

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

UOBKayHian

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 the “Company”	:	G Capital Berhad (formerly known as Gunung Capital Berhad) [Registration No. 199501000977 (330171-P)]
“GCAP Group” or the “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)”	: 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:- (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation, 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 For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
“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. Temelong	Sg. Temelong	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

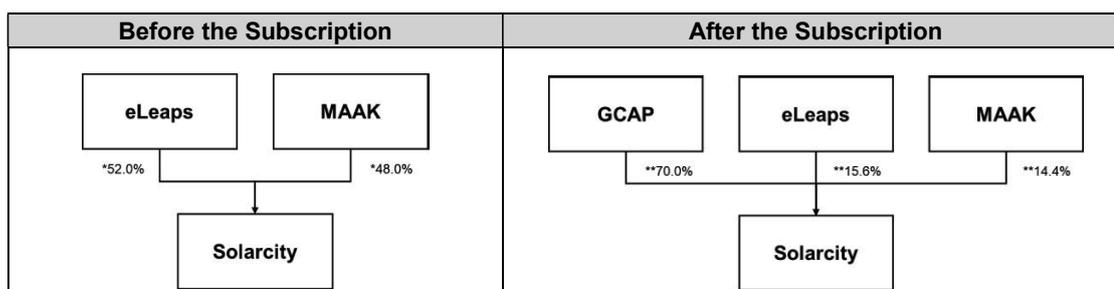
Note:-

* 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.

4.1 Proposed New ESOS

Under the Proposed New ESOS, the LTIP Committee may, within the tenure of the Proposed LTIP and at its discretion, grant the ESOS Awards to the Eligible Persons at the award date to be allocated for GCAP Shares at a prescribed Option Price, subject to the terms and conditions of the LTIP By-Laws.

Under the Proposed New ESOS, the New ESOS Options will be granted on an annual basis or such other period as determined by the LTIP Committee at its sole and absolute discretion. Upon acceptance of the ESOS Awards by the Eligible Persons, the ESOS Awards will be vested to the ESOS Grantee over the tenure of the Proposed LTIP, subject to the ESOS Grantee fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP.

Subject to any adjustments made under the LTIP By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on a price to be determined by the Board upon recommendation of the LTIP Committee based on the VWAP of GCAP Shares for the 5-market day immediately preceding to the date of the ESOS Award with a discount of not more than 10% therefrom or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the tenure of the Proposed LTIP.

4.2 Proposed ESGS

Under the Proposed ESGS, the LTIP Committee may, within the tenure of the Proposed LTIP and at its discretion, grant ESGS Grant to the Eligible Persons at nil consideration, subject to the terms and conditions of the LTIP By-Laws.

Upon acceptance of the ESGS Grant by the ESGS Grantees, the ESGS Grant will be vested to the ESGS Grantees over the tenure of the Proposed LTIP, subject to the ESGS Grantees fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP.

The reference price of the ESGS Grants to be awarded will be determined based on the fair value of the ESGS Grants, which will take into account, amongst others, the market price of the GCAP Shares as at or prior to the award date of the ESGS Grants.

4.3 Indicative salient terms of the Proposed LTIP, Proposed Awards and Proposed Allocations

(i) Maximum number of GCAP Shares available under the Proposed LTIP

The maximum number of GCAP Shares which may be made available under the Proposed LTIP shall not in aggregate exceed 15% of the total number of issued shares of the GCAP (excluding treasury shares, if any) at any point of time during the tenure of the Proposed LTIP.

(ii) Basis of allotment and maximum allowable allotment

The allocation of GCAP Shares to be made available for the LTIP Awards under the Proposed LTIP shall be determined by the LTIP Committee annually, or such other period as determined by the LTIP Committee.

Subject to the LTIP By-Laws, the maximum number of GCAP Shares awarded to any Eligible Person under the Proposed LTIP at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the Eligible Person's performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment as the LTIP Committee deems fit, and subject to inter alia, the following conditions:-

- (a) the total number of GCAP Shares made available under the Proposed LTIP shall not exceed the amount in **Section 4.3(i)** above;
- (b) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of issued shares made available under the Proposed LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of GCAP (excluding treasury shares, if any);
- (c) up to a maximum of 80% of the total number of new GCAP Shares to be issued under the Proposed LTIP could be allocated, in aggregate, to the directors and senior management of the Group who are Eligible Persons (where "senior management" refer to an employee of the Group holding the position of senior manager (including director) and above or other senior position and shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time). This is intended to incentivise the directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of the Group and to incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance; and
- (d) the directors and senior management of the Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any.

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

The LTIP Committee shall be entitled to determine the maximum number of LTIP Awards that will be made available to an Eligible Person under the Proposed LTIP, in the manner provided in the LTIP By-Laws in relation to each class or grade of the Eligible Persons and the aggregate maximum number of LTIP Awards that can be awarded to the Eligible Persons under the Proposed LTIP from time to time, and the decision of the LTIP Committee shall be final and binding.

For the avoidance of doubt, the LTIP Committee may at its sole and absolute discretion determine whether granting of the LTIP Awards to the Eligible Persons will be staggered over the duration of the Proposed LTIP or in a single LTIP Award and/or whether the LTIP Awards will be subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance targets, the determination of which will be carried out at a later date after the establishment of the Proposed LTIP.

(iii) Eligibility

Subject to the discretion of the LTIP Committee, only Eligible Persons who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the Proposed LTIP:-

- (a) in respect of an employee, the employee must fulfil the following criteria as at the LTIP Award Date to participate in the Proposed LTIP in the manner provided in the LTIP By-Laws, inter alia:-
 - (aa) he/she is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (bb) he/she is confirmed in writing as a full time employee and has been in the employment of GCAP or any company in the Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and
 - (cc) he/she fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.
- (b) in respect of a director, the director must fulfil the following criteria as at the LTIP Award Date, inter alia:-
 - (aa) he/she is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (bb) he/she has been appointed as a director of GCAP or any company in the Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and
 - (cc) he/she fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

provided always that the selection of any director or employee for participation in the Proposed LTIP and the number of LTIP Awards to be awarded to an Eligible Person under the Proposed LTIP shall be at the sole discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

Notwithstanding the above, the LTIP Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in the LTIP By-Laws.

Subject to **Section 4.3(iii), Part A** of this Circular, there are no performance targets to be achieved by the LTIP Grantees before the ESGS Grant can be vested and the New ESOS Options can be exercised into GCAP Shares, respectively at this juncture. Notwithstanding this, the LTIP Committee may from time to time at its own discretion decide on the performance targets in the future.

(iv) Duration and termination

The Proposed LTIP, when implemented, shall be in force for a period of 5 years from the effective date of implementation of the Proposed LTIP ("**Effective Date**"). GCAP may, if the Board deems fit and upon the recommendation of the LTIP Committee, extend the Proposed LTIP for a period of up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

Such extended Proposed LTIP shall be implemented in accordance with the terms of the LTIP By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Proposed LTIP and GCAP shall serve appropriate notices on each LTIP Grantee and/or make any necessary Circulars to any parties and/or Bursa Securities (if required) within 30 days prior to the date of expiry of the Proposed LTIP.

The Proposed LTIP may be terminated by the LTIP Committee at any time before the date of expiry of the Proposed LTIP in accordance with the terms of the LTIP By-Laws provided that an announcement is released to Bursa Securities on the following:-

- (a) the effective date of termination of the Proposed LTIP ("**Termination Date**");
- (b) GCAP Shares vested pursuant to the Proposed ESGS and/or number of New ESOS Options exercised pursuant to the Proposed New ESOS; and
- (c) the reasons and justification for termination of the Proposed LTIP.

whereupon the termination, no further LTIP Awards shall be granted by the LTIP Committee from the Termination Date, all LTIP Awards which have yet to be accepted by the Eligible Persons shall be deemed automatically lapse and be null and void on the Termination Date, and any unexercised ESOS Options and/or unvested ESGS Grant shall be deemed cancelled and be null and void on the Termination Date.

Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of GCAP by way of resolution in a general meeting and written consent of the LTIP Grantees in relation to the unvested ESGS Grants and/or unexercised New ESOS Options are not required to effect the termination of the Proposed LTIP.

(v) Ranking of the New ESOS Options and new GCAP Shares arising from the exercise of the New ESOS Options and/or upon vesting of the ESGS Grant

ESOS Grantee will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in GCAP until and unless such ESOS Grantee exercise their New ESOS Options into new GCAP Shares.

Any new GCAP Shares to be issued under the Proposed LTIP and/or existing shares procured by GCAP for the transfer under the ESGS Grant or exercise of the New ESOS Options (vide treasury shares), shall upon allotment and issuance or transfer and full payment, rank equally in all respects with the existing shares, save and except that the new GCAP Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/or any other forms of distribution precedes the relevant date of allotment and issuance of the new GCAP Shares. The new GCAP Shares will be subject to all provisions of the Constitution of GCAP and such amendments thereafter, if any.

(vi) Retention Period

The LTIP Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restriction on the transfer of the shares to be issued and/or transferred (vide treasury shares) pursuant to the Proposed LTIP as it deems fit. However, GCAP encourages the Eligible Persons to hold GCAP Shares granted to them, or subscribed for by them, as a long-term investment and not for realisation of immediate gain. Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, an Eligible Person who is a non-executive director must not sell, transfer or assign GCAP Shares obtained through the exercise of the New ESOS Options offered to him/her within 1 year from the date of offer of the ESOS Award.

(vii) Listing of and quotation for the new GCAP Shares

An application will be made for the listing of and quotation for the new GCAP Shares to be issued pursuant to the Proposed LTIP on the Main Market of Bursa Securities.

(viii) Trust arrangement

For the purpose of facilitating the implementation of the Proposed LTIP and to comply with relevant regulatory requirements, the Company may explore to establish a trust (“Trust”) to be administered by a trustee (“Trustee”) in accordance with the terms and conditions of a trust deed to be entered into with the Trustee (“Trust Deed”). Accordingly, the Company shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit for the purpose of administering the Proposed LTIP, in accordance with the provisions of the Trust Deed.

In the event the Company establishes the Trust, the Trustee may subscribe for new Shares or acquire existing Shares from the Main Market of Bursa Securities and transfer them to a LTIP Grantee at such times as the LTIP Committee shall direct. For the purpose of enabling the Trustee to subscribe for new Shares or acquire existing Shares from the Main Market of Bursa Securities on behalf of a LTIP Grantee and to pay for expenses in relation to the administration of the Trust, the Trustee will be entitled to accept funding or assistance from the Group or any third party.

(ix) Amendments and/or modification to the LTIP By-Laws

Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained, the LTIP Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these LTIP By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these LTIP By-Laws upon such recommendation provided always that no additions or amendments to or deletions of these LTIP By-Laws shall be made which will:-

- (a) prejudice any rights then accrued to any of the LTIP Grantee without the prior consent or sanction of the LTIP Grantee;
- (b) increase the number of GCAP Shares available under the Proposed LTIP beyond the maximum amount as set out in **Section 4.3(ii)** above;
- (c) prejudice any rights of the shareholders of the Company without the prior approval of the Company’s shareholders in a general meeting; or

- (d) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the LTIP By-Laws as specified in the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

4.4 Utilisation of Proceeds

The actual amount of proceeds to be raised from the Proposed New ESOS will depend on the number of New ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the New ESOS Options. For the avoidance of doubt, shareholders of the Company should note that the Company will not raise any proceeds from the issuance of New ESOS Options pursuant to the Proposed New ESOS.

The proceeds arising from the exercise of the New ESOS Options will be utilised to fund the working capital requirements of the Group, which shall include, but not limited to, the payment of trade and other payables, staff costs (such as salaries, statutory contributions and employee benefits) and other operating expenses.

The exact breakdown for utilisation of such proceeds arising from the exercise of the New ESOS Options is not determinable at this juncture and will depend on the actual amount of proceeds and the timing of such proceeds are received as compared to the operational requirement at that point in time. However, GCAP expects to utilise the proceeds for the said working capital requirements within a period of 12 months, as and when the proceeds are received throughout the tenure of the Proposed New ESOS.

The Company will not raise any proceeds from the Proposed ESGs given that the Shares to be issued and/or transferred to the ESGs Grantees will not require any payment from them.

Pending utilisation of proceeds raised as and when the New ESOS Options are exercised, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to fund the Group's working capital requirement.

5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

5.1 Proposed Diversification

The Board intends to undertake the Proposed Diversification after taking into consideration, amongst others, the following:-

- (i) 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 Malaysia Sdn Bhd, whilst at the same time reduce the Group's reliance on the existing transportation segment; 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.

5.2 Proposed LTIP, Proposed Awards and Proposed Allocations

The Proposed LTIP, Proposed Awards and Proposed Allocations 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;
- (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.

6. INDUSTRY OVERVIEW AND OUTLOOK

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for E&E products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("MCO 2.0") and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

Domestic demand recorded a smaller decline of 1.0% (4Q 2020: -4.5%) in the first quarter of 2021, weighed down by the contraction in private sector expenditure amid the imposition of MCO 2.0. However, the impact of MCO 2.0 was smaller given that most economic sectors were allowed to operate and with continued policy support for households and businesses. On the external front, robust external demand particularly for E&E products, contributed to a continued expansion in net exports.

Private consumption contracted by 1.5% during the quarter (4Q 2020: -3.5%). Although household spending was affected by the imposition of MCO 2.0, the impact was smaller compared to the MCO last year amid relatively less restrictive containment measures. While wage and employment growth remain in contraction, the overall growth improved, as most businesses continued to operate, which lent support to household spending. Spending on online platforms also continued to increase, cushioning the impact of the drop of in-store spending, as reflected in the expansion of the index of online retail sales (1Q 2021: 22.8%; 4Q 2020: 30.4%). Furthermore, consumer expenditure remained supported by various stimulus measures including the EPF i-Sinar withdrawals, wage subsidies as well as the Targeted Repayment Assistance (TRA).

Public consumption improved to 5.9% (4Q 2020: 2.4%) amid a rebound in supplies and services spending, particularly by the Federal Government. Growth was also supported by faster expansion in emoluments.

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors.

The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

(Source: BNM Quarterly Bulletin 1st Quarter 2021, Bank Negara Malaysia)

6.2 Overview and outlook of the energy sector industry in Malaysia

Malaysia is blessed with a variety of primary energy resources, including oil, natural gas, coal and renewable energy. According to the Malaysian Economic Planning Unit (“EPU”), as of 1 January 2011, there is an estimated 2.5 trillion cubic metres (89.9 trillion cubic feet) of natural gas and 5.9 billion barrels of oil reserves available, that will last 39 and 25 years respectively (EPU, 2011). The National Depletion Policy of 1980 aims to safeguard depleting reserves by restricting the production of hydrocarbons to 3% of ‘oil initially in place’. This effectively limits the production of crude oil to 650 000 barrels per day and natural gas in Peninsular Malaysia to 2000 million standard cubic feet (56.6 million cubic metres) per day (KeTTHa, 2009). The economy also has about 1.9 billion tonnes of coal resources that are largely underexploited (Tse, 2011).

Malaysia’s primary energy supply is projected to grow at 1.7% a year, to reach 103 million tonnes of oil equivalent (“Mtoe”) in 2035. The growth is driven mainly by demand for gas in the electricity generation sector and demand for oil in the transport sector. The oil and gas sectors have long been significant contributors to Malaysia’s GDP and energy security, but this is likely to change due to rising domestic demand and maturing reserves. To meet this challenge, Malaysia will sustain production by rejuvenating existing fields and intensifying exploration activities while enhancing downstream growth and leveraging on its strategic location to become a regional hub for oilfield services. Electricity demand is expected to increase significantly from 96.3 terawatt-hours (“TWh”) in 2009 to 206 TWh in 2035. To better manage this increasing demand, Malaysia aims to encourage efficient use of energy through initiatives like the Malaysia Green Labeling Program and Green Building Index, and to diversify its energy sources by building up solar capacity and tapping its vast hydroelectricity potential.

(Source: Chapter Malaysia, APEC Energy Demand and Supply Outlook – 5th Edition)

Malaysia is rich in conventional energy resources such as oil, gas, and coal, as well as renewable energy such as hydropower, biomass, and solar. As of January 2018, its conventional energy reserves included 4.553 billion barrels of crude oil, 79.531 trillion cubic feet of natural gas, and 1,938.37 million tonnes of coal. Malaysia's gas reserves are four times the size of its crude oil reserves in terms of energy equivalency. Natural gas reserves off the east coast of Peninsular Malaysia are earmarked for domestic consumption, while those in Sarawak are allocated as revenue earners in the form of liquefied natural gas exports. Malaysia is a net energy exporter. Crude oil, liquefied natural gas, and petroleum products contributed RM156,665 million, 15.6% of the economy's export earnings in 2018.

Energy plays a pivotal role in achieving Malaysia's sustainable growth and development goals. The sustainability of energy resources has been strategically planned over the years and energy policies developed after careful evaluation of the current and future energy needs and supply of energy. Historically, Malaysia's energy policies have focused on increasing the accessibility and affordability of energy as well as energy security. Malaysia's National Energy Policy (1979) set out to ensure the more cost-effective use of resources and more efficient use of energy. The Four Fuel Diversification Policy (1981) aimed to reduce overdependence on oil by introducing more coal and gas as energy sources. The Five Fuel Diversification Policy, which came into effect in 2001, added renewable energy to the mix.

Under Business as usual scenario ("**BAU**"), the total primary energy supply ("**TPES**") registered an average annual growth rate ("**AAGR**") of 5.6% from 1990 to 2017. The outlook results showed that the TPES is projected to increase by 3.3% per year from 2017 to 2050. Other sources (biomass, solar, and biofuel) will increase from 0.15 Mtoe in 2017 to 1.79 Mtoe in 2050, an AAGR of 7.7%. The supply of natural gas will increase at 3.7% per year from 2017 to 2050, and oil will increase from 29.23 Mtoe in 2017 to 84.18 Mtoe in 2050, an AAGR of 3.3%. Coal (consumed mainly by the power sector) is expected to increase by 2.8% per year in 2017–2050.

In the alternative policy scenario ("**APS**"), growth in final energy consumption will be at 3.1% per year from 2017 to 2050, slightly lower than BAU at 3.3% per year. The slower projected rate of increase in the APS would result from improvements in manufacturing technologies, as well as efforts to improve energy efficiency, particularly in the industry and 'others' sectors. Thus, savings of 16% in the industry sector could be expected in 2050. In the 'others' sector, the annual growth rate of energy consumption is projected to be 2.9%, slower than BAU at 3.4% in BAU. Potential savings of 16% in 2050 can be achieved through the implementation of energy efficiency measures.

(Source: Chapter 11, Malaysia Country Report, Energy Outlook and Energy Saving Potential in East Asia 2020)

Under the Paris Agreement, Malaysia has made a commitment to reduce Greenhouse Gas (GHG) emissions by 45% by 2030 in relation to its 2005 GDP. This target was set with 35% on unconditional basis and 10% on conditional basis upon receipt of climate finance funding, technology transfer, and capacity building from developed countries.

(Source: Malaysia's Green Technology 2020, Malaysia Investment Development Authority)

At the 21st Conference of Parties (COP21) in 2015, Malaysia pledged to reduce its carbon emission intensity per GDP by 35% in 2030 relative to the 2005 level, or 45% with support from developed countries. This Nationally Determined Contribution (NDC) was ratified at the Paris Agreement and overwhelmingly adopted by the United Nations member states to counter the damaging impact of climate change.

Reinforcing the COP21 commitment, the Government has revised the national RE capacity mix target from 20% to 31% by 2025 for Malaysia. The Government has also included large hydro resources as part of RE definition for Malaysia, consistent with practices adopted by other countries internationally. Current large hydro capacity in Malaysia stands at 5,684MW with Peninsular Malaysia contributing about 2,232 MW.

In achieving the 31% RE capacity mix target for Malaysia by 2025, a total of 1,178MW of new RE capacities will be developed in Peninsular Malaysia from 2021 onwards. The additional RE capacities consist of 1,098MW of solar and 80MW of non-solar. The RE capacity mix for Malaysia is projected to increase to the 40% level by 2035. An additional 2,414MW of RE capacity would be developed in Peninsular Malaysia from 2026 to 2035 to support the country's long-term national commitment.

By the end of 2030, the system is projected to require 6,077MW of new capacity (Thermal and RE) to meet the demand growth, maintain the optimum reserve margin for system reliability and replace retired plants. This new capacity will be added to the system through competitive bidding which will translate into optimum generation cost. Hence, affordable tariff to consumers can be achieved.

Beyond 2030, the system may require 9,924MW of additional capacity (Thermal and RE) by 2039 for the same purpose. Malaysia's commitment on sustainable energy pathway will continue with new RE and Combined Cycle Gas Turbine Plants coming into the system post-2030.

In addressing system stability concerns due to the influx of RE, five units of Battery Energy Storage System (BESS) with a capacity of 100MW had been planned for installation annually into the system from 2030 – 2034. Following this, a pilot project for grid-connected BESS will be carried out by Grid System Operator before BESS could be fully introduced into grid system starting in 2030.

The RE capacity is projected to increase from 17% to 31%, in tandem with the reduction in thermal (gas and coal) capacity share from the total of 82% to 69% by the end of the horizon.

(Source: Report on Peninsular Malaysia Generation Development Plan 2020 (2021-2039), March 2021, Energy Commission Malaysia)

Malaysia introduced RE as the 5th fuel strategy in the energy mix under the National Energy Policy in 2001. A target of having 500MW grid-connected power generations by 2005 from RE sources was set. To support the initiative, fiscal incentives under the Small Renewable Energy Power (SREP) programme were offered. The target was revised in 2006 to 350MW by 2010.

By 2011, the Renewable Energy Act 2010 was enacted with the provision of the Feed-in Tariff (FiT) programme, providing more attractive incentives to spur the implementation of grid-connected power generation from RE resources. The FiT duration for biomass, biogas, small hydropower, and solar photovoltaic (PV) electricity generation is 21 years respectively. Renewables in Malaysia represented 22.5% of the national installed capacity mix as of the end of 2018. Sarawak makes a significant contribution with its large hydropower capability. With the FiT scheme implemented since end-2011, other renewables like solar PV, bio-energy, and small hydropower are raising their shares in the national installed capacity mix. As of the end of 2019, the cumulative approved capacity of renewables under the FiT was 1,243.60MW. This represented a year-on-year (YoY) growth of 15.6% from 2012 to 2019.

(Source: Volume 4, Issue 10, 2021, Sustainable Energy Malaysia, Sustainable Energy Development Authority)

6.3 Overview and outlook of the logistic/transportation industry

Since its independence in 1957, Malaysia has experienced rapid growth from a rural, agrarian state to a modern, industrialised nation. Malaysia's growth has been underpinned by its transport sector. Malaysia has constructed over 200,000 km of roads, over 2,900 km of rail as well as 18 ports and 22 airports which form the backbone of Malaysia's growth as a key player in the South East Asian and global markets.

Malaysia's transport sector represents a critical enabler for its socioeconomic development. The efficiency of a nation's transportation system directly correlates to trade and economic growth.

(Source: National Transport Policy 2019-2030, Ministry of Transport Malaysia)

The transportation and storage subsector contracted significantly by 24% in the first half of 2020 with all segments severely affected by the border closure and lower trade activities. However, the subsector is anticipated to decline marginally by 0.5% in the second half following the lifting of interstate travel bans, increasing domestic travellers, improving trade activities and loosening of port restrictions.

With prolonged border closure for tourism related activities and the extension of Recovery Movement Control Order (RMCO) until year end, the subsector is forecast to record a decline of 11.9% in 2020. The subsector is projected to rebound by 7.5% in 2021, driven by the land transport segment, following operations of new highways, including the Setiawangsa – Pantai Expressway (SPE), Damansara – Shah Alam Elevated Expressway (DASH) and partial alignment of Pan Borneo Highway. In addition, the launching of seven sets of four-car trains for KL Monorail is expected to increase the daily ridership. Likewise, the air transport segment is anticipated to recover moderately, due to the increase in domestic passenger traffic and cargo movement. The water transport segment is forecast to improve gradually, as world maritime trade recovers.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

The services sector recorded a smaller decline of 2.3% in the first quarter of 2021 (4Q 2020: -4.8%). This was due to the improvement in the consumer-related activities, supported by the relaxation of containment measures such as dine-ins and inter-district travel beginning from middle of February 2021. Nevertheless, the weakness in tourism activity continues to affect key subsectors such as accommodation as well as air travel under the transport and storage subsector.

(Source: BNM Quarterly Bulletin 1st Quarter 2021, Bank Negara Malaysia)

6.4 Prospects of the transportation business

The outbreak of the COVID-19 pandemic has materially affected the transportation business of the Group. In particular, the direct implication of the relevant MCOs imposed by Government had resulted in the temporary suspension of the Group's school bus chartering services with the Ministry of Defence. As a result thereof, the transportation business of the Group suffered a dip in earnings during the MCO periods.

In view of the full MCO nationwide (which was implemented by the Government on 28 May 2021), the management remains cautious at this juncture of the prospects of the transportation business of the Group in the near term. Although the Group will continue to service its contract with the Ministry of Defence, the management does not intend to expand this business segment in the near term. Nevertheless, the management is looking forward to better economic prospects in 2022 in view of the on-going vaccination programme and the Government's expectation of achieving herd immunity by end of 2021.

6.5 Prospects of the Proposed Diversification

The Board expects the energy solution provider industry to continue to grow and provide sustainable earnings growth to Group, after taking into consideration, the developments made by the Group in the renewable energy segment as disclosed in **Section 2, Part A** of this Circular, and the prospects of the energy sector moving forward (in particular, the renewable energy sector in Malaysia) as highlighted in **Section 6.2, Part A** of this Circular as well as the Government's initiatives to support the renewable energy sector.

Moving forward, the Group may also embark on additional viable ventures in the other sub sectors of energy solution provider industry through organic growth or other avenues/options, including but not limited to, strategic businesses/investments, joint ventures, collaborative arrangements, business agreements, mergers and acquisitions of suitable businesses/investments as and when such strategic opportunity arises. Prior to embarking on such ventures, the Board wishes to assure shareholders that the Group will undertake the relevant feasibility studies to provide risk-reward assessment on the viability of such organic/inorganic growth strategies. In addition, the Company will make necessary announcement(s) in accordance to the Listing Requirements, as and when, the Group has entered into any agreement in relation to such ventures/acquisitions. The Group shall procure to shareholders' approval and/or other regulatory approvals, as needed,

Premised on the above as well as the outlook of the energy sector (in particular, the renewable energy sector) as set out in **Section 6.2, Part A** of this Circular, the Board believes that the Proposed Diversification will enhance the Group's earnings and future prospects of the Group as it provides a good opportunity for the Group to obtain a steady stream of revenue and income moving forward.

7. RISK FACTORS

7.1 Non-realisation of benefits expected from the Proposed Diversification

There can be no assurance that the anticipated benefits arising from the Proposed Diversification will materialise in full. The realisation of the anticipated benefits is subject to various factors which may be beyond the control of the Company. Nevertheless, the Board has exercised due care in considering the potential risks and the anticipated benefits associated with the Proposed Diversification and will take all reasonable steps to achieve the benefits to the extent possible.

7.2 Business diversification risk

Given that the Group is currently involved in the Energy Solution Provider through its mini-hydropower projects and Solarcity, the management is hence familiar with the inherent risks in the energy solution provider industry which includes, but are not limited to, the adverse changes in supply and demand conditions, outbreak of diseases, fire or other natural disasters, competition from the existing players in the market, entry of new players, changes in law and tax regulations and availability of technical expertise.

There can be no assurance that the Group may be able to successfully mitigate the various risks in the energy solution provider industry, and if unable to do so, the business operation and financial performance of the Group may be adversely affected. Nevertheless, the Group seeks to limit these risks, through, inter alia, conducting a periodic review of its business operations as well as implementing prudent financial management to improve efficiency and ensure proper due diligence are implemented during the period between planning, construction and completion of the projects.

(i) Business risks for mini hydropower plant

As Group currently operates in mini hydropower plants sector, the Group is subject to inherent risks in the industry, which includes, amongst others, the expertise to operate the business, unanticipated costs overruns, dependence on contractors and/or subcontractors to perform certain works and retention of certain approvals and permits to operate the plant.

There can be no assurance that these risks will not adversely affect the business and financial performance of the Group. The Group will hence seek to limit the business risks by implementing the relevant strategies to, amongst others, retain and reward key employees, conducting a periodic review of its business operations as well as implementing prudent financial management to minimise risk on potential costs overruns.

(ii) Business risks for Solar PV System

The Group via Solarcity will be susceptible to the inherent business risks in the industry, which includes, dependence on contractors and/or subcontractors to perform certain works, the unanticipated costs overruns on the projects, increased competition from local and international players, potential defects liability claims and regulatory compliances.

In view of the above, similar to management's approach in respect of the mini hydropower plant business, the management intends to limit the inherent business risks by adopting the relevant strategies and practices to monitor and review the progress of its projects, and undertaking prudent financial management to minimise risk on potential costs overruns.

7.3 Non fulfillment of PPA

In relation to the PPA, the Group may be exposed to the following risks:-

(i) Delay risk

In the event the Group fails to meet the scheduled commercial operation dates as stipulated in the PPA, the Group may be liable for the payment of liquidated damages.

(ii) Non-performance risk

In the event the Group fails to deliver the targeted capacity output to the buyer in accordance with the PPA, the Group would be subjected to penalty payments due to performance deficiency.

(iii) Non-compliance risk

In the event the Group fails to meet the dispatch requirements of energy output as specified in any dispatch instruction, the Group would be subjected to certain penalty. Additionally, any failure to comply with or operate in conformity with certain operating standards or characteristics set out in the PPA, the Group would be subjected to penalty payments for such failure.

(iv) Financial risk

In the event the Group is unable to obtain sufficient funding within the timeframe as stipulated in the PPA, the construction of the renewable energy power plant may potentially be delayed or suspended. This may in turn adversely impact the earnings and business operations of the Group.

Any other material exposure to liquidated damages or service level penalties under the PPA will materially and adversely affect the profitability, results of operations and financial performance of the Group.

As such, the Group is taking effective measures to mitigate the abovementioned risks through comprehensive negotiation of the terms and conditions of the PPA, to ensure its fairness and reasonableness to the parties involved, the recruitment of suitably trained and experienced management, and timely planning for the funding requirements.

7.4 Dependency on key management personnel

Moving forward, the Group's success in the Energy Solutions Provider business, to an extent, is dependent largely on the abilities, skills, experience, competency and continued efforts of the key management personnel, as well as the Group's ability to attract more qualified personnel who have relevant industry experience. The loss of key management personnel without timely replacement or the Group's inability to attract and retain other qualified personnel may adversely affect the Group's new business operations, its revenue and profitability. Recognising the importance of the key management personnel, the Group will continuously adopt appropriate measures to attract and retain them by offering, amongst others, competitive remuneration packages and ongoing training and development programs.

The Group will strive to retain qualified experienced personnel who are essential to the Group's succession plan to ensure continuity and competency in the management team. However, there is no assurance that the loss of any such key management personnel, high-performing senior management and/or employees will not adversely affect the Group's ability to succeed and compete in the Energy Solutions Provider business.

7.5 Implications of COVID-19 on the Group's existing businesses and new business

The global economic growth has been affected due to the outbreak of COVID-19 and its rapid spread across the globe. The ripple effects of COVID-19 are still unfolding on a global scale and the true impact of this pandemic can only be measured once the situation stabilizes. Inevitably, social and economic conditions in Malaysia will be affected by the COVID-19 pandemic. In particular, in the event the movement control orders imposed by the Government is extended, the Company may be subject to disruptions in business operations and/or undertaking the Proposed Diversification, which in turn may negatively affect the earnings of the Group. Nevertheless, the Company will continue to strive to implement efficient operating procedures and prudent financial management to ensure that the adequacy of working capital as well as on the timeliness of delivering the projects.

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8. EFFECTS OF THE PROPOSALS

8.1 Share capital

The Proposed Diversification will not have any effect on the issued share capital of GCAP as there is no issuance of new GCAP Shares involved.

For illustrative purposes, the proforma effects of the Proposed LTIP on the issued share capital of GCAP are set out below based on the following scenarios:-

Minimum Scenario : Assuming none of the Existing ESOS Options are exercised into new GCAP Shares

Maximum Scenario : Assuming all of the Existing ESOS Options are exercised into new GCAP Shares

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	308,690,971	125,324,279	308,690,971	125,324,279
Assuming full exercise of Existing ESOS Options	-	-	12,000,000	(¹)4,920,000
Maximum new GCAP Shares to be issued pursuant to the Proposed LTIP	308,690,971	125,324,279	320,690,971	130,244,279
Enlarged issued share capital of GCAP	(²)46,303,645	(³)33,801,661	(²)48,103,645	(³)35,115,661
	354,994,616	159,125,940	368,794,616	165,359,940

Notes:-

- (1) Assuming 12,000,000 outstanding Existing ESOS Options are exercised into new GCAP Shares at RM0.41 each.
- (2) Computed based on 15.0% of the total number of issued GCAP Shares (excluding treasury shares, if any). For the avoidance of doubt, 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.
- (3) For illustrative purposes, calculated based on the assumed Option Price of RM0.73, being approximately 9.63% discount to the 5-day VWAP of GCAP Shares up to and including the LPD of approximately RM0.8078.

The Proposed LTIP, Proposed Awards and Proposed Allocations will not have any immediate effect on the existing issued share capital of the Company. The issued share capital of the Company will increase progressively depending on the number of new GCAP Shares to be issued arising from the exercise of the New ESOS Options that may be granted under the Proposed New ESOS and/or pursuant to the vesting of the new GCAP Shares under the ESGS Grant.

8.2 NA per share and gearing

The Proposed Diversification is not expected to have any immediate material effect on the NA and gearing of the Group. However, the future NA and/or gearing of the Group will depend on the profit contribution arising from the Group's Energy Solutions Provider business segment as and when profit is made from the Group's Energy Solutions Provider business and related activities in the ensuing financial years.

Pursuant to the Proposed LTIP, save for the potential impact of Malaysian Financial Reporting Standards 2, on "Share-Based Payment" ("MFRS 2") issued by the Malaysian Accounting Standards Board as set out in **Section 8.3** below, the Proposed LTIP is not expected to have an immediate effect on the NA, NA per share and gearing of the Group until such time the New ESOS Options are exercised and/or the ESGS Grant are vested, respectively.

The effects will depend on the following:-

- (i) in respect of the Proposed New ESOS, the number of new GCAP Shares to be issued pursuant to the exercise of New ESOS Options and the ESOS Option Price; and/or
- (ii) in respect of the Proposed ESGS, the number of GCAP Shares to be issued and/or transferred pursuant to the vesting of GCAP Shares comprised in the ESGS Grant.

For illustration purposes, upon exercise of the New ESOS Options and/or vesting of the GCAP Shares comprised in the ESGS Grant, the NA per share is expected to:-

- (i) increase if the ESOS Option Price and/or the fair value of the ESGS Grant is higher than the NA per share at such point of exercise and/or vesting; and
- (ii) decrease if the ESOS Option Price and/or the fair value of the ESGS Grant is lower than the NA per share at such point of exercise and/or vesting.

8.3 Earnings and EPS

(i) Proposed Diversification

The Proposed Diversification is not expected to have any immediate material effect on the consolidated EPS of GCAP. However, the Proposed Diversification is expected to contribute positively to the future earnings of the Group as and when it is able to record profits from its Energy Solutions Provider business segment.

(ii) Proposed LTIP

The Proposed LTIP is not expected to have any immediate effect on the consolidated EPS of the Group until such time when the LTIP Awards are granted and vested. Future earnings of GCAP may be affected as, according to MFRS 2, the costs arising from the LTIP Awards are required to be measured at the date on which the LTIP Awards are granted and recognised as an expense over the vesting period of the LTIP Awards.

Any potential effect on the EPS of the Group will depend on the number of GCAP Shares comprised in the LTIP Awards, number of New ESOS Options granted and exercised, the subscription price payable upon the exercise of the New ESOS Options under the Proposed New ESOS and various factors that affect the fair value of the New ESOS Options and/or the ESGS Grant. However, it should be noted that the estimated cost does not represent a cash outflow by GCAP as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of the LTIP Awards to the Eligible Persons.

8.4 Convertible securities

As at the LPD, save for the 12,000,000 outstanding Existing ESOS Options, GCAP does not have any outstanding convertible securities.

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8.5 Substantial shareholders' shareholdings

The Proposed Diversification will not have any effect on the substantial shareholders' shareholdings in the Company as it does not involve any issuance of new shares.

The Proposed LTIP is not expected to have any immediate effect on the substantial shareholders' shareholdings in GCAP. Any potential effect on the substantial shareholdings in GCAP will depend on the number of New ESOS Options granted and new GCAP Shares to be issued arising from the exercise of the New ESOS Options under the Proposed New ESOS as well as the number of new GCAP Shares issued under the Proposed ESGS at any point in time.

For illustrative purposes, the pro forma effects of the Proposed LTIP, Proposed Awards and Proposed Allocations on the substantial shareholders' shareholdings in GCAP as at the LPD are set out below:-

	As at the LPD			Minimum Scenario			Maximum Scenario					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	(%)*	No. of Shares	(%)^	No. of Shares	(%)#	No. of Shares	(%)#	No. of Shares	(%)#		
Lee Yee Long	2,200,000	0.71	(1)23,700,000	7.68	2,200,000	0.62	(1)23,700,000	6.68	2,200,000	0.60	(1)23,700,000	6.43
Lee Poh Hin	3,000,000	0.97	(1)23,700,000	7.68	3,000,000	0.85	(1)23,700,000	6.68	3,000,000	0.81	(1)23,700,000	6.43

Notes:-

* Based on 308,690,971 GCAP Shares in issue as at the LPD.

^ Based on 354,994,616 GCAP Shares in issue.

Based on 368,794,616 GCAP Shares in issue.

(1) Deemed interest through his shareholdings in Ban-Seng Packaging Sdn Bhd and Percetakan Sanwa Industries Sdn Bhd.

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9. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the GCAP Shares as traded on Bursa Securities for the past 12 months up to and including the LPD are set out in the table below:

	High (RM)	Low (RM)
2020		
June	0.570	0.520
July	0.800	0.535
August	1.340	0.720
September	0.775	0.515
October	0.740	0.560
November	0.810	0.560
December	1.380	0.775
2021		
January	1.060	0.845
February	1.020	0.855
March	0.945	0.850
April	0.890	0.785
May	0.880	0.780
The last transacted price of GCAP Shares on 10 May 2021 (being the day prior to the date of the announcement dated 11 May 2021)		0.815
The last transacted price of GCAP Shares as at the LPD (being the latest practicable date prior to the printing of this Circular)		0.800

(Source: Bloomberg)

10. 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 which was obtained vide its letter dated 2 June 2021 and is subject to the following conditions:-

No	Conditions	Status of Compliance
a	GCAP and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the proposal;	Noted
b	GCAP is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders at the extraordinary general meeting approving the proposal;	To be complied
c	GCAP and UOBKH are required to inform Bursa Securities upon completion of the proposal;	To be complied
d	GCAP is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposal is completed;	To be complied

No	Conditions	Status of Compliance
e	GCAP is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied
f	Payment of additional listing fees pertaining to the exercise of ESOS options or award of ESGS shares, if relevant. In this respect, GCAP is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the exercise of ESOS options or award of ESGS shares as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

- (ii) the approval of the shareholders of GCAP at the forthcoming EGM for the Proposed Diversification, Proposed LTIP, Proposed Awards and Proposed Allocations; and
- (iii) any other relevant authority/parties, if required.

The Proposed Diversification and Proposed LTIP are not conditional upon each other.

The Proposed LTIP is not conditional upon the Proposed Awards and Proposed Allocations. However, the Proposed Awards and Proposed Allocations is conditional upon the Proposed LTIP and will only be implemented upon the implementation of Proposed LTIP. Further, the Proposed Awards and Proposed Allocations are not inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

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

None of the directors, major shareholders, and chief executive of GCAP and/or person connected to them have 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, these Directors are therefore deemed interested in the Proposed LTIP 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**").

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meeting(s) in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed LTIP.

The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM on the ordinary resolutions to be tabled for their respective proposed awards and/or proposed allocation, if any, as well as the proposed awards and/or proposed allocations to the persons connected to them, if any. The Interested Directors will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in the Company on the ordinary resolutions pertaining to their respective proposed awards and/or proposed allocation and the proposed awards and/or proposed allocations to the persons connected to them to be tabled at the forthcoming EGM. As at the LPD, none of the Interested Directors hold any shares in GCAP.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the 3rd quarter of 2021.

The tentative timetable in relation to the Proposals are set out below:-

Timeline	Event(s)
30 June 2021	<ul style="list-style-type: none">• Convening of EGM
3 rd quarter of 2021	<ul style="list-style-type: none">• Completion of Proposed Diversification

13. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, which are the subject matters of this Circular, the Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered the current financial position of the Group, and after careful deliberation as well as taking into consideration the rationale, the prospects of the Energy Solution Provider business, the risk factors and all other aspects of the Proposed Diversification, is of the opinion that the Proposed Diversification is in the best interests of the Group.

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 abstained from deliberating, voting 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.

Where the resolutions are not related to their respective allocations or to the persons connected to them, if any, the Interested Directors, after having considered all aspects of the Proposed LTIP, Proposed Awards and Proposed Allocation, are of the opinion that the Proposed LTIP, Proposed Awards and Proposed Allocation are in the best interest of the Group.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

15. EGM

The EGM, the notice which is enclosed in this Circular, will 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, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

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.

16. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)

TAN SRI DR. ALI BIN HAMSA
Executive Director

PART B

**LETTER TO SHAREHOLDERS IN RELATION TO THE
PROPOSED SHAREHOLDERS' MANDATE**



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,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

The Company wishes to seek and obtain the general mandate from its shareholders for the Group to enter into RRPTs in the ordinary course of business based on commercial terms which are not more favorable to the Related Party than those generally available to the public and which are necessary for GCAP Group's day-to-day operations. The said mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM of the Company unless the authority for its renewal is obtained from the shareholders of GCAP.

On 11 May 2021, UOBKH had, on behalf of the Board, announced that the Company intends to seek its shareholders' approval for the Proposed Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements.

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming EGM, will take effect from the date of the passing of the proposed ordinary resolutions at the forthcoming EGM and shall continue to be in force until: -

- (i) the conclusion of the next AGM of the Company following the forthcoming EGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

- (iii) revoked or varied by resolutions passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

Thereafter, the approval from shareholders will be sought for a renewal of the Proposed Shareholders' Mandate for RRPT at each subsequent AGM of the Company.

The purpose of this Circular is to provide you with the relevant information of the Proposed Shareholders' Mandate and to seek your approval on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM, which will be held and 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.

SHAREHOLDERS OF THE COMPANY ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

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

- (a) the transactions are in the ordinary course of business and are on terms not more favorable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with a total issued share capital of RM60.0 million and above:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more, whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the RRPT. An interested director or interested major shareholder must ensure that persons connected with him shall abstain from voting on the resolution approving the RRPT; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.1 Principal Activities of GCAP Group

The Company is principally an investment holding company. The details of the subsidiaries of GCAP as at the LPD are set out in the table below:

Name of company	Effective equity interest (%)	Principal Activities
Gunung Resources Sdn. Bhd. (“ GRSB ”)	100.0	Chartering of motor vehicles
Gunung Hydropower Sdn. Bhd. (“ GHSB ”)	96.0	Dealing in hydropower and hydroelectric activities
GPB Corporation Sdn. Bhd. (“ GPB ”)	100.0	Chartering of land-based passenger transportation assets and specialty vehicles
Pusaka Hijau Sdn. Bhd. (“ PHSB ”)	100.0	Investment holding company
Solarcity Malaysia Sdn. Bhd. (“ Solarcity ”)	70.0	Supply, installation and operation of solar photovoltaic electric power generation system
Atlas Energy Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
ACE Hydropower Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
Cekap Hydropower Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
G Hydropower Sdn. Bhd. (“G-Hydro”)	100.0	Dealing in hydropower and hydroelectric activities
North Power Hydropower Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
Northern Star Hydropower Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
Premier Hydropower Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
Solid Hydropower Sdn. Bhd.	100.0	Dealing in hydropower and hydroelectric activities
Subsidiaries of GRSB:		
G Healthcare Supply Sdn. Bhd.	100.0	Wholesale of pharmaceutical and medical goods
Mont Capital Co. Ltd.	100.0	Provision of management consultation services
Subsidiaries of GHSB:		
Kundur Hydro R E Sdn. Bhd.	74.6	Dealing in hydropower and hydroelectric activities
Conso Hydro R E Sdn. Bhd.	51.0	Dealing in hydropower and hydroelectric activities

Name of company	Effective equity interest (%)	Principal Activities
Subsidiary of GPB:		
Bas Rakyat Sdn. Bhd	100.0	Provision of public transportation services
Subsidiary of PHSB:		
PHREC	60.0	Developing, maintaining and operating of hydropower and hydroelectric activities
Subsidiary of G-Hydro:		
Ingress Energy Sdn. Bhd.	100.0	Developing, maintaining and operating of hydropower and hydroelectric activities
Spark Energy Sdn. Bhd.	100.0	Developing, maintaining and operating of hydropower and hydroelectric activities

The Board proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate in order for the GCAP Group to enter into transactions in the normal course of business as set out in **Section 2.3, Part B** of this Circular, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favorable to the Related Party than those generally available to the public and are not detrimental to the minority shareholders of the Company. The Proposed Shareholders' Mandate will enable the Group to enter into the RRPTs without the necessity, in most instances, to convene meetings in order to procure specific prior approval of the shareholders. The RRPTs will also be subject to the review method or procedures set out in **Section 2.4, Part B** this Circular.

For information purposes, as at the LPD, there was no amount due and owing to GCAP Group by the Related Parties pursuant to the RRPTs.

2.2 Nature and categories of RRPTs

The Proposed Shareholders' Mandate will apply to the transactions with the following Related Party:-

Transacting Parties		Nature of transaction	Estimated value to be transacted from the forthcoming EGM to the 27 th AGM (RM' million)	Related Party
Provider	Recipient			
eLeaps Sdn. Bhd. ("eLeaps")	Solarcity, a subsidiary of GCAP	Provision of engineering, procurement, construction and commission services by eLeaps to Solarcity	500.00	Heng Boon Liang is a common director of Solarcity and eLeaps. He is also a major shareholder of eLeaps. Kong Chak Fung is a key management personnel to Solarcity. He is also a director cum shareholder to eLeaps.

2.3 Validity Period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred for the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM and shall continue to be in force until:

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

2.4 Review Methods or Procedures for the RRPTs

GCAP Group have established various methods and procedures to ensure the RRPTs are undertaken on arms' length and on normal commercial terms, which are consistent with GCAP Group's usual business practices and policies, on transaction prices and terms which are not more favorable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows:

- (i) the Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholder's mandate and will also be advised of the review and disclosure procedures;
- (ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;

- (iv) The management of the GCAP Group are cognisant that, all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there has not been any similar or substantially similar transactions between GCAP Group and unrelated third parties, the terms of the transactions for the products or services will be in accordance with the Group's usual business practices and policy of the Group and are not detrimental to GCAP Group;
- (v) Where RRPT is one with a value equal to or in excess of RM1.0 million, it will be reviewed and approved by majority of Directors of the Company who have no interest in the transaction. Where the RRPT is one with a value below RM1.0 million, it will be reviewed and approved by the Executive Director or Chief Executive Officer of the Company;
- (vi) Records will be maintained by the respective companies to capture all RRPTs which are entered pursuant to the shareholders' mandate;
- (vii) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that relevant approvals are obtained and the procedures in respect of such transactions are adhered to;
- (viii) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPTs have been complied with; and
- (ix) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

2.5 Statement by Audit Committee

The Audit Committee has the overall responsibility of determining whether the methods or procedures for reviewing all RRPTs are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures and processes established to monitor RRPTs have been complied with. If it is determined that the procedures and processes stated in **Section 2.4** in this Circular are inadequate to ensure that (i) the RRPTs will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee have seen and reviewed the procedures set out in **Section 2.4** of this Circular and is of the view that the Group has in place adequate procedures and processes to monitor, track, and identify RRPT(s) in a timely and orderly manner.

The Audit Committee is of the opinion that review procedures set out in **Section 2.4** in this Circular are sufficient to ensure that the RRPTs are not more favorable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company.

2.6 Disclosure of RRPTs

Disclosure will be made in the annual report of the Company in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered during the financial year based on the following information:

- (a) the type of the RRPTs made; and
- (b) the names of the Related Parties involved in each type of the RRPTs made and their relationships with GCAP Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate had been obtained.

3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will enable GCAP Group to carry out RRPTs necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channelled towards attaining other corporate objectives.

The RRPTs carried out within GCAP Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, the RRPTs are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage

of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close cooperation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, earnings per share and the shareholdings of the substantial shareholders of the Company.

5. INTERESTED DIRECTORS AND MAJOR SHAREHOLDERS

None of the directors, major shareholders, chief executive of GCAP and/or person(s) connected to them have any interest, whether direct or indirect, in the Proposed Shareholders' Mandate save for Heng Boon Liang (who is the director of Solarcity, the transacting subsidiary of GCAP in respect of the Proposed Shareholders' Mandate). For the avoidance of doubt, Heng Boon Liang is not a director and major shareholder of GCAP.

6. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming EGM.

7. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Shareholders' Mandate and after careful deliberation, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, the Board recommends that the shareholders of the Company to consider **VOTE IN FAVOR** for the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

8. EGM

The EGM, the notice which is enclosed in this Circular, will 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, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Shareholders' Mandate.

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 at 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.

9. FURTHER INFORMATION

Shareholders of the Company are requested to refer to **Appendix II** contained in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)

TAN SRI DR. ALI BIN HAMSA
Executive Director

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

**THE BY-LAWS OF THE LONG TERM INCENTIVE PLAN OF
G CAPITAL BERHAD**

1. DEFINITIONS

1.1 Except where the context otherwise requires, the following expressions in these By-Laws shall have the following meanings:

“Act”	:	The Companies Act 2016, as amended from time to time and any re-enactment thereof
“Award Date”	:	The date of the letter or electronic mail of which an LTIP Award is offered by the LTIP Committee to the Eligible Person(s) to participate in the Scheme
“Board”	:	The Board of Directors of the Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“By-Laws”	:	The rules, terms and conditions of the Scheme, as may be modified, varied and/or amended from time to time in accordance with By-Law 28
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
“CDS”	:	Central Depository System
“Company” or “GCB”	:	G Capital Berhad (Registration No. 199501000977 (330171-P))
“Constitution”	:	The constitution of the Company, including any amendments thereto that may be made from time to time
“Date of Acceptance”	:	The date on which the LTIP Committee shall receive the written notice accepting an ESOS Award from an Eligible Employee
“Date of Expiry”	:	The last day of the Duration of the Scheme as defined in By-Law 25.1 or last day of any extended period pursuant to By-Law 25.2 (as the case may be)
“Date of Offer”	:	The date on which an ESOS Award or ESGS Grant (including any subsequent ESOS Award(s) or ESGS Grant), as the case may be, is made by the LTIP Committee to an Eligible Person in accordance with the manner as set out in By-Law 6

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

“Director”	:	A director within the meaning of Section 2 of the Act, which for the avoidance of doubt, excludes an alternate director
“Disciplinary Proceedings”	:	Proceedings instituted by any company in the Group against any Grantee or Eligible Person for any alleged misbehaviour, misconduct and/or any other acts of such Grantee or Eligible Person deemed to be unacceptable by the said company whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or Eligible Person
“Duration of the Scheme”	:	The duration of the Scheme as defined in By-Law 25.1
“Effective Date”	:	The date of which the Scheme comes into force as provided in By-Law 25.1
“Eligible Person(s)”	:	(i) In respect of the ESOS: (a) an Employee (excluding dormant subsidiaries); (b) an Executive Director; or (c) a non-executive Director of the Company, and/or (ii) In respect of the ESGS: (a) a senior management of the Group (excluding dormant subsidiaries); or (b) an Executive Director, who fulfils the conditions of eligibility as stipulated in By-Law 4
“Employee”	:	Any person in the employment of the Group including Directors of subsidiaries of GCB and person employed by the Group on a contract basis
“Entitlement Date”	:	The date as at the close of business on which shareholders’ name must appear in GCB’s record of depositors at Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions
“ESGS”	:	The executive share grant scheme for the Company to grant Shares at no consideration to Eligible Persons according to the terms of these By-Laws
“ESGS Grant”	:	A grant of existing Shares made in writing by the LTIP Committee from time to time to an Eligible Person to participate in the ESGS in the manner provided in By-Law 11
“ESGS Grantee”	:	An Eligible Person who has accepted an ESGS Grant in the manner as provided in By-Law 12
“ESGS Vesting Date(s)”	:	The date or dates as may be determined by the LTIP Committee on which all or some of the Shares awarded under an ESGS Grant to an Eligible Person is/are vested in accordance with By-Law 13

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

“ESOS”	:	The employee share option scheme for the benefit of the Eligible Persons to subscribe for new Shares according to the terms of these By-Laws
“ESOS Award”	:	An award of ESOS Options made in writing by the LTIP Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in By-Law 6
“ESOS Grantee”	:	An Eligible Person who has accepted an ESOS Award in the manner provided in By-Law 7
“ESOS Options” or “Options”	:	The right of an ESOS Grantee to subscribe for new Shares at the Option Price pursuant to an ESOS Award in the manner provided in By-Law 9
“ESOS Vesting Date(s)”	:	The date or dates on which all or any part of the Options is/are vested pursuant to an ESOS Award as stipulated by the LTIP Committee in accordance with By-Law 7.4
“Executive Director”	:	A Director of the Company who, on the Award Date, is on the payroll of the Group and is involved in the day-to-day management of any company within the Group
“Grantee”	:	An ESOS Grantee and/or ESGS Grantee, as the case may be
“Group”	:	The Company and its subsidiary company(ies) as defined in Section 4 of the Act (which for the avoidance of doubt shall exclude the Company’s associate company(ies)) and which are not dormant. Subject to the foregoing, the expression “subsidiary company(ies)” shall for the purposes hereof include subsidiaries which are existing as at the Effective Date and such subsidiaries which the LTIP Committee may, from time to time, determine at its discretion and subsidiaries which are incorporated or acquired at any time during the Duration of the Scheme but excludes subsidiaries which have been divested in the manner provided in By-Law 23
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including all amendments thereto and any Practice or Guidance Notes issued in relation thereto
“LTIP Award(s)”	:	Collectively, the ESOS Award and ESGS Grant offered by the LTIP Committee to the Eligible Person and “LTIP Award” shall mean any one of them in the context of these By-Laws
“LTIP Committee”	:	The committee appointed by the Board to implement and/or administer the LTIP in accordance with By-Law 2.1, comprising such number of the Directors and/or senior management personnel of the Group identified from time to time
“LTIP” or “Scheme”	:	GCB’s Long Term Incentive Plan comprising ESOS and ESGS, which shall be administered in accordance with these By-Laws
“Market Day”	:	A day on which Bursa Securities is open for trading of securities

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

“Maximum Allowable Allotment”	:	The maximum aggregate number of new Shares in respect of the LTIP Awards that can be offered and allotted to an Eligible Person in accordance with the provisions of By-Law 5.2
“Offer Period”	:	A period of thirty (30) days from the Award Date or such longer period as may be determined by the LTIP Committee at its sole and absolute discretion during which an ESOS Award is valid for acceptance as stipulated in By-Law 6.3
“Option Period”	:	The period commencing from the ESOS Vesting Date and expiring on a date on which the Options terminates, expires or lapses and/or otherwise ceases to be of any force and effect in accordance with these By-Laws and as set out in the ESOS Award
“Option Price”	:	The price at which an ESOS Grantee shall be entitled to subscribe for each new Share upon the exercise of an ESOS Option, as initially determined in accordance with the provisions of By-Law 10 and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 21
“Performance Targets”	:	The performance targets determined and prescribed by the LTIP Committee, which are to be achieved by the Grantee and/or Group and/or business units within the Group as determined by the LTIP Committee, during such period as specified in the LTIP Award
“persons connected”	:	Shall have the meaning given in Paragraph 1.01 of the Listing Requirements
“Principal Adviser”	:	A person as described in Paragraph 1.01 of the Listing Requirements
“RM”	:	Ringgit Malaysia
“Rules of Bursa Depository”	:	The Rules of Bursa Depository, as issued pursuant to SICDA
“Shares”	:	Ordinary shares in the Company
“SICDA”	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time including all subsidiary legislations made thereunder and any re-enactment thereof
“Vesting Conditions”	:	The conditions determined by the LTIP Committee and stipulated in the LTIP Awards which must be fulfilled for the Options under the ESOS Award or the Shares under the ESGS Grant to be vested in an ESOS Grantee or ESGS Grantee as provided in By-Laws 7.4 and 13 respectively

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 1.2 Any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and the Listing Requirements, policies and / or guidelines of Bursa Securities (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with reasonable commercial practice of persons to whom such requirements, policies, regulations and / or guidelines are addressed by Bursa Securities).
- 1.3 Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any ESOS Award or ESGS Grant (as may be applicable) made, offered and/or accepted within the Duration of the Scheme, and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 1.4 In these By-Laws, unless the context requires otherwise, words denoting the singular number shall include the plural number and words denoting one gender shall include the other gender.
- 1.5 The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the Duration of the Scheme.
- 1.7 Any liberty or power of discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (i) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor;
 - (ii) by the LTIP Committee may be exercised in the LTIP Committee's sole and absolute discretion and the LTIP Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the LTIP Committee.
- 1.8 In the event of any change in the name of the Company from its present name, all references to "G Capital Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.
- 1.9 This Scheme shall be known as the "G Capital Berhad's Long Term Incentive Plan".

2. ADMINISTRATION AND TRUST

- 2.1 The Scheme shall be implemented and administered by the LTIP Committee consisting of such number of Directors and/or senior management personnel of the Group as shall be appointed by the Board from time to time. The Board shall have the power to determine all matters pertaining to the LTIP Committee, including, without limitation, setting the terms of reference for the LTIP Committee, determining its composition, duties, powers and limitations. The Board is also entitled, at any time and from time to time to rescind the appointment of any member of the LTIP Committee and appoint replacement members to the LTIP Committee, to change the terms of appointment of the members of the LTIP Committee and to determine and change the terms of reference for the LTIP Committee.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 2.2 The LTIP Committee shall implement and administer the Scheme in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it, subject only to these By-Laws as may be amended from time to time. The LTIP Committee may meet together for the despatch of business, to adjourn or otherwise regulate its meetings as it thinks fit.
- 2.3 In implementing the Scheme, the LTIP Committee may, at its discretion, decide that any vesting of Shares comprised in an ESGS Grant shall be satisfied through:
- (i) the issuance of new Shares;
 - (ii) the acquisition and transfer of existing 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 the Shares, funding considerations, dilutive effects of any such issuance on the Company's share capital base, and cash requirements of the Group.

- 2.4 For the purposes of facilitating the implementation and administration of the Scheme, the Company may (but shall not be obliged to) establish a trust to be administered by a trustee to be appointed by the Company for the Scheme from time to time ("**Trustee**"), if required, for the purposes of subscribing for new Shares and/or acquiring existing Shares from the Main Market of Bursa Securities and transferring them to the Grantees at such times as the LTIP Committee shall direct ("**Trust**"). For this purpose, the Trustee may, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Group and/or any third party to be paid into the bank account(s) to be established by the Trustee for the purpose of the Trust as the Trustee may direct for any such payment. The LTIP Committee shall have the discretion to revoke or suspend any such direction that has earlier been given to the Trustee.
- 2.5 The Trustee, if and when the Trust is established, shall administer the Trust in accordance with the terms of a trust deed to be entered into between the Company and the Trustee constituting the Trust ("**Trust Deed**"). For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements or make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the LTIP Committee may in its sole and absolute discretion direct for the implementation and administration of the Trust.
- 2.6 The Company shall have power from time to time, at any time, to appoint or rescind or terminate the appointment of the Trustee as it deems fit in accordance with the provisions of the Trust Deed. The Company shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.
- 2.7 Without limiting the generality of By-Laws 2.1 and 2.2, the LTIP Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in the LTIP Awards subject to By-Laws 6.5 and 11.5, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme. Any decisions of the LTIP Committee which are made in accordance with these By-Laws shall be final, binding and conclusive.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The aggregate maximum number of Shares which may be made available under the Scheme, and any other employee share schemes of the Company which may be implemented from time to time by the Company, shall not in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided in By-Law 25.1.
- 3.2 Notwithstanding the provision of By-Law 3.1 above and any other provision herein contained, in the event the total number of new Shares that may be made available under the Scheme exceeds in aggregate the aforesaid fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or undertaking any other corporate proposal and thereby reducing its issued share capital, then such LTIP Awards granted prior to the adjustment of the issued share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the LTIP Committee shall not make any further LTIP Awards unless the total number of Shares to be issued under the Scheme falls below fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided in By-Law 25.1.

4. ELIGIBILITY

- 4.1 Subject to the sole discretion of the LTIP Committee, only Eligible Persons who fulfil the following conditions as at the Date of Offer shall be eligible to participate in the Scheme:
- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she is employed on the Date of Offer –
 - (1) on a full-time basis and is on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group on the Date of Offer, and has not served a notice to resign or received a notice of termination prior to the Date of Offer (as may be applicable); or
 - (2) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the LTIP Committee; and
 - (iii) such Employee falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 4.1(a)(i) or (ii) above) that may be determined by the LTIP Committee from time to time at its sole discretion (after taking into consideration of several factors, including but not limited to the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of such Employee), whose decision shall be final and binding.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (b) in respect of a Director, the Director must fulfil the following criteria as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she has been appointed as a Director of any company within the Group which is not dormant; and
 - (iii) such Director fulfils any other criteria as may be determined by the LTIP Committee from time to time at its sole discretion (after taking into consideration of several factors, including but not limited to the performance, position, and length of service, contribution of such Director), whose decision shall be final and binding.
- (c) In respect of a Director, a chief executive officer of the Company or a person connected with a Director or chief executive officer, the specific allocation of LTIP Awards granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.
- (d) If the Eligible Person is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (ii) he/she is employed on a full time basis and is on the payroll of the newly acquired company for a continuous period of at least one (1) year and his/her employment has been confirmed by the newly acquired company, and has not served a notice to resign or received a notice of termination prior to the Date of Offer (as may be applicable).

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the LTIP Committee from time to time at its sole discretion, whose decision shall be final and binding.

Notwithstanding that, the selection of any Eligible Person for participation in the Scheme as well as the allocation of LTIP Awards to any Eligible Person shall be at the sole and absolute discretion of the LTIP Committee and that the decision of the LTIP Committee shall be final and binding.

- 4.2 The LTIP Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the LTIP Awards. In the event that any Eligible Persons are a member of the LTIP Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocations.
- 4.3 No Employee of a dormant company within the Group shall be eligible to participate in the Scheme.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 4.4 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the LTIP Awards unless an LTIP Award has been made by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP Award in accordance with By-Laws 7 and/or 12 hereof.

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

- 5.1 Subject to any adjustment which may be made under the By-Laws, the aggregate number of new Shares comprised in the LTIP Awards to be offered to an Eligible Person shall be determined at the sole and absolute discretion of the LTIP Committee annually, or such other period as determined by the LTIP Committee, after taking into consideration, inter alia, the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Person and such other factors that the LTIP Committee may deem relevant, subject to the following:

- (a) the total number of the Shares made available under the Scheme shall not exceed the amount in Section 3.1 above;
- (b) any Eligible Persons shall not participate in the deliberation or discussion of their own allocation under the Scheme as well as to persons connected to them, if any;
- (c) the allocation to an Eligible Person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of GCB, does not exceed ten percent (10%) of the total number of new Shares to be issued under the Scheme; and
- (d) not more than eighty percent (80%) of the new Shares to be issued under the Scheme shall be allocated in aggregate to the Eligible Directors and senior management,

provided always that it is in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, the Listing Requirements or any other requirements of the relevant authorities as may be amended from time to time.

The term “**senior management**” shall refer to an Employee of the Group holding the position of senior manager (including Director) and above or other senior position and shall be subject to criteria to be determined by the LTIP Committee that may change from time to time and the term “**person(s) connected**” shall have the same meaning as defined in Paragraph 1.01 of the Listing Requirements.

- 5.2 The LTIP Committee shall be entitled to determine the maximum number of LTIP Awards that will be made available to an Eligible Person under the Scheme, in the manner provided in these By-Laws in relation to each class or grade of Eligible Persons and the aggregate maximum number of LTIP Award(s) that can be awarded to Eligible Persons under the Scheme from time to time, and the decision of the LTIP Committee shall be final and binding.
- 5.3 In the event that an Eligible Person is promoted or demoted (as the case may be), the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment that may be awarded corresponding to the category of such Eligible Person of which he/she then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 3.1.
- 5.4 A set of criteria on staff eligibility and allocations as determined by the LTIP Committee from time to time shall be made available to all Eligible Persons.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 5.5 The Company shall ensure that the LTIP Awards awarded pursuant to the Scheme is verified by the audit committee of GCB at the end of each financial year as being in compliance with the criteria for the award of the LTIP Awards which have been disclosed to the Eligible Person. A statement by the audit committee of GCB verifying such award(s) shall be included in the annual report of the Company.
- 5.6 Subject to By-Law 5.1, the aggregate number of Shares that may be allocated to any class or grade of Eligible Persons under the LTIP shall be determined at the absolute discretion of the LTIP Committee, after taking into consideration, among others:
- (a) the Eligible Person's performance, seniority (denoted by employee job grade), length of service, contribution to the performance of the Group;
 - (b) in the case of an Eligible Person who is a Director, the Eligible Person's contribution towards the growth of the Group and positions held in various board committees of the Company; and
 - (c) any other criteria which the LTIP Committee deems relevant.
- At the time the LTIP Award is offered, the LTIP Committee shall set out the basis of allocation of the LTIP Award(s) made to the Eligible Person(s) having the further particulars as set out in By-Law 6.4 and/or By-Law 11.3 (as the case may be).
- 5.7 The aggregate maximum allocation to the Directors and senior management of the Group shall not be more than eighty percent (80%) of the total number of Shares to be made available under the LTIP, after taking into consideration the number of Directors and senior management of the Group who are eligible to participate in the LTIP, as well as the maximum number of Shares that may be awarded to each Director and senior management based on, among others, their position, seniority and length of service.
- 5.8 The actual number of Shares which may be offered to any Eligible Person under the LTIP Award shall be at the sole discretion of the LTIP Committee provided that the number of Options and/or Shares so awarded shall be the equivalent of not less than one hundred (100) Shares or more than the Maximum Allowable Allotment of such Eligible Person and shall be in multiples of one hundred (100) Shares.
- 5.9 The LTIP Committee may make more than one (1) LTIP Award to an Eligible Person PROVIDED THAT the aggregate number of Options and/or Shares so awarded to an Eligible Person throughout the entire Duration of the Scheme does not exceed the Maximum Allowable Allotment of such Eligible Person, subject always to By-Law 5.1.
- 5.10 The Company shall ensure that allocation of new Shares pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of Shares which have been disclosed to the Employees and the Directors. A statement by the Audit Committee of the Company verifying such allocations shall be included in the annual report of the Company.
- 5.11 The LTIP Committee shall have the discretion in determining:
- (i) whether the allocation available shall be awarded in one (1) single LTIP Award, or will be staggered over the duration of the Scheme; and/or
 - (ii) whether the LTIP Awards are subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance target.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

5.12 No Eligible Person shall participate in the deliberation or discussion of their respective allocations.

6. ESOS AWARD

6.1 The LTIP Committee may at its discretion at any time and from time to time as it shall deem fit during the Duration of the Scheme make an ESOS Award in writing for acceptance in accordance with By-Law 7 below to an Eligible Person based on the criteria for allotment set out in By-Law 5 above and otherwise in accordance with the terms of this Scheme.

6.2 The actual number of ESOS Options which may be offered to an Eligible Person shall be at the discretion of the LTIP Committee subject to any adjustments that may be made under By-Laws 21. The number of ESOS Options so offered which may be exercised in respect of all or any part of the Shares shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allotment of such Eligible Person and shall be in multiples of one hundred (100) Shares.

6.3 An ESOS Award shall be valid for acceptance for a period of thirty (30) days from the Award Date or such longer period as may be determined by the LTIP Committee at its sole and absolute discretion (“**Offer Period**”).

6.4 The LTIP Committee shall state the following particulars in the letter of offer of an ESOS Award:

- (i) the number of ESOS Options that are subject of the ESOS Award;
- (ii) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the vesting and exercise of the ESOS Options;
- (iii) the date of the ESOS Award;
- (iv) the Option Period;
- (v) the Option Price;
- (vi) the Offer Period as mentioned in By-Law 6.3;
- (vii) the Vesting Conditions;
- (viii) the ESOS Vesting Date(s);
- (ix) the basis of the allocation of the ESOS Award(s) made having regard to the Eligible Person(s)' annual appraised performance, class or grade of employment, Maximum Allowable Allotment and such other information that the LTIP Committee may in its sole and absolute discretion deem fit; and
- (x) any other information deemed necessary by the LTIP Committee.

6.5 Without prejudice to By-Law 2, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 6.4 above, the following provisions shall apply:

- (i) As soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of offer, stating the correct particulars referred to in By-Law 6.4 above;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (ii) In the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of offer shall remain as the Option Price as per the original letter of offer; and
 - (iii) In the event that the error relates to the Option Price, the Option Price stated in the supplemental letter of offer shall be the Option Price applicable as at the date of the original letter of offer, save and except with respect to any ESOS Option which has already been exercised as at the date of issue of the supplemental letter of offer.
- 6.6 When an ESOS Award is made pursuant to these By-Laws, the LTIP Committee shall ensure that the Company makes an announcement of the following to Bursa Securities on the date of the ESOS Award:
- (i) the date of ESOS Award;
 - (ii) the Option Price;
 - (iii) the number of Options or Shares offered;
 - (iv) the market price of its Shares on the date of the ESOS Award;
 - (v) the number of Options or Shares to each Director, if any; and
 - (vi) the vesting period of the Options or Shares offered.

7. ACCEPTANCE OF ESOS AWARD

- 7.1 An ESOS Award shall be accepted by the Eligible Person within the Offer Period by way of a written notice of acceptance addressed to the LTIP Committee accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the ESOS Options (regardless of the number of Shares comprised therein). The date of receipt by the LTIP Committee of such written notice shall constitute the Date of Acceptance.
- 7.2 The LTIP Committee shall within thirty (30) days of the Date of Acceptance issue to the ESOS Grantee an option certificate in such form as may be determined by the LTIP Committee.
- 7.3 If the ESOS Award is not accepted in the manner set out in By-Law 7.1 above, such ESOS Award shall upon the expiry of the Offer Period automatically lapse and be null and void and of no further effect. The new Shares comprised in such Options may, at the discretion of the LTIP Committee, be re-offered to other Eligible Persons or for future ESOS Award.
- 7.4 The Options or such part thereof as may be satisfied in the ESOS Award will only vest with the ESOS Grantee on the ESOS Vesting Date(s) if the Vesting Conditions are fully and duly satisfied, including the following:
- (i) the said ESOS Grantee has not been adjudicated a bankrupt;
 - (ii) the said ESOS Grantee remains an Employee or a Director and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated; and

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (iii) any other conditions as may be determined by the LTIP Committee at its absolute discretion (after taking into consideration of several factors, including but not limited to the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of such ESOS Grantee), whose decision shall be final and binding.

- 7.5 The LTIP Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the LTIP Committee shall have the right to make reference to, among others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the LTIP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition if the LTIP Committee decides that a changed Performance Target would be a fairer measure of performance.

8. CANCELLATION OF ESOS AWARDS

The LTIP Committee may cancel any ESOS Awards awarded under this Scheme or any Options that has not been exercised and any unvested ESOS Options awarded under this Scheme. In the event of any such cancellation, the LTIP Committee may, at its discretion, authorise the granting of new ESOS Awards (which may or may not cover the same number of Shares that had been the subject of any prior ESOS Award) in such manner, at such Option Price and subject to such terms, conditions and discretion as would have been applicable under this Scheme had the cancelled ESOS Awards not been awarded.

9. EXERCISE OF ESOS OPTIONS

- 9.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 9.2 Subject to By-Laws 17, 22, 23, 24 and 25, an ESOS Grantee shall be allowed to exercise the ESOS Options granted to him or her (subject to By-Law 9.4 during the Duration of the Scheme) as provided in these By-Laws whilst he/she is in the employment with the Group or during his/her tenure as Director and within the Option Period.
- 9.3 An ESOS Grantee shall exercise the Options granted to him/her in whole or part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary, in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 21 which results in the number of Shares comprised in an Option not being in multiples of one hundred (100) Shares, then the requirement that an Option shall be exercised in multiples of one hundred (100) Shares shall not be applicable for the ESOS Grantee's final exercise of the Option.
- 9.4 An ESOS Grantee shall exercise his/her ESOS Options vested in him/her in such form and manner as the LTIP Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the letter of offer. The procedure for the exercise of ESOS Options to be complied with by an ESOS Grantee shall be determined by the LTIP Committee from time to time. Any ESOS Option which remains unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 9.5 Subject to By-Law 9.4, an ESOS Grantee shall exercise his/her ESOS Options by duly completing the Notice of Exercise, stating the number of ESOS Options to be exercised and number of Shares to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the LTIP Committee for the full amount of the Option Price in relation to the number of Shares in respect of which the Notice of Exercise is given PROVIDED THAT the number of new Shares stated therein shall not exceed the amount granted to such ESOS Grantees and be subject to By-Laws 9.2 and 9.3 above. The LTIP Committee may, pursuant to By-Law 28 hereof, at any time and from time to time, before or after the ESOS Award is awarded, limit the exercise of the ESOS Option to a maximum number of new Shares and/or such percentage of total new Shares comprised in the ESOS Award during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the LTIP Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by an ESOS Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the ESOS Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.
- 9.6 The ESOS Grantee shall provide all information as required in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot and issue the relevant number of Shares to the ESOS Grantee, despatch the notice of allotment to the ESOS Grantee stating the number of Shares so credited, and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the ESOS Grantee or his/her financier, as the case may be. No physical share certificates will be issued to the ESOS Grantee or his authorised nominee (as the case may be).
- 9.7 Notwithstanding anything to the contrary herein contained in these By-Laws, the LTIP Committee shall have the right, at its absolute discretion by notice in writing to that effect to the ESOS Grantee, to suspend the right of any ESOS Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such ESOS Grantee or are found to have had no basis or justification) to exercise his/her ESOS Options pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole and absolute discretion, on the ESOS Grantee's right to exercise his/her ESOS Options and/or have new Shares vested in him/her having regard to the nature of the charges made or brought against such ESOS Grantee, PROVIDED ALWAYS that:
- (i) in the event such ESOS Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the LTIP Committee shall reinstate the right of such ESOS Grantee to exercise his/her Option;
 - (ii) in the event the Disciplinary Proceedings result in a recommendation for the dismissal or termination of service of such ESOS Grantee, all unexercised and partially exercised ESOS Options of the ESOS Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the ESOS Grantee, upon pronouncement of the dismissal or termination of service of such ESOS Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the ESOS Grantee in any other forum;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (iii) in the event the ESOS Grantee is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its absolute discretion whether or not the ESOS Grantee may continue to exercise his/her ESOS Options and if so, to impose such terms and conditions as it deems appropriate, on such exercise of his/her ESOS Options; and
- (iv) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the ESOS Options of such ESOS Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

- 9.8 The Group, the Board (including Directors that had resigned but were a member of the Board during the Option Period) and the LTIP Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by an ESOS Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any ESOS Award.
- 9.9 Any failure to comply with the procedures specified by the LTIP Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the LTIP Committee. The LTIP Committee shall inform the ESOS Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the ESOS Grantee shall be deemed not to have exercised his/her Option.
- 9.10 Every ESOS Award shall subject to the condition that no new Shares shall be issued pursuant to the ESOS Award if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Duration of the Scheme or such period as may be extended.

10. OPTION PRICE

- 10.1 The Option Price of each new Share upon the exercise of an ESOS Option shall, subject always to the provisions of By-Law 21 hereof and the Listing Requirements, be the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding the date of the ESOS Award less a discount of not more than ten percent (10%) therefrom or such other percentage or discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time, as determined by the Board upon recommendation of the LTIP Committee which shall be binding and conclusive.
- 10.2 The Option Price shall be stipulated in each option certificate.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

11. ESGS GRANT

- 11.1 During the Duration of the Scheme, the LTIP Committee may at its discretion at any time and from time to time as it shall deem fit make an ESGS Grant in writing for acceptance in accordance with By-Law 12 below to an Eligible Person based on the criteria for allotment as set out in By-Law 5 and otherwise in accordance with the terms of this Scheme.
- 11.2 The actual number of Shares which may be awarded to an Eligible Person shall be at the discretion of the LTIP Committee subject to any adjustments that may be made under By-Law 21. The number of Shares so awarded shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allotment of such Eligible Person and shall be in multiples of one hundred (100) Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in an ESGS Grant and the terms and conditions of each may differ. Nothing herein shall require any ESGS Grant offered to be the same as ESGS Grants previously or subsequently offered whether to the same or a different Eligible Person.
- 11.3 The LTIP Committee will in its letter of offer for an ESGS Grant to an Eligible Person ("**ESGS Grant Letter**") state, among others:
- (i) the number of Shares that are subject of the ESGS Grant;
 - (ii) the date of the ESGS Grant;
 - (iii) the Vesting Conditions, if any;
 - (iv) the Vesting Date(s);
 - (v) the Validity Period (defined in By-Law 11.4);
 - (vi) the basis of the allocation of the ESGS Grant(s) made having regard to the Eligible Person(s)' annual appraised performance, class or grade of employment, achievement of Performance Targets, Maximum Allowable Allotment and such other information that the LTIP Committee may in its sole and absolute discretion deem fit; and
 - (vii) any other information deemed necessary by the LTIP Committee.
- 11.4 The ESGS Grant shall be valid for acceptance for a period of thirty (30) days from the Award Date or such period as the LTIP Committee at its sole and absolute discretion determines on a case to case basis ("**Validity Period**").
- 11.5 Without prejudice to By-Law 2, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 11.3 above in the ESGS Grant Letter, the Company shall, as soon as possible but in any event no later than one (1) month after discovery of the error, issue a supplemental ESGS Grant Letter, stating the correct particulars referred to in By-Law 11.3.

12. ACCEPTANCE OF ESGS GRANT

- 12.1 An ESGS Grant shall be accepted by the Eligible Person within the Validity Period from the date of offer by way of a written notice of acceptance accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the ESGS Grant (regardless of the number of Shares comprised therein).

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

12.2 If the ESGS Grant is not accepted in the manner set out in By-Law 12.1 above, the ESGS Grant shall upon the expiry of the Validity Period automatically lapse and be null and void and of no further effect. The Shares comprised in such ESGS Grant may, at the discretion of the LTIP Committee, be re-offered to other Eligible Persons.

12.3 The Eligible Persons are not required to pay for the Shares they are entitled to receive upon vesting of the Shares pursuant to the ESGS Grant.

13. VESTING CONDITIONS AND SATISFACTION OF VESTING CONDITIONS

13.1 The LTIP Committee shall, as and when it deems practicable and necessary, review and determine at its own discretion the Vesting Conditions specified in respect of an ESGS Grant. The Shares or such part thereof as may be specified in respect of an ESGS Grant will only vest with the ESGS Grantee on the ESGS Vesting Date(s) if the Vesting Conditions are fully and duly satisfied, including the following:

- (i) the said ESGS Grantee has not been adjudicated a bankrupt;
- (ii) the said ESGS Grantee remains as an Employee or a Director and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated;
- (iii) the Performance Targets are fully and duly satisfied; and
- (iv) any other conditions as may be determined by the LTIP Committee at its absolute discretion (after taking into consideration of several factors, including but not limited to the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of such ESGS Grantee), whose decision shall be final and binding.

13.2 The LTIP Committee shall have full discretion to determine whether the Performance Targets have been fully and duly satisfied. In the event that the LTIP Committee shall determine that the Performance Targets are not fully and duly satisfied, the LTIP Committee may, at its discretion, adjust the number of Shares (if any) which may vest in the ESGS Grantee on the ESGS Vesting Date(s) and/or take into account the shortfall in such manner as the LTIP Committee may in its discretion otherwise deem fit.

13.3 If applicable, where the LTIP Committee has determined that the Vesting Conditions have been fully and duly satisfied, the LTIP Committee shall notify the ESGS Grantee of the number of Shares vested or which will be vested to him/her on the ESGS Vesting Date (“**ESGS Vesting Notice**”).

13.4 No ESGS Grantee shall have any right to or interest in the Shares comprised in an ESGS Grant until and unless such number of new Shares are credited into their respective CDS Account.

13.5 The ESGS Grantee shall provide all information as required in the ESGS Vesting Notice and ESGS Grant Letter and subject to the provisions of the Listing Requirements, SICDA, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall within eight (8) Market Days after the ESGS Vesting Date, or such other period as may be prescribed or allowed by Bursa Securities:

- (i) allot and issue the relevant number of new Shares and/or transfer the relevant number of existing Shares to the ESGS Grantee; and

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (ii) despatch the notice of allotment and/or notice of transfer to the ESGS Grantee stating the number of Shares so credited, and apply to Bursa Securities for the listing of and quotation for any new Shares arising from the vesting of an ESGS Grant. The said Shares will be credited directly into the CDS Account of the respective ESGS Grantee or his/her financier, as the case may be. No physical share certificates will be issued and/or delivered to the ESGS Grantee or his authorised nominee (as the case may be).

13.6 Notwithstanding anything to the contrary herein contained in these By-laws, the LTIP Committee shall have the right, at its absolute discretion by notice in writing to that effect to the ESGS Grantee, to suspend the right of any ESGS Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such ESGS Grantee or are found to have had no basis or justification) to have vested in him/her ESGS Grant granted pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole and absolute discretion, on the ESGS Grantee's right to have Shares granted under an ESGS Grant vested in him/her having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:

- (i) in the event such ESGS Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the LTIP Committee shall reinstate the right of such ESGS Grantee to their ESGS Grants;
- (ii) in the event the Disciplinary Proceedings result in a recommendation for the dismissal or termination of service of such ESGS Grantee, all unvested ESGS Grants shall immediately lapse and be null and void and of no further force and effect, without notice to the ESGS Grantee, upon pronouncement of the dismissal or termination of service of such ESGS Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the ESGS Grantee in any other forum;
- (iii) in the event the ESGS Grantee is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its absolute discretion whether or not the ESGS Grantee may continue to have the ESGS Grant vested in him/her and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (iv) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the ESGS Grant of such ESGS Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

14. NON-TRANSFERABILITY

14.1 An LTIP Award is personal to the Grantee and subject to the provisions of By-Laws 14.2, 14.3 and 17.2, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 14.2 An LTIP Award shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any attempt to transfer, assign, dispose or encumber any LTIP Award shall result in the automatic cancellation of the LTIP Award.
- 14.3 Notwithstanding this By-Law 14, in the event a Grantee is transferred to another company within the Group which has its own share issuance scheme, the Grantee shall be entitled to continue to exercise all unexercised LTIP Awards granted under this Scheme, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect be eligible to participate for further LTIP Awards under this Scheme.

15. RIGHTS ATTACHING TO SHARES AND LTIP AWARDS

- 15.1 The new Shares to be allotted and issued under the Scheme will be subject to the provisions of the Constitution and will, upon allotment and issue, rank equally in all respects with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the allotment and issue of new shares are made on or prior to the Entitlement Date of such dividends, rights, allotments and /or other distributions which precedes the date of allotment and issuance of the new Shares.
- 15.2 In respect of the existing Shares to be transferred to the ESGS Grantees pursuant to the vesting of the Shares comprised in an ESGS Grant, such Shares rank equally in all respects with the then existing Shares. However, the ESGS Grantee shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the Shares are credited into the CDS Accounts of the ESGS Grantees on or prior to the Entitlement Date of such dividends, rights, allotments and/or other distributions.
- 15.3 The LTIP Awards shall not carry any rights to vote at any general meeting of the Company. For the avoidance of doubt, the Grantee shall not in any event be entitled to any dividends, rights, allotments or other distributions on his/her unexercised ESOS Options and/or unvested ESGS Grants.

16. RESTRICTION ON DEALING/RETENTION PERIOD

The new Shares to be allotted and issued and/or existing Shares to be transferred to the Eligible Persons pursuant to the Scheme will not be subjected to any retention period unless the LTIP Committee stipulates otherwise upon granting of the LTIP Awards. However, the Company encourages the Eligible Persons to hold the Shares granted to them, or subscribed for by them, as a long-term investment and not for realisation of immediate gain.

Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, an Eligible Person who is a non-executive Director of the Company shall not sell, transfer or assign the new Shares obtained through the exercise of the ESOS Options offered to him/her within one (1) year from the Award Date of the ESOS Award.

17. TERMINATION OF THE LTIP AWARD

- 17.1 Prior to the full vesting of any LTIP Award and/or the allotment or satisfaction by any other means of an LTIP Award in the manner as provided for under By-Laws 6.2 and 13.2, such LTIP Award that remain unvested or unexercised or unsatisfied (as the case may be) shall be automatically terminated and ceased or be deemed to cease to be valid without any claim against the Group in the following circumstances:

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (i) termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the LTIP Award shall be automatically terminated and ceased or be deemed to cease to be valid without any claim against the Company or any other member of the Group on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (ii) bankruptcy of the Grantee, in which event the LTIP Award shall be automatically terminated and ceased or be deemed to cease to be valid without any claim against the Group on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
- (iii) upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the LTIP Award, in which event the LTIP Award shall be automatically terminated and ceased or deemed to cease to be valid without any claim against the Group on the date such event occurs; or
- (iv) winding up or liquidation of the Company, in which event the LTIP Award shall be automatically terminated and ceased to be valid on the following date:
 - (a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company;
 - (b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (v) termination of the Scheme pursuant to By-Law 25.4, in which event the LTIP Award shall be automatically terminated and ceased or be deemed to cease to be valid without any claim against the Group on the Termination Date (as defined below) pursuant to By-Law 25.4,

whichever shall be applicable.

Upon the termination of the LTIP Award(s) pursuant to By-Laws 17.1(i), (ii), (iii), (iv) or (v) above, the Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any LTIP Award(s) or right to exercise his/or her ESOS Option(s) or his/her LTIP Award(s) ceasing to be valid.

17.2 Notwithstanding By-Law 17.1(i) above, the LTIP Committee may at its discretion allow an Option to remain exercisable during the Option Period and/or as the case may be, for all or any part of any unvested LTIP Awards to vest in accordance with the provisions of these By-Laws, and at the times or period at or within which such LTIP Awards may vest (provided that no LTIP Awards shall vest after the respective ESOS Vesting Date(s) or ESGS Vesting Date(s) has passed) on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

- (a) ill-health, injury, physical or mental disability;
- (b) retirement before attaining the normal retirement age with the consent of his/her employer;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- (c) redundancy or retrenchment pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by a company within the Group; or
- (d) any other circumstances which are acceptable to the LTIP Committee in its sole and absolute discretion.

18. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available on Bursa Securities' website as well as the Company's website and at the registered office of the Company during normal office hours on any working day of the Company.

19. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. This Scheme shall not form part of or be in any way construed as part of the terms and conditions of employment of any employee of the Group.

20. TAXES

For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes), if any, that are incurred by a Grantee pursuant to or relating to the exercise of any ESOS Options or vesting of any Shares under the ESGS Grants, and any holding or dealing of such Shares (including, without limitation, brokerage commissions and stamp duty) shall be borne by the Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

21. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS

21.1 In the event of any alteration in the share capital of the Company during the Duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of shares or reduction or any other variation of share capital or otherwise howsoever, the LTIP Committee may, in its discretion, determine whether:

- (i) in respect of the ESOS:
 - (a) the Option Price; and/or
 - (b) the number of unexercised ESOS Options; and
- (ii) in respect of the ESGS, the number of Shares comprised in the unvested ESGS Grants, shall be adjusted, and if so, the manner in which such adjustments should be made.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 21.2 The provisions of this By-Law 21 shall not apply where the alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of Shares pursuant to the exercise of ESOS Options and/or vesting of ESGS Grants under the Scheme;
 - (ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business;
 - (iii) an issue of securities via a private placement;
 - (iv) any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;
 - (v) a restricted issue of securities;
 - (vi) an issue of new Shares arising from the exercise/conversion of warrants, convertible loan stocks or other instruments of the Company; or
 - (vii) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to the Section 127 of the Act.
- 21.3 Save as expressly provided for herein and adjustments due to bonus issue, subdivision, or consolidation of shares, the external auditors and/or Principal Adviser (which must be a principal adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals and the Licensing Handbook (effective 1 January 2021) issued by the Securities Commission Malaysia) selected by the Directors (acting as experts and not as arbitrators) shall confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of such external auditors and/or Principal Adviser shall be final, binding and conclusive.
- 21.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of Part III of the Act, By-Law 21.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 21.1 is applicable, but By-Law 21.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 21.1 is not applicable as described in By-Law 21.2.
- 21.5 Any adjustment pursuant to By-Law 21.1 shall be made according to the following terms:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of Shares or reduction of share capital, on the next Market Day immediately following the date on which the consolidation, subdivision or reduction becomes effective or such other period as may be prescribed by Bursa Securities.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

21.6 Upon any adjustment required to be made pursuant to this By-Law 21, the Company shall notify the Grantee (or his or her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth:

- (i) in respect of the ESOS, the Option Price or number of ESOS Options which are the subject of the adjusted ESOS Award; and
- (ii) in respect of the ESGS, the number of Shares comprised in the unvested ESGS Grants which are the subject of the adjusted ESGS Grant.

Any adjustment shall take effect upon such written notification being given or such date as may be specified in such written notification.

21.7 In respect of the ESOS Options or the ESGS Grants, any adjustment pursuant to this By-Law 21 shall be made in accordance with the following formulae below (as applicable), pursuant to By-Law 21.6:

- (a) If and whenever the number of issued Share changes by reason of any consolidation or subdivision (including subdivision by way of a bonus issue without capitalisation of profits or reserves) or conversion, in respect of ESOS Options, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\begin{aligned} \text{(i) New Option Price} &= \frac{S \times L}{M} \\ \text{(ii) Additional number of Shares} &= \frac{T \times M}{L} - T \end{aligned}$$

Where:

- L = the aggregate number of Shares in issue and fully paid-up immediately prior to the consolidation and or conversion; and
- M = the aggregate number of Shares to in issue and fully paid-up immediately after such consolidation or subdivision or conversion; and
- S = existing Option Price; and
- T = existing number of Shares relating to the ESOS Options and/or ESGS Grant; and

Each such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision or conversion becomes effective or such other period as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves of the Company (other than an issue of Shares to its members who had an option to take cash or other dividend in lieu of the relevant Shares), in respect of ESOS Options, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

and the number of Shares relating to the ESOS Options and/or ESGS Grants shall be adjusted by multiplying the existing number of Shares relating to the ESOS Options and/or ESGS Grants by the following fraction:

$$\frac{\text{Additional number of Shares}}{\text{Shares}} = \frac{T \times A + B}{A} - T$$

Where:

- A = the aggregate number of issued and fully paid-up Shares on the Entitlement Date immediately before such capitalisation;
- B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (other than an issue of Shares to its members who had an option to take cash or other dividend in lieu of the relevant Shares);
- T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for new Shares by way of rights; or
 - (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Option Price for ESOS Options shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 21.7(c)(ii) hereof, the number of Shares relating to the ESOS Options to be issued / the adjusted number of Shares to be vested and transferred under an ESGS Grant shall be calculated by the following fraction:

$$\text{Adjusted Number of Shares} = \frac{T \times C}{C - D^*}$$

Where:

- T = as above;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- C = the Current Market Price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation or (where appropriate) any relevant date as may be determined by the Company;
- D = (aa) In the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 21.7(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 21.7(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) In the case of any other transaction falling within By-Law 21.7(c) hereof, the fair market value as determined (with the concurrence of the auditor) by the external auditors or Principal Adviser of that portion of the Capital Distribution attributable to one (1) Share; and
- D* = the value of the rights attributable to one (1) Share (as defined below).

For the purpose of definition (aa) of “D” above, “**value of rights attributable to one (1) Share**” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

- C = as C above;
- E = the subscription price for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and
- F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or subscribe for security convertible into one (1) additional Share or rights to acquire or subscribe for additional Shares; and

For the purpose of definition of “D*” above, the “**value of rights attributable to one (1) Share**” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

- C = as C above;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = the number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 21.7(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new Shares (not falling under By-Law 21.7(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company.

Any dividend declared or provided for in the audited financial statements of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated financial statement of comprehensive income of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 21.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 21.7(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 21.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 21.7(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of Shares relating to the ESOS Options and/or ESGS Grants shall be adjusted by multiplying the existing number of Shares relating to the ESOS Options and/or ESGS Grants by the following fraction:

$$\text{Adjusted Number of Shares (ESOS Option)} = \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of Shares (ESGS Grant)} = \frac{T \times ((G + H + B) \times C)}{(G \times C) + (H \times I)}$$

Where:

- B = as B above;
- C = as C above;
- G = the aggregate number of issue and fully paid-up Shares on the Entitlement Date;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation, as the case may be;
- I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; and
- T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 21.7(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for ordinary shares as provided in By-Law 21.7(c)(iii) above, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of Shares relating to the ESOS Options and/or ESGS Grants shall be adjusted by multiplying it by the following fraction:

$$\text{Adjusted Number of Shares (ESOS Option)} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of Shares (ESGS Grant)} = \frac{T \times (G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)}$$

Where:

- C = as C above;
- G = as G above;
- H = as H above;
- H* = as H* above;
- I = as I above;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- I* = as I* above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; And
- T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 21.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 21.7(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 21.7(c)(iii) above, and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of Shares relating to the ESOS Options and/or ESGS Grants shall be adjusted by multiplying it by the following fraction:

$$\text{Adjusted Number of Shares (ESOS Option)} = \frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of Shares (ESGS Grants)} = \frac{T \times (G + H + J + B) \times C}{(G \times C) + (H \times I) + (J \times K)}$$

Where:

- B = as B above;
- C = as C above;
- G = as G above;
- H = as H above;
- H* = as H* above;
- I = as I above;
- I* = as I* above;
- J = as J above;

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

K = as K above; and

T = as T above.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of the Market Day next preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Shares, securities or rights. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 21.7(c)(ii), 21.7(c)(iii), 21.7(d), 21.7(e) and 21.7(f) above), the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share is less than ninety per cent (90%) of the Average Price (as defined below) for one (1) Share or, as the case may be, the price at which Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L+M}{L+N}$$

where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this By-Law 21.7(g), the “**Total Effective Consideration**” shall be as determined by the LTIP Committee and shall be:

- (1) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares;
- (2) in the case of the issue by the Company of securities wholly or partly convertible into Shares the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (3) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with total amount receivable by the Company upon full exercise of such rights.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

In each case without deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "**Total Effective Consideration Per Share**" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights. Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the Market Day immediately preceding the date on which the issue is announced or (if failing such announcement) immediately preceding the date on which the Company determines the offering price of such Shares, securities or rights.

For the purpose of this By-Law:

"**Current Market Price**" means in relation to each Share for any relevant day the weighted average of the Last Dealt Price (defined below) for each Share quoted on Bursa Securities for the five (5) consecutive Market Days before such date for one (1) or more board lots of Shares as quoted on Bursa Securities; and

"**Average Price**" means the average of the Last Dealt Price (defined below) on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined; and

"**Last Dealt Price**" means in relation to a Share, the last dealt price per Share for one (1) or more board lots of Shares quoted on Bursa Securities.

- 21.8 If an event occurs that is not set out in By-Law 21.7 or if application of any of the formula to an event results in a manifest error or does not, in the opinion of the LTIP Committee, achieve the desired result of preventing the dilution or enlargement of the Eligible Person's rights, the LTIP Committee may agree to an adjustment subject to the provision of By-Law 21.7 provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the LTIP Committee.
- 21.9 Notwithstanding the provisions referred to in this By-Law, the LTIP Committee may exercise its discretion to determine whether any adjustments to the Option Price, the number of Options and/or new Shares (as the case may be) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.
- 21.10 Any adjustment to the Option Price shall be rounded up to the nearest of RM0.01.
- 21.11 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 21, the number of Shares comprised in an ESOS Award or ESGS Grant shall automatically be rounded down to the nearest whole number.
- 21.12 Upon any adjustment being made pursuant to this By-Law, the LTIP Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the ESOS Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of Shares thereafter to be issued on the exercise of the ESOS Options and/or to be vested under the ESGS Grants.

22. TAKE-OVER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

In the event of:

- 22.1 a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time held by the person making the general offer (“**Offeror**”) or any persons acting in concert with the Offeror);
- 22.2 the Offeror becoming entitled or bound to exercise the rights of compulsory acquisition of Shares under the provisions of the Capital Markets and Services Act 2007 or other relevant laws applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date; or
- 22.3 the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 of the Act,

the LTIP Committee may at its discretion to the extent permitted by law allow the exercise of any ESOS Options and/or the vesting of any ESGS Grants (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (1) the ESOS Vesting Date or ESGS Vesting Date (whichever applicable) is not due or has not occurred; and/or
- (2) the other terms and conditions set out in the LTIP Award have not been fulfilled or satisfied.

23. DIVESTMENT FROM THE GROUP

23.1 If a Grantee who was in the employment of a corporation in the Group which was subsequently divested, then such Grantee:

- (i) shall:
 - (a) not be entitled to continue to exercise all such unexercised vested ESOS Options held by him/her; and
 - (b) cease to be capable of being vested with any unvested ESOS Options or unvested ESGS Grants granted to him/her under the Scheme,from the date of completion of such divestment; and
- (ii) shall not be eligible to participate for further LTIP Awards under the Scheme as from the date of completion of such divestment.

23.2 For the purposes of By-Law 23.1, a company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the LTIP Committee at its absolute discretion.

24. WINDING UP

All outstanding LTIP Awards shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding up or liquidation of the Company, all rights to exercise and/or vest the LTIP Awards shall automatically be suspended from the date of presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise and/or vest the LTIP Awards shall accordingly be unsuspending.

25. DURATION OF THE SCHEME

25.1 The Scheme is conditional upon:

- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (ii) approval from Bursa Securities for the listing of and quotation for such number of Shares representing up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) on the Main Market of Bursa Securities;
- (iii) approval of the shareholders of the Company for the Scheme being obtained;
- (iv) receipt of the approval(s) of any other relevant authorities (where applicable); and
- (v) fulfilment or waiver (as the case may be) of all applicable conditions attached to the above approvals (if any).

The Scheme shall be in force for a duration of five (5) years commencing from the effective date of implementation of the Scheme, which shall be a date following the full compliance with all relevant requirements of the Listing Requirements in relation to the Scheme (“**Effective Date**”) (“**Duration of the Scheme**”).

25.2 The Scheme may be extended for a further period of up to five (5) years immediately from the expiry of the Duration of the Scheme (“**Date of Expiry**”) at the discretion of the Board upon the recommendation of the LTIP Committee. Any extension of the LTIP shall not, in aggregate with the initial term, exceed ten (10) years from the Effective Date, or such longer period as may be allowed by the relevant authorities.

25.3 Such extended Scheme shall be implemented in accordance with the terms of the provisions herein contained, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each Grantee and/or make any necessary circulars to any parties and/or Bursa Securities (if required) within 30 days prior to the date of expiry of the Proposed LTIP. On the expiry of the Scheme, any LTIP Awards which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

25.4 TERMINATION OF THE SCHEME

(i) The Company may at its sole discretion and at any time during the Duration of the Scheme terminate the Scheme without obtaining the approvals from the Grantees or its shareholders and shall immediately announce to Bursa Securities upon termination of the Scheme the:

(a) effective date of termination of the Scheme ("**Termination Date**");

(b) Shares vested pursuant to the exercise of ESGS Grant and/or number of new ESOS Options exercised pursuant to the Scheme; and

(c) reasons and justification for termination of the Scheme,

whereupon the termination, no further LTIP Awards shall be granted by the LTIP Committee from the Termination Date, all LTIP Awards which have yet to be accepted by the Eligible Persons shall automatically lapse and be null and void on the Termination Date, and any unexercised ESOS Options and/or unvested ESGS Grant shall be deemed cancelled and be null and void on the Termination Date.

(ii) Subject to the Listing Requirements the following shall not be required to effect the termination of the Scheme:

(a) approval or consent of the shareholders of the Company by way of resolution in a general meeting; and

(b) written consent of the Grantees in relation to the unexercised ESOS Options and/or unvested ESGS Grant.

26. SUBSEQUENT EMPLOYEES' SHARE SCHEMES

The Company may, in addition to the Scheme, implement more than one (1) employees' share scheme provided that the aggregate number of Shares available under all the employee share schemes implemented by the Company is not more than fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time or any other limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

27. COMPENSATION

27.1 This Scheme shall afford the Grantee no additional right to compensation or damages in the event of the cessation of his employment or appointment for any reason whatsoever.

27.2 Participation in this Scheme by an Eligible Person is a matter entirely separate from his terms and conditions of employment and participation in this Scheme shall in no respects whatever affect in any way a Grantee's terms and conditions of employment. In particular (but without limiting the generality of the foregoing words) any Grantee who leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, dismissal without just cause or excuse, or other breach of contract or by way of compensation for loss of office or otherwise howsoever.

28. MODIFICATION / VARIATION TO THE SCHEME

- 28.1 The LTIP Committee may at any time and from time to time recommend to the Board any amendments and/or modifications to all or any of the provisions of the Scheme and these By-Laws and the power to amend and/or modify all or any of the provisions of the Scheme and these By-Laws shall rest with the Board PROVIDED THAT no amendment shall alter adversely the rights attaching to any ESOS Options granted prior to such amendment, nor alter such rights to the advantage of any Grantee without the prior approval of the shareholders of the Company at a general meeting. Such amendment or modification to the By-Laws does not need the prior approval of Bursa Securities. However, the Company is required to submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements on employees' share option scheme and the rules issued by Bursa Depository no later than five (5) Market Days after the effective date of the said amendment or modification is made.
- 28.2 Subject to By-Law 28.1, the approval of the shareholders of the Company in general meeting shall not be required in respect of any additions, modifications or amendments to or deletions of these By-Laws provided that no additions, modifications or amendments to or deletions of these By-Laws will:
- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (ii) increase the number of Shares available under the Scheme beyond the maximum amount as set out in By-Law 3 above; or
 - (iii) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (iv) alter to the advantage of an Eligible Person and/or Grantee in respect of any matters which are required to be contained in these By-Laws without the prior approval of the Company's shareholders in a general meeting unless allowed by the provisions of the Listing Requirements.

29. DISPUTES

- 29.1 In case any dispute or difference shall arise between the LTIP Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the LTIP Committee during the duration of the Scheme, then the LTIP Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person and/or the Grantee, as the case may be PROVIDED THAT where the dispute is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in the instance. In the event the Eligible Person or the Grantee, as the case may be, shall dispute the same by written notice to the LTIP Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the LTIP Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the LTIP Committee shall be borne by such party.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

- 29.2 Notwithstanding the foregoing provisions of By-Law 29.1 above, matters concerning adjustments made pursuant to By-Law 21 shall be referred to external auditors or the principal adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

30. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the LTIP Award, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance of LTIP Award and exercise of the Options under the Scheme and the holding or subsequent dealing of such Shares (such as, including but not limited to, brokerage commissions and stamp duty).

31. CONSTITUTION

Notwithstanding the rules, terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements (if any).

32. NOTICE

- 32.1 Any notice which under the Scheme is required to be given to or served upon the LTIP Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee and the LTIP Committee shall be given or served in writing and either delivered by hand or sent to the registered office of the Company by facsimile or ordinary post. Proof of posting shall not be evidence of receipt of the letter.
- 32.2 Any notice under the Scheme required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his/her place of employment, to his/her electronic mail address, at his/her last facsimile transmission number known to the Company, or to his/her last-known address. Any notice served by hand, by facsimile, by electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and acknowledged, (if by facsimile transmission) is transmitted with a confirm log print-out for the transmission indicating the date, time and transmission of all pages, (if by electronic mail) the dispatch of the electronic mail, (if any post) three (3) days after postage.
- 32.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.
- 32.4 Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the LTIP Committee.

APPENDIX I – DRAFT LTIP BY-LAWS (CONT'D)

33. SEVERABILITY

- 33.1 Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

34. GOVERNING LAW AND JURISDICTION

- 34.1 The Scheme, the By-Laws, and all LTIP Awards made and granted and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia.
- 34.2 The Eligible Persons, by accepting the LTIP Awards in accordance with these By-Laws and terms of the Scheme and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.

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APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

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

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to GCAP for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, GCAP Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against GCAP Group, or of any fact likely to give rise to any proceedings, which might materially affect the Group's business or financial results or position, save and except the following:-

- (a) On 9 March 2021, GPB Corporation Sdn. Bhd ("**GPB**") had filed a suit against Markas Logistik Tentera Darat ("**First Defendant**"), Markas Angkatan Tentera Malaysia ("**Second Defendant**"), Kementerian Pertahanan Malaysia ("**Third Defendant**"), Kementerian Kewangan Malaysia ("**Fourth Defendant**") and Kerajaan Malaysia ("**Fifth Defendant**") (collectively, the "**Defendants**") at the High Court of Kuala Lumpur ("**KL High Court**") to claim for, inter alia, the principal amount of RM1,242,000.00 owing by the Defendants to GPB (the "**Principal Outstanding Sum 1**") and/or interest at 5% per annum accrued therefrom and/or such other costs, including but not limited to legal costs incurred and such other costs the KL High Court may deem fit. The said matter was further scheduled for a case management on 17 June 2021 which is to be held by means of e-review.

The First Defendant and the Second Defendant are the agencies and/or departments formed by the Third Defendant whereas the Third Defendant and the Fourth Defendant are ministries under the Fifth Defendant.

The above suit was filed by GPB against the Defendants to recover the Principal Outstanding Sum 1 and such other costs arising therefrom as aforementioned. The First Defendant had agreed to engage GPB in relation to the provision of bus rental service for the voters the Second Defendant for the period commencing from 4 May 2018 until 6 September 2018.

The Principal Outstanding Sum 1 remained uncollected as at LPD, despite several reminders had been sent to the Defendants.

The solicitors in charge for the above suit, Messrs Goik Ramesh & Loo, is of the view that GPB would have high chances in succeeding in the matter.

APPENDIX II - FURTHER INFORMATION (CONT'D)

- (b) On 9 March 2021, GPB had filed a suit against Jabatan Latihan Khidmat Negara (“**First Defendant**”), Kementerian Pertahanan Malaysia (“**Second Defendant**”), Kementerian Belia dan Sukan Malaysia (“**Third Defendant**”), Kementerian Kewangan Malaysia (“**Fourth Defendant**”) and Kerajaan Malaysia (“**Fifth Defendant**”) (collectively, the “**Defendants**”) at the High Court of Kuala Lumpur (“**KL High Court**”) to claim for, inter alia, the principal amount of RM4,979,003.10 (“**Principal Outstanding Sum 2**”) together with interest at 8% per annum accrued therefrom and/or such other costs, including but not limited to the legal costs incurred and such other amount which the KL High Court may deem fit. The matter was scheduled for a case management on 10 June 2021 to be held by means of e-review.

The Defendant is an agency/department under the Second Defendant and/or Third Defendant whereas the Second Defendant, Third Defendant and Fourth Defendant are ministries under the Fifth Defendant.

The suit was filed by GPB against the Defendants to recover the Principal Outstanding Sum 2 and such other costs arising therefrom as aforementioned. The First Defendant, with the approval given by the Second Defendant and/or the Third Defendant, had entered into a contract to engage GPB for the provision of bus rental services and food provided for/to the trainees under Program Latihan Khidmat Negara for the period commencing from 26 December 2014 to 25 December 2017. The said contract was further extended for 2 years commencing from 26 December 2017 and expired on 25 December 2019.

As at the LPD, the GPB only received a sum of RM4,952,983.90 and Principal Outstanding Sum 2 remained uncollected, despite several reminders had been sent to the Defendants.

The solicitors-in-charge for the above suit, Messrs Goik Ramesh & Loo, is of the view that there are high chances of GPB in succeeding in the matter.

- (c) On 25 April 2018, Wak Ngah Pili A/P Bah Adim and 35 other individuals (collectively, the “**Plaintiffs**”) had filed a suit against PHREC (“**First Defendant**”), Conso Hydro R E Sdn Bhd (“**Second Defendant**”), Kerajaan Negeri Perak, Ketua Pengarah Jabatan Kemajuan Orang Asli, Pengarah Tanah dan Galian Perak and Kerajaan Malaysia (collectively, the “**Defendants**”) at the High Court of Ipoh, Perak (“**Ipoh High Court**”), to seek for, inter alia, a declaration that the Plaintiffs are the proprietors of native customary titles over the land identified as ‘Ulu Geruntum’ (“**Customary Land**”).

The Plaintiffs further sought a declaration that the Defendants and its agents had trespassed the Customary Land and hence they shall be restrained from trespassing, clearing, using, or occupying the Customary Land.

The First Defendant and the Second Defendant had commenced the development of a hydroelectric project in Perak for Skim Geroh, Gopeng and Sungai Geruntum, Kampar in the area of Ulu Geruntum (the “**Project**”). Hence, the Plaintiffs also sought an injunction order to restrain the First Defendant and/or Second Defendant and/or their agencies from carrying on any works (including but not limited to construction works and land reclamation works) over the Customary Land.

On 28 April 2021, an interim injunction order was granted in favour of the Plaintiffs whereby the First Defendant and Second Defendant and/or their agents shall be restrained from carrying on any works (including but not limited to construction works and land reclamation works) over the Customary Land.

APPENDIX II - FURTHER INFORMATION (CONT'D)

On 6 May 2021, the First Defendant had filed a notice of appeal at the Court of Appeal, Kuala Lumpur (“**Court of Appeal**”) appealing against the said interim injunction order. As at the LPD, a case management date is still pending to be fixed by the Court of Appeal.

The solicitors-in-charge for the above suit, Messrs Goik Ramesh & Loo, is of the view that there are high chances of successful appeal, unless the Court of Appeal decides otherwise.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the Group's business or financial results or position, save and except the following:-

	RM'000
Capital commitment in constructing mini-hydropower projects	13,580
Total	13,580

6. CONTINGENT LIABILITIES

As at LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by GCAP Group, which upon becoming enforceable may have a material impact on the Group's business or financial results or position.

7. MATERIAL CONTRACT

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the 2 years immediately preceding the date of this Circular:-

- (a) Memorandum of Understanding entered into between Perak Builders Sdn Bhd (*formerly known as Majuperak Bina Sdn Bhd*) (Registration No. 199401003586) (289265-P) and the Company dated 18 August 2020 (“**MOU**”), for the potential business opportunities, inter alia, in developing affordable homes and infrastructure related projects on a joint venture basis. As at the LPD, the said parties have not entered into any definitive agreement in respect of the said project. The MOU is currently valid and subsisting; and
- (b) Joint Venture cum Shareholders' Agreement entered into amongst the Company, eLeaps, Muhamad Albashir bin Abdullah Kok (NRIC No. 780110-14-5965) and Solarcity dated 5 February 2021 (“**JVA**”) for the Solar PV Systems installations. The JVA is currently valid and subsisting.

APPENDIX II - FURTHER INFORMATION (CONT'D)

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of GCAP at 11B, Level 2, Greentown Business Centre, Persiaran Greentown 9, 30450 Ipoh, Perak 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 EGM:-

- (i) the Constitution of GCAP;
- (ii) the audited consolidated financial statements of the Group for the past 2 financial years up to the FYE 31 December 2020 and the latest unaudited results for the 3-month financial period ended 31 March 2021;
- (iii) the relevant cause papers in respect of the material litigations referred to in **Section 4** above;
- (iv) the letter of consent and declaration of conflict of interests referred to in **Sections 2** and **3** above, respectively;
- (v) the material contracts referred to in **Section 7** above; and
- (vi) the draft By-Laws in relation to the Proposed LTIP as referred to in **Appendix I** of this Circular.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of G Capital Berhad (formerly known as Gunung Capital Berhad) (“**GCAP**” or the “**Company**”) (“**EGM**”) will 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, for the purpose of considering and if thought fit, passing with or without modification, to give effect to the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF GCAP AND ITS SUBSIDIARIES (COLLECTIVELY, “GCAP GROUP” OR THE “GROUP”) TO INCLUDE THE PROVISION OF ENERGY SOLUTION (“PROPOSED DIVERSIFICATION”)

“**THAT**, subject to the approvals of the relevant authorities and/or parties being obtained, where required, approval be and is hereby given to the GCAP Group to diversify its existing principal activities to include renewable energy business and related activities as described in the Circular to the shareholders dated 15 June 2021 (“**Circular**”);

AND THAT Board of Directors (“**Board**”) be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Diversification with full power to assent to any conditions, variations, modifications, and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matter relating thereto and to take all such steps to do all acts and things in any manner as they may deem fit or expedient to implement, finalise and give full effect to the Proposed Diversification.”

ORDINARY RESOLUTION 2

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 PERSONS”) (“LTIP BY-LAWS”) (“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 SHARES OR SHARE(S)”) AT A PRE-DETERMINED SUBSCRIPTION PRICE (“PROPOSED NEW ESOS”); AND**
- (B) **PROPOSED EXECUTIVE SHARE GRANT WHICH WOULD ENABLE GCAP TO AWARD GCAP SHARES TO THE ELIGIBLE PERSONS WITHOUT CASH CONSIDERATION PAYABLE (“PROPOSED ESGS”)**

“THAT, subject to the approvals of all relevant regulatory authorities being obtained (where applicable), and to the extent permitted by law and the Constitution of the Company, the Board, be and is hereby authorised and empowered to:-

- (i) establish, implement and administer the Proposed LTIP of up to 15.0% of the total number of issued ordinary shares (excluding treasury shares, if any) of the Company (**“GCAP Share(s) or Share(s)”**) at any point of time during the duration of the Proposed LTIP for the Eligible Persons in accordance with the provisions of LTIP By-Laws, a draft of which is set out in Appendix I of the Circular, and to give full effect to the Proposed LTIP to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant authorities;
- (ii) allot and issue and/or transfer such number of Shares from time to time to the Eligible Persons upon the award of the Shares in writing to the ESGS Grantees (**“ESGS Award(s)”**) and/or exercise of the options awarded in writing to the ESOS Grantees to subscribe for new Shares and/or acquire the existing Shares of the Company at the prescribed exercise price (**“ESOS Award(s)”**), subject to the terms and conditions of the LTIP By-Laws, provided that the total number of such Shares to be issued under the Proposed LTIP shall not in aggregate exceed 15.0% of the total number of issued Shares (excluding treasury shares, if any) of the Company at any point of time during the duration of the Proposed LTIP (collectively, the ESGS Award(s) and ESOS Award(s) are referred to as **“LTIP Award(s)”**);
- (iii) any new Shares to be issued under the Proposed LTIP, shall upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the new Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution, the entitlement date of which precedes the relevant date of allotment and issuance of the new Shares. The new Shares will be subject to all provisions of the Constitution of the Company and such amendments thereafter, if any; and
- (iv) add, amend, modify and/or delete all or any part of the terms and conditions as set out in the LTIP By-Laws governing the Proposed LTIP from time to time provided that such addition, amendment, modification and/or deletion are effected in accordance with the provisions of the LTIP By-Laws, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed LTIP.

THAT the Board be and is hereby authorised to give effect to the Proposed LTIP with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things as they may consider necessary and/or expedient to implement, finalise and give full effect to the Proposed LTIP.

AND THAT the draft LTIP By-Laws as set out in Appendix I of the Circular and which is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Listing Requirements”**), be and is hereby approved and adopted.”

ORDINARY RESOLUTIONS 3 TO 7 PROPOSED ALLOCATION OF LTIP AWARDS TO THE DIRECTORS OF GCAP

“THAT, subject to the passing of the Ordinary Resolution 2 and the approvals of the relevant authorities for the Proposed LTIP being obtained, approval be and is hereby given to the Board to authorise the LTIP committee of the Proposed LTIP (**“LTIP Committee”**), at any time and from time to time throughout the duration of the Proposed LTIP, to offer and grant to the following Directors of GCAP, LTIP Awards under the Proposed LTIP:-

- | | | |
|-------|------------------------------------|-----------------------|
| (i) | Tan Sri Dr. Ali bin Hamsa | Ordinary Resolution 3 |
| (ii) | Datuk Yap Yee Ping | Ordinary Resolution 4 |
| (iii) | Loi Jin Choo | Ordinary Resolution 5 |
| (iv) | Dato’ Rosli bin Sharif | Ordinary Resolution 6 |
| (v) | Dato’ Haji Roshidi bin Haji Hashim | Ordinary Resolution 7 |

PROVIDED ALWAYS THAT:-

- (a) he/she must not participate in the deliberation or discussion of his/her own allocation to be issued under the Proposed LTIP;
- (b) not more than 10% of the total number of GCAP Shares to be issued under the Proposed LTIP shall be allocated to him/her, if he/she, either singly or collectively through persons connected to him/her, holds 20% or more of the total number of issued GCAP Shares (excluding treasury shares, if any); and
- (c) it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the LTIP By-Laws.

AND THAT the Board is also authorised to issue and/ or transfer via treasury shares the corresponding number of the Shares arising from the exercise of the LTIP Award(s) that may be awarded to him under the Proposed LTIP.

ORDINARY RESOLUTION 8

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

"THAT subject to the provisions of the Listing Requirements, approval be and is hereby given to GCAP Group to enter into and give effect to the recurrent related party transactions of a revenue and/or trading nature with the related parties as set out in the Circular which are necessary for the day-to-day operations of GCAP Group within the ordinary course of business, at arm's length basis, and on normal commercial terms, which are not more favourable to the related parties than those generally available to the public and are not detrimental of the minority shareholders of the Company.

THAT the authority for the Proposed Shareholders' Mandate shall continue to be in full force until:-

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Shareholders' Mandate with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities."

BY ORDER OF THE BOARD
G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)

ERIC TOH CHEE SEONG (SSM PC No. 202008002884) (MAICSA 7016178)
JESSLYN ONG BEE FANG (SSM PC No. 202008002969) (MAICSA 7020672)
Company Secretaries

Perak Darul Ridzuan
15 June 2021

Notes:-

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual EGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U Online website at <https://web.vote2u.my>.
2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/ her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/ her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The form of proxy must be deposited 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 appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 17 June 2021 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/ or vote on his/ her behalf.

FORM OF PROXY



G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)

I/We, _____ NRIC No./Registration No: _____
(Full name in Block Letters)

of _____
(Address)

contact number _____ Email address _____

being a member/members of **G Capital Berhad (formerly known as Gunung Capital Berhad)**, hereby appoint:- _____

_____ NRIC No./Passport No: _____

No. of shares to be represented _____ of _____
(Address)

contact number _____ Email address _____

or/and failing him/her _____ NRIC No./Passport No: _____

No. of shares to be represented _____ of _____
(Address)

contact number _____ Email address _____

or failing him/her, the Chairman of the meeting, as my/our proxy, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company will 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, for the purpose of considering and if thought fit, passing with or without modification, to give effect to the following resolutions:-

	Resolutions	For	Against
Ordinary Resolution 1	Proposed Diversification		
Ordinary Resolution 2	Proposed LTIP		
Ordinary Resolution 3	Proposed Awarding of LTIP Award to Tan Sri Dr. Ali bin Hamsa		
Ordinary Resolution 4	Proposed Awarding of LTIP Award to Datuk Yap Yee Ping		
Ordinary Resolution 5	Proposed Awarding of LTIP Award to Loi Jin Choo		
Ordinary Resolution 6	Proposed Awarding of LTIP Award to Dato' Rosli bin Sharif		
Ordinary Resolution 7	Proposed Awarding of LTIP Award to Dato' Haji Roshidi bin Haji Hashim		
Ordinary Resolution 8	Proposed Shareholders' Mandate		

(Please indicate with an "X" in the space provided how you wish your votes to be cast. In the absence of any specific direction, your Proxy will vote or abstain from voting at his/her discretion)

Signed this day of 2021

No of shares held:

CDS Account No.:

.....
Signature of shareholder



Notes:-

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2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/ her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/ her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The form of proxy must be deposited 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 appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 17 June 2021 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/ or vote on his/ her behalf.

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AFFIX
STAMP

The Registrar of
G CAPITAL BERHAD
(FORMERLY KNOWN AS GUNUNG CAPITAL BERHAD)
[Registration No. 199501000977 (330171-P)]

c/o Boardroom.com Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor, Malaysia

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Fold This Flap For Sealing