systems for the poultry business segment, which involved full design, engineering, procurement, construction and maintenance services for the client company.	Lead, design, develop and implement the strategic plan for the project. Overseeing the construction, operation and maintenance of solar photovoltaic plant.	Johor	October 2020
2	Development of 5MW rooftop solar photovoltaic plant for one of the largest papers mills in the northern region of Peninsular Malaysia. The project is one of the largest rooftop solar project in Malaysia which involved full design, engineering, procurement, construction and maintenance services.		Penang	November 2020
3	Development of 1MW rooftop solar photovoltaic plant for Kolej Tunku Jaafara via design, engineering, procurement, construction and maintenance services.		Negeri Sembilan	September 2019

No	Projects details	Roles & Responsibilities	Location	Commencement/ Completion date
4	Development of 5MW ground mounted solar photovoltaic plant for Kumpulan Melaka Berhad via design and project management.	Design, and project management of the installation work at the 5MW solar photovoltaic plant.	Melaka	May 2013
5	Development of solar photovoltaic plant for Qube Solar Systems Sdn Bhd, and One Solar Systems Sdn Bhd via engineering, procurement, construction and maintenance services	Lead, design, develop and implement the strategic plan for the project. Overseeing the construction, operation and maintenance of solar photovoltaic plant.	Penang and Selangor	December 2016 December 2017

Pico-Hydro/Micro-Hydro Turbine Electrical Work

The details of some of the completed major projects which he was involved in since 2006, where he was involved in the design and planning of the hydro turbine system integration to the grid are as follows:-

No	Projects details	Roles & Responsibilities	Location	Commencement/ Completion date
1	Provided installation support for 2 x 6,000 kilowatt of high voltage alternating current interconnection system (" Electrical AC Interconnection System ") in Sungai Brooke	Consulted, and supervise the interconnection on the turbine generator AC output to the grid transformer. Also oversee the cable routing and trunking management for the site.	Sungai Brooke in Lojing, Gua Musang, Kelantan	2010
2	Provided installation support for 2 x 1,250 kilowatt of Electrical AC Interconnection System in Sungai Kerling	Consulted, and supervise the interconnection on the turbine generator AC output to the grid transformer. Also oversee the cable routing and trunking management for the site.	Sungai Kerling Project	2008
3	Provided installation support for 2 x 1,250 kilowatt of Electrical AC Interconnection System in Sungai Kadaamaian	Consulted on the initial interconnection on the turbine generator AC output to the grid transformer. Also oversee the cable routing and trunking management for the site.	Sungai Kadaamaian Project	2007
4	Provided installation support for 2 x 2,500 kilowatt of Electrical AC Interconnection System in Sungai Penganpuyan	Consulted on the AC interconnection design.	Sungai Penganpuyan Project	2007

(b)

Kong:

Kong has a Bachelor of Science degree in Mechanical Engineering from University Science of Malaysia.

He has over 15 years of experience in project coordination, technical sales, marketing, and business development. He also has more than 6 years of experience in the renewable energy sector, where he was involved in the project management, design and construction of the Solar PV projects. He is currently the Design Engineer of Solarcity.

The details of some of the completed Solar PV projects which he was involved in for the recent years are as follows:-

No	Projects details	Roles & Responsibilities	Location	Commencement/ Completion date
1	Development of 2MW rooftop solar photovoltaic plant in Johor for a premier poultry company. The project is one of the largest solar systems for the poultry business segment. Involving full design, engineering, procurement, construction and maintenance services for the client company.	Lead, design, develop and implement the strategic plan for the project. Overseeing the construction, operation and maintenance of solar photovoltaic plant.	Johor	October 2020
2	Development of 5MW rooftop solar photovoltaic plant for one of the largest paper mill in the northern region of Peninsular Malaysia. The project is one of the largest rooftop solar project in Malaysia which involved full design, engineering, procurement, construction and maintenance services. In addition, the project includes energy service contract.		Penang	November 2020
3	Development of 1MW rooftop solar photovoltaic plant for Kolej Tunku Jaafara via design, engineering, procurement, construction and maintenance services.	Design, and project management of the installation work at the 5MWp solar photovoltaic plant.	Penang	September 2019
4	Development of 5MW ground mounted solar photovoltaic plant for Kumpulan Melaka Berhad via design and project management.		Melaka	May 2013
5	Development of solar photovoltaic plant for Qube Solar Systems Sdn Bhd, and One Solar Systems Sdn Bhd via engineering, procurement, construction and maintenance services		Penang & Selangor	December 2016 December 2017

(c) **En. Dzulkifly Bin Abdul Khalid (“Dzulkifly”);**

Dzulkifly obtained a Certificate in Mechanical Engineering from Politeknik Ungku Omar, Ipoh, Perak.

Dzulkifly has a vast working experience in the engineering sector. He joined PHREC, a subsidiary of GCAP, in 2013, where he was tasked to primarily project manage the mini-hydropower projects and project co-ordination with various state government agencies. He was subsequently promoted to the position of Assistant Operations Manager in 2015 and General Manager in 2018. He is presently responsible for the day-to-day operations of PHREC.

(d) **Khairil Amir Bin Zainal Azir (“Khairil”);**

Khairil has a Bachelor degree in Manufacturing Engineer from University Malaysia Perlis and a Diploma Mechanical Engineer from Politeknik Ungku Omar.

He has over 16 years of experience in the engineering sector, where he was mainly involved in research and development. He is currently the Project Engineer of PHREC and is responsible to assist the General Manager with the project planning and the day-to-day operation activities at PHREC.

(e) **Mohamad Fahmi Hafizi Bin Mustafa (“Fahmi”); and**

Fahmi has a Diploma in Electronic Engineering (Computer) from Politeknik Ungku Omar in Ipoh, Perak.

He began his career as an Assistant Engineer with PHREC in 2011 and had since gained extensive experience in technical planning, project coordination and project management. He is currently the Technical Executive of PHREC and has been tasked to lead and manage the subsidiary companies of PHREC, Conso Hydro RE Sdn Bhd and Kundur Hydro RE Sdn Bhd.

(f) **Terence Lai Shien Chi (“Terence”)**

Terence has a Bachelor of Science degree in Electrical Engineering from Western Michigan University, U.S.A. and a Diploma in Electrical/Electronic from INTI International College, Kuching, Sarawak.

He has over 14 years of experience in the engineering sector, where he was mainly involved in process engineering, research and development, and inventory management. He is currently the Project Manager at Gunung Hydropower Sdn Bhd, a subsidiary of the Group, and is responsible to project-manage the existing mini-hydropower projects.

The Board is of the view that by capitalising on the expertise of the aforesaid key management personnel, the Group has the capacity, capability and resources to expand its presence in the Energy Solutions Provider sector.

Notwithstanding the above, the Group may also recruit new personnel with the relevant working experiences to further complement the current key personnel for the newly diversified Energy Solutions Provider segment. Any potential recruitment in the future will be dependent on the size and requirements of the projects to be secured and also the availability of suitable and capable candidates.

3. DETAILS OF THE EXISTING ESOS

On 5 June 2015, the Company implemented the Existing ESOS which was approved by shareholder of GCAP at an EGM held on 29 May 2015. The Existing ESOS is effective for a period of 5 years and shall expire on 4 June 2020 in accordance with Existing ESOS By-Laws. Subsequently, on 21 May 2020, the Board approved to extend the Existing ESOS for a further of 1 year from 5 June 2020 to 4 June 2021, in accordance with the terms of the Existing ESOS By-Laws. After the 1-year extension period, the Existing ESOS had expired on 4 June 2021.

The maximum number of new GCAP Shares to be allotted and issued under the Existing ESOS shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any point in time throughout the duration of the Existing ESOS.

As at the LPD, a total of 37,810,500 Existing ESOS Options were granted to the eligible employees, senior management and directors of GCAP Group during the offer period of the Existing ESOS in accordance with the terms of the Existing ESOS By-Laws and all of the said options were fully accepted by the eligible person of the Group.

The maximum allowable allotment limit under the Existing ESOS and total number of the Existing ESOS Options granted to and exercised by the directors and senior management since the commencement of the Existing ESOS up to the LPD are as follows:-

Category	Maximum allowable allotment limit under the Existing ESOS (%)	No. of Existing ESOS options granted (%)
Directors and senior management	80.00%	73.92
Other eligible employees	-*	26.08
Total	100.00%	100.00

Note:-

* There is no maximum allowable allotment limit under the category of other eligible employees.

Category	No. of Existing ESOS options exercised (%)	No of Existing ESOS options expired (%)	No. of outstanding Existing ESOS options (%)	Total
Directors and senior management	27.37	29.70	42.93	100.00
Other eligible employees	36.28	63.72	-	100.00
Total	29.69	38.57	31.74	100.00

During the offer period of the Existing ESOS up to the LPD, a total of 11,227,500 Existing ESOS Options were exercised. As a result thereof, the Group has a balance of 12,000,000 outstanding Existing ESOS Options with the exercise price of RM0.41 per Existing ESOS Option as at the LPD. Following the expiry of Existing ESOS on 4 June 2021, any Existing ESOS Option which remains unexercised shall be terminated and lapse without any claim against the Company.

4. DETAILS OF THE PROPOSED LTIP, PROPOSED AWARDS AND PROPOSED ALLOCATIONS

The Proposed LTIP serves to attract, retain, motivate and reward Eligible Persons, through the award of GCAP Shares or the rights to subscribe for GCAP Shares as determined by a LTIP Committee in accordance with the LTIP By-Laws. For the avoidance of doubt, the Proposed LTIP (save for the Proposed ESGS) will also be extended to non-executive directors of GCAP Group in recognition of their contributions towards the growth and performance of the Group.

The Proposed LTIP, Proposed Awards and Proposed Allocations will be administered in accordance with the LTIP By-Laws by the LTIP Committee, who will be responsible for, amongst others, implementing, allocating and administering the Proposed LTIP. The members of the LTIP Committee shall comprise of such number of directors and/or senior management personnel of the Group to be identified from time to time. The Board will also formulate and approve the terms of reference of the LTIP Committee.

The Proposed ESGS is intended to award GCAP Shares to executive directors and/or senior management of GCAP whilst the Proposed New ESOS is intended to allow GCAP to award share options to directors and employees of the Group, subject to them fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP. For the avoidance of doubt, the proportion/quantum of shares to be awarded/allocated for the Proposed ESGS and Proposed New ESOS respectively under the Proposed LTIP has not been determined at this juncture.

In implementing the Proposed LTIP, the LTIP Committee may at its absolute discretion decide that the ESOS Awards or ESGS Grant be satisfied by the following methods:-

- (i) issuance of new GCAP Shares;
- (ii) the acquisition and transfer of existing GCAP Shares and/or treasury shares;
- (iii) any other methods as may be permitted by the Act, or
- (iv) a combination of any of the above.

In considering the modes of satisfaction as referred to in (i) to (iv) above, the LTIP Committee will take into consideration factors such as, among others, the prevailing market price of GCAP Shares, funding considerations, dilutive effects of any such issuance on the Company's share capital base, and cash requirements of the Group.

Further details on the potential cost arising from the granting of the LTIP Awards are set out in **Section 8.3, Part A** of this Circular.