

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. You should rely on your own evaluation to assess the merits and risks of the Proposed Rights Issue (as defined herein).

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[Registration No.: 199501000977 (330171-P)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM112,883,159 NOMINAL VALUE OF 1,411,039,484 FIVE (5)-YEAR, 8.0% REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“RCULS”) AT 100% OF ITS NOMINAL VALUE OF RM0.08 EACH ON THE BASIS OF FOUR (4) RCULS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF G CAPITAL BERHAD (“GCAP”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



INVESTMENT BANK BERHAD
Registration No. 197401003530 (20657-W)

The Extraordinary General Meeting (“EGM”) of GCAP will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Friday, 3 November 2023 at 11:00 a.m. or at any adjournment thereof. The Proxy Form must be lodged at GCAP’s Share Registrar’s Office at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting remotely at the EGM should you subsequently wish to do so.

IMPORTANT DATES

Last date and time for lodging the Proxy Form : Wednesday, 1 November 2023 at 11:00 a.m. or any adjournment thereof
Date and time for the EGM : Friday, 3 November 2023 at 11:00 a.m. or any adjournment thereof

This Circular is dated 22 September 2023

DEFINITIONS

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

“Act”	:	Companies Act, 2016
“Ban-Seng”	:	Ban-Seng Packaging Sdn. Bhd. [Registration No.: 199601036781 (409134-T)]
“Board”	:	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 22 September 2023 to the shareholders of GCAP in relation to the Proposed Rights Issue
“CMSA”	:	Capital Markets & Services Act, 2007
“Conversion Price”	:	Conversion price of RCULS for one (1) new GCAP Share, which will be determined and announced by the Company at a later date
“COVID-19”	:	Coronavirus disease 2019
“Director”	:	A person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and section 2(1) of the CMSA
“EGM”	:	Extraordinary general meeting
“Entitled Shareholders”	:	Shareholders of GCAP whose names appear in the Record of Depositors at the close of business on the Entitlement Date
“Entitlement Date”	:	The date to be determined and announced by the Board after the approvals from the relevant authorities and shareholders of the Company have been obtained, for the purpose of determining the entitlements of the shareholders of GCAP for the Proposed Rights Issue
“EPS”	:	Earnings per Share
“Excess Application”	:	The excess application for unsubscribed RCULS by the Entitled Shareholders and/or their renouncee(s)/transferee(s)
“FiAH”	:	Feed-In-Approval Holder of a feed-in approval certificate issued by SEDA who is eligible to sell the renewable energy at the FiT
“FiT”	:	Feed-in tariff
“FPE”	:	3-month financial period ended 30 June
“FYE”	:	12-month financial year ended/ending 31 December
“GCAP” or the “Company”	:	G Capital Berhad [Registration No.: 199501000977 (330171-P)]
“GCAP Group” or the “Group”	:	GCAP and its subsidiaries, collectively
“GCAP Share(s)” or “Share(s)”	:	Ordinary share(s) in the Company

DEFINITIONS (CONT'D)

“GDP”	:	Gross domestic product
“GHSB”	:	Gunung Hydropower Sdn Bhd [Registration No.: 200001010548(513154-T)], an effective 96%-owned subsidiary of GCAP through GCAP’s 90% direct equity interest in GHSB and PHREC’s 10% direct equity interest in GHSB
“Government”	:	Government of Malaysia
“Indicative Conversion Price”	:	Indicative conversion price of RM0.560 per Share
“KAF IB”	:	KAF Investment Bank Berhad [Registration No.: 197401003530 (20657-W)]
“KHSB”	:	Kundur Hydro R E Sdn Bhd [Registration No.: 201401008223 (1084301-M)], an effective 74.64%-owned subsidiary of GCAP through GCAP’s 49% direct equity interest in KHSB and PHREC’s 46% direct equity interest in KHSB
“LAT”	:	Loss after taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	7 September 2023, being the latest practicable date prior to the printing of this Circular
“LTIP”	:	Long term incentive plan
“Market Day”	:	A day on which Bursa Securities is open for trading in securities
“Maximum Scenario”	:	<p>For illustration purpose, the Conversion Price is assumed to be at the Indicative Conversion Price:-</p> <ul style="list-style-type: none"> (i) Assuming that the Proposed Rights Issue is implemented based on the Maximum Subscription Level basis where all the Entitled Shareholders and/or their renouncee(s)/transferee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue; and (ii) RM112,883,159 nominal value of 1,411,039,484 RCULS to be issued under the Maximum Subscription Level will be fully converted into 1,411,039,484 new GCAP Shares by surrendering RM0.08 nominal value of one (1) RCULS together with RM0.480 in cash. <p>For clarity, the aforesaid assumption for the Indicative Conversion Price is strictly for illustration purpose only and should not be regarded as an indication or reference to the eventual Conversion Price to be determined by the Board after receipt of all relevant approvals for the Proposed Rights Issue</p>
“Maximum Subscription Level”	:	The maximum subscription level basis of RM112,883,159 nominal value of 1,411,039,484 RCULS that may be issued under the Proposed Rights Issue
“MCO”	:	Movement control order
“Minimum Scenario”	:	<p>For illustration purpose, the Conversion Price is assumed to be at the Indicative Conversion Price:-</p> <ul style="list-style-type: none"> (i) Assuming that the Proposed Rights Issue is implemented based on the Minimum Subscription Level basis; and (ii) RM17,764,320 nominal value of RCULS to be issued under the Minimum Subscription Level will be fully converted into 31,721,998 new GCAP Shares pursuant to mandatory conversion on the maturity date at the Conversion Price. <p>For clarity, the aforesaid assumption for the Indicative Conversion Price is strictly for illustration purpose only and should not be regarded as an indication or reference to the eventual Conversion Price to be determined by the Board after receipt of all relevant approvals for the Proposed Rights Issue</p>

DEFINITIONS (*CONT'D*)

“Minimum Subscription Level”	:	The minimum subscription level basis of RM17,764,320 nominal value of 31,721,998 RCULS that may be issued under the Proposed Rights Issue
“MW”	:	Megawatts
“NA”	:	Net assets
“NRW”	:	Non-revenue water
“Options”	:	Options granted under the LTIP
“PAT”	:	Profit after taxation
“Perak”	:	Perak Darul Ridzuan
“PHREC”	:	Perak Hydro Renewable Energy Corporation Sdn. Bhd. [Registration No.: 201001024228 (908000-H)], a 60%-owned subsidiary of GCAP
“Project Company(ies)”	:	Separate entities jointly established by PHREC with the strategic partners identified for the purpose of undertaking the development of the mini-hydropower plants projects pursuant to the WRA
“Project Costs”	:	Being the estimated costs associated with the development of mini-hydropower plants projects secured by GCAP Group as more particularly set out in Section 3.0 of this Circular
“Proposed Rights Issue”	:	Proposed renounceable rights issue of up to RM112,883,159 nominal value of 1,411,039,484 RCULS at 100% of its nominal value of RM0.08 each on the basis of four (4) RCULS for every one (1) GCAP Share held by the Entitled Shareholders on the Entitlement Date
“RCULS”	:	Five (5)-year, 8.0%, redeemable convertible unsecured loan stocks to be issued by the Company pursuant to the Proposed Rights Issue
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“REPPA”	:	Renewable Energy Power Purchase Agreement
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
“Sanwa”	:	Percetakan Sanwa Industries Sdn. Bhd. [Registration No.: 199901010307 (485207-M)]
“SC”	:	Securities Commission Malaysia
“SEDA”	:	Sustainable Energy Development Authority Malaysia
“Solar PV System”	:	Solar photovoltaic energy generating system
“TERP”	:	Theoretical ex-rights price
“TNB”	:	Tenaga Nasional Berhad [Registration No.: 199001009294 (200866-W)]
“Trust Deed”	:	The RCULS will be issued in registered form and constituted by a trust deed to be executed by the Company and the Trustee

DEFINITIONS (*CONT'D*)

“Trustee”	:	MTrustee Berhad [Registration No.: 198701004362 (163032-V)], being the trustee appointed by the Company, to act for the benefits of the RCULS holders
“Undertakings”	:	Irrevocable and unconditional undertakings dated 18 May 2023 from the Undertaking Shareholders to subscribe in full for their respective entitlements for the RCULS under the Proposed Rights Issue
“Undertaking Shareholders”	:	Collectively, Sanwa, Datuk Yap Yee Ping, Ban-Seng, Lee Poh Hin and Lee Yee Long
“VWAMP”	:	Volume weighted average market price
“WRA”	:	Water rights agreement dated 17 December 2012 and supplemental agreement dated 11 April 2013 entered into between PHREC and the State Government of Perak

Words denoting the singular number only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statute is a reference to that statute as for the time being amended or re-enacted.

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EXECUTIVE SUMMARY

This Executive Summary only highlights the key information of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular before making a decision on the Proposed Rights Issue.

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>
Summary of the Proposed Rights Issue	<p>: The Proposed Rights Issue, which will be undertaken on a renounceable basis, entails the issuance of up to RM112,883,159 nominal value of 1,411,039,484 RCULS at 100% of its nominal value of RM0.08 each on the basis of four (4) RCULS for every one (1) GCAP Share held by Entitled Shareholders on the Entitlement Date.</p> <p>The Conversion Price of the RCULS will be determined and announced by the Company at a later date, following the receipt of all the requisite approvals for the Proposed Rights Issue but before the announcement of the Entitlement Date with due consideration to the following:-</p> <ul style="list-style-type: none">(i) the prevailing market conditions and market prices of GCAP Shares preceding the price-fixing date; and(ii) the TERP of GCAP Shares calculated based on the five (5)-day VWAMP of GCAP Shares immediately before the price-fixing date of the Conversion Price.	Section 2.0
Rationale	<p>: After due consideration of the various funding options available to the Company, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for GCAP for the purposes stated in Section 3.0 of this Circular in view of the following reasons:-</p> <ul style="list-style-type: none">(i) the Proposed Rights Issue serves to raise funds for the purpose set out in Section 3.0 of this Circular, particularly to part finance the Project Costs, which is expected to contribute positively to the future financial performance of the Group;(ii) the Proposed Rights Issue enables the Company to raise funds of up to RM112,883,159 at a fixed funding cost for a period of five (5) years, thereby reducing its exposure to interest rate fluctuations, which will in turn enable the Group to manage its cash flows more efficiently;(iii) the Entitled Shareholders would have the opportunity to increase their equity participation in the Company at the Conversion Price during the tenure of the RCULS and at the same time, stand to benefit from the periodic coupon payments for the RCULS;(iv) the proceeds from the conversion of the RCULS, if any, will provide an additional source of funds for the Group's future working capital requirements and/or Project Costs; and(v) the issuance of RCULS does not have an immediate dilutive effect on the EPS of the Group as opposed to the issuance of new GCAP Shares and it enables the Group to strengthen its eventual capital base upon conversion of the RCULS.	Section 4.0

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>
Approvals required	<p>: The Proposed Rights Issue is subject to the following approvals being obtained:-</p> <p>(i) the SC for the issuance of the RCULS, which was obtained vide its letter dated 10 July 2023;</p> <p>(ii) Bursa Securities for:-</p> <p>(a) the admission of the RCULS to the Official List of Bursa Securities and the listing of and quotation for up to RM112,883,159 nominal value of 1,411,039,484 RCULS on the Main Market of Bursa Securities; and</p> <p>(b) the listing of and quotation for up to 1,411,039,484 new GCAP Shares to be issued pursuant to the conversion of RCULS on the Main Market of Bursa Securities;</p> <p>which was obtained vide its letter dated 4 September 2023;</p> <p>(iii) shareholders of the Company for the Proposed Rights Issue at an EGM to be convened; and</p> <p>(iv) any other relevant authorities and/or parties, if required.</p>	Section 8.0
Directors' Statement and Recommendation	<p>: The Board, having considered all aspects of the Proposed Rights Issue, including but not limited to the rationale and financial effects of the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interest of the Company.</p>	Section 10.0

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[Registration No.: 199501000977 (330171-P)]
(Incorporated in Malaysia)

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

22 September 2023

BOARD OF DIRECTORS

Datuk Yap Yee Ping (Executive Director)
Dato' Rosli bin Sharif (Independent Non-Executive Director)
Dato' Haji Roshidi bin Haji Hashim (Independent Non-Executive Director)
Jason Fong Jian Sheng (Independent Non-Executive Director)

To: The Shareholders of GCAP

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE

1.0 INTRODUCTION

- 1.1 On 5 April 2023, KAF IB had, on behalf of the Board, announced that GCAP is proposing to undertake a proposed renounceable rights issue which entails the issuance of up to RM112,883,159 nominal value of 1,411,039,484 RCULS at 100% of its nominal value of RM0.08 each on the basis of four (4) RCULS for every one (1) GCAP Share held by the Entitled Shareholders on the Entitlement Date.
- 1.2 On 11 July 2023, KAF IB had, on behalf of the Board, announced that the SC had vide its letter 10 July 2023 (which was received on 11 July 2023), resolved to approve the issuance of the RCULS pursuant to the Proposed Rights Issue under subsection 214(1) of the CMSA, subject to the conditions set out in Section 8.0 of this Circular.
- 1.3 On 5 September 2023, KAF IB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 4 September 2023 (which was received on 5 September 2023), resolved to approve the following:-
- (i) admission to the Official List and the listing of and quotation for up to RM112,883,159 nominal value of 1,411,039,484 RCULS to be issued pursuant to the Proposed Rights Issue; and
 - (ii) the listing of and quotation for up to 1,411,039,484 new GCAP Shares to be issued pursuant to the conversion of the RCULS.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF GCAP WITH THE DETAILS OF THE PROPOSED RIGHTS ISSUE AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED HERewith IN THIS CIRCULAR.

SHAREHOLDERS OF GCAP ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2.0 DETAILS OF THE PROPOSED RIGHTS ISSUE

2.1 Basis and number of RCULS

As at the LPD, the issued share capital of the Company is RM132,155,994 comprising 323,707,971 GCAP Shares. In addition, as at the LPD, GCAP has 29,051,900 outstanding Options, which could be exercised into 29,051,900 new Shares. For clarity, the Company undertakes not to grant any additional Options or award any new GCAP Shares under the executive share grant scheme pursuant to the LTIP from LPD up to the completion of the Proposed Rights Issue. For information purpose, the Company does not hold any treasury shares as at the LPD.

The Proposed Rights Issue, which will be undertaken on a renounceable basis, entails the issuance of up to RM112,883,159 nominal value of 1,411,039,484 RCULS at 100% of its nominal value of RM0.08 each on the basis of four (4) RCULS for every one (1) GCAP Share held by the Entitled Shareholders on the Entitlement Date, on the assumption that all the 29,051,900 Options are fully exercised. The Maximum Subscription Level was derived as follows:-

		No. of Shares / RCULS
Issued share capital as at the LPD	(A)	323,707,971
Full exercise of the Options	(B)	29,051,900
	(C) = (A) + (B)	352,759,871
No. of RCULS to be issued pursuant to the Proposed Rights Issue	(D) = (C) x 4 / 1	1,411,039,484
Nominal value of RCULS (RM)	(E) = (D) x RM0.08	112,883,159

The basis of four (4) RCULS for every one (1) GCAP Share held on the Entitlement Date was arrived at after taking into consideration the amount of proceeds to be raised as detailed in Section 3 of this Circular.

The actual nominal value of RCULS to be issued depends on the actual subscription by the Entitled Shareholders and/or their renouncee(s)/transferee(s) under the Proposed Rights Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can fully or partially subscribe for and/or renounce their entitlements to the RCULS. Any unsubscribed RCULS shall be made available for Excess Applications. It is the intention of the Board to allocate the excess RCULS in a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company.

The RCULS will be provisionally allotted to the Entitled Shareholders on the Entitlement Date after obtaining all relevant approvals in respect of the Proposed Rights Issue.

The RCULS will be issued in registered form and constituted by a Trust Deed. The indicative salient terms of the RCULS are set out in Section 2.4 of this Circular.

2.2 Basis of determining and justification for the issue price and conversion price of RCULS

2.2.1 Issue price of the RCULS

The RCULS shall be issued at 100% of the nominal value of RM0.08 each. The nominal value was fixed after taking into consideration the minimum level of funds intended to be raised by GCAP for the purposes stated in Section 3.0 of this Circular and is deemed sufficiently attractive to encourage subscription of the RCULS by the shareholders.

2.2.2 Conversion Price

The Conversion Price will be determined and immediately announced by the Company at a later date prior to the Entitlement Date (including the basis and justifications for the Conversion Price) following the receipt of all the requisite approvals for the Proposed Rights Issue but before the announcement of the Entitlement Date with due consideration to the following:-

- (i) the prevailing market conditions and market prices of GCAP Shares preceding the price-fixing date; and
- (ii) the TERP of GCAP Shares calculated based on the five (5)-day VWAMP of GCAP Shares immediately before the price-fixing date of the Conversion Price.

The Board intends to fix the Conversion Price at a premium of not more than 20% to the TERP. For clarity, the intention of determining the Conversion Price closer to the implementation of the Proposed Rights Issue serves to provide the Board with greater flexibility to determine the Conversion Price based on the foregoing basis with due consideration to the volatility of historical market prices of GCAP Shares, where during the past six (6) months up to the LPD, the GCAP Shares were traded between a low of RM0.385 on 8 March 2023 and a high of RM0.490 on 4 July 2023.

The Board is of the opinion that the premium of the Conversion Price to the TERP is reasonable to incentivise the RCULS holders to hold on to the RCULS for a longer period. The Board hopes that this will encourage the RCULS holders to have longer investment horizon and to make their investment decisions based on the long-term prospects of the Group rather than short-term market fluctuations.

For the purpose of illustration in this Circular only, the RCULS are assumed to be converted at the Indicative Conversion Price, which represents a premium of 19.79% to the TERP of RM0.4675 per GCAP Share, calculated based on the 5-day VWAMP of GCAP Shares up to and including the LPD of RM0.4147 per GCAP Share.

The RCULS can only be converted into new GCAP Shares by surrendering one (1) RCULS together with cash such that in aggregate it amounts to the Conversion Price for one (1) new GCAP Share, except for the Mandatory Conversion (as defined in Section 2.4 of this Circular). For illustration purpose, assuming that the eventual Conversion Price is fixed at the Indicative Conversion Price, the RCULS holder will need to surrender one (1) RCULS together with additional RM0.480 in cash for one (1) new GCAP Share in the event the RCULS holder exercises its rights to convert the RCULS.

2.2.3 Coupon rate of the RCULS

The coupon rate of 8.0% was determined after taking into consideration of the following:-

- (a) the average effective borrowing cost of our Group of approximately 6.52% as at 20 March 2023, being the latest practicable date prior to the announcement dated 5 April 2023 in relation to the Proposed Rights Issue and is projected to increase by a 2% within the next five (5) years; and
- (b) the attractiveness of the coupon rate of the RCULS as compared to the fixed deposits rate offer by the financial institutions.

Barring any unforeseen circumstances, the coupon payments of the RCULS will be funded via the internally generated funds from GCAP Group.

2.3 Ranking of the RCULS and new GCAP Shares arising from the conversion of RCULS

The RCULS shall constitute direct, unconditional, unsubordinated and unsecured obligations of GCAP and subject to the provisions contained in the Trust Deed, must at all times rank equally, without discrimination, preference or priority between themselves and must rank at least equally with all present and future direct, unconditional, unsubordinated and unsecured debts and obligations of GCAP, from time to time, except those which are preferred by law.

The new GCAP Shares to be issued pursuant to the conversion of RCULS shall, upon issue and allotment, rank equally in all respects with the then existing GCAP Shares, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date is prior to the date of allotment of such new GCAP Shares.

2.4 Salient terms of RCULS

The salient terms of RCULS are set out as follow:-

Issuer	:	GCAP
Issue size/ Basis of allotment	:	Up to RM112,883,159 nominal value of 1,411,039,484 RCULS on the basis of RM0.32 nominal value of four (4) RCULS for every one (1) existing GCAP Share held by the Entitled Shareholders on the Entitlement Date
Issue Price	:	Each RCULS shall be issued at 100.0% of its nominal value of RM0.08
Form and denomination	:	The RCULS will be issued in registrable form and in denomination of RM0.08 each and multiples thereof, and constituted by the Trust Deed
Issue date	:	A market day to be mutually agreed between the Company and KAF IB
Tenure	:	Five (5) years from and inclusive of the date of issue of the RCULS
Maturity date	:	The date immediately preceding the fifth (5 th) anniversary date of the issue date of the RCULS, and if such date is not a market day, then on the immediate preceding market day
Rating	:	Not applicable
Trust Deed	:	The RCULS is constituted by a trust deed to be executed between GCAP and the Trustee
Coupon rate	:	Fixed rate of 8.0% per annum on the nominal value of the RCULS, payable quarterly in arrears
Coupon payment	:	<p>The coupon is payable on the last day of each fiscal quarter of one (1) year (based on 365 days) calculated from (and including) the date of issuance of RCULS for a period of five (5) years payable in the following manner:-</p> <ul style="list-style-type: none"> (i) 2% at the first fiscal quarter ending 31 March; (ii) 2% at the second fiscal quarter ending 30 June; (iii) 2% at the third fiscal quarter ending 30 September; and (iv) 2% at the fourth fiscal quarter ending 31 December <p>It is the obligation of the RCULS holders that they shall seek independent advice from such professional parties in respect of the coupon including but not limited to the implications thereof, at their own cost and expense, prior to receiving the same from the Company</p>
Conversion Price	:	The Conversion Price will be determined by the Board and announced by the Company at a later date in the manner set out in Section 2.2 of this Circular. The Conversion Price may be subject to adjustments as described below
Conversion mode	:	The RCULS can only be converted into new GCAP Shares by surrendering one (1) RCULS together with cash such that in aggregate it amounts to the Conversion Price for one (1) new GCAP Share, except for the Mandatory Conversion (as defined below)

For illustration purpose, assuming that the eventual Conversion Price is fixed at the Indicative Conversion Price, the RCULS holder will need to surrender one (1) RCULS together with additional RM0.480 in cash for one (1) new GCAP Share in the event the RCULS holder exercises its rights to convert the RCULS.

Adjustments in the Conversion Price and nominal value	:	Necessary adjustments to the Conversion Price and/or the nominal value shall be made in the event of any alteration in the Company's share capital on or before the maturity date, whether by way of rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution whether on a reduction of capital howsoever being effected, by the Board in accordance with the provisions of the Trust Deed
Conversion period	:	On any market day after the issue date and up to 5:00 p.m. on the maturity date
Status of RCULS	:	The RCULS shall constitute direct, unconditional, unsubordinated and unsecured obligations of GCAP and subject to the provisions contained in the Trust Deed, must at all times rank equally, without discrimination, preference or priority between themselves and must rank at least equally with all present and future direct, unconditional, unsubordinated and unsecured debts and obligations of GCAP, from time to time, except for those which are preferred by law
Board lot	:	The RCULS will be freely transferable in board lots of 100 units of RCULS for the purpose of trading on Bursa Securities, unless otherwise revised by the relevant authorities
Ranking of new GCAP Shares to be issued pursuant to the conversion of RCULS	:	The new GCAP Shares to be issued pursuant to the conversion of RCULS shall, upon issue and allotment, rank equally in all respects with the then existing GCAP Shares, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date is prior to the date of allotment of such new GCAP Shares
Rights of RCULS	:	The RCULS holders are not entitled to any voting rights and shall not have any participating rights in any distribution and/or offer of securities in the Company until and unless such RCULS holders convert their RCULS into new GCAP Shares
Conversion rights	:	<p>Subject to the provision on redemption below, each holder of RCULS shall have the rights to convert at any time during the conversion period, such amount of RCULS held into new GCAP Shares at the Conversion Price in accordance with the conversion mode</p> <p>If any RCULS holder exercises his/her rights to convert all or any part of the RCULS held by him/her into new GCAP Shares, no coupon shall be payable on such RCULS during the fiscal quarter of such conversion taking place</p> <p>The RCULS which have been converted shall be cancelled and cannot be resold</p>
Mandatory Conversion	:	<p>All the outstanding RCULS which have not been converted or redeemed on the maturity date, shall be automatically converted into new Shares at the Conversion Price, which shall be satisfied by the RCULS holders surrendering the equivalent nominal value of RCULS for cancellation by the Company ("Mandatory Conversion"). In such event, it shall be deemed automatically that the RCULS holders shall be deemed to have submitted a written conversion notice on the maturity date for the purpose of exercising its right to convert such outstanding RCULS into new Shares</p> <p>Any fractional new GCAP Shares arising from the Mandatory Conversion will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit, expedient and in the best interests of the Company</p> <p>The RCULS which have been converted shall be cancelled and cannot be resold</p>

Amendment to the RCULS holders' rights : Save as otherwise provided in the Trust Deed and consented to in writing by the Company, approval of the RCULS holders by way of Special Resolution (as defined below) is required to sanction any modification, variation or arrangement requested by GCAP in respect of the rights of the RCULS holders

Redemption : The Company shall have the option to redeem the RCULS via cash at 100% of its nominal value, in whole or in part, at any time during the tenure at the sole and absolute discretion of GCAP subject to GCAP giving a written notice to the RCULS holders of at least 30 days prior to intended redemption date. During such notice period, but not later than the 8th market day before the maturity date, the RCULS holders will be entitled to exercise their conversion rights, subject to compliance with the conditions for conversion. The redemption of the RCULS shall not prejudice the rights of the RCULS holders whose RCULS were so redeemed to receive any accrued but unpaid coupon up to the date of redemption where the unpaid coupon shall be calculated based on a quarterly basis and shall accrue from day to day based on a 365 days' calendar year

Any outstanding RCULS not redeemed on the maturity date shall be automatically converted into such number of new GCAP Shares pursuant to the conversion rights granted to the RCULS holders above

For the avoidance of doubt, the RCULS holders shall have no rights to request GCAP to redeem any RCULS throughout the tenure. The RCULS which have been redeemed shall be cancelled and cannot be resold

Rights of the RCULS holders on liquidation : If a resolution is passed for a voluntary winding-up of GCAP while any of the RCULS remain capable of being converted, then:-

- (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the RCULS holders, or some person designated by them for such purpose, shall be a party, the terms of such scheme of arrangement if approved by an extraordinary resolution shall be binding on all the RCULS holders; and
- (ii) in any other case every RCULS holders shall be entitled to upon and, subject to the Trust Deed, at any time within 21 days ("**Specified Period**") after the passing of such resolution for a members' voluntary winding-up of GCAP, deliver to the share registrar a duly completed conversion notice in relation to the RCULS to elect to be treated as if he had, on the last day of the month immediately before the commencement of such winding-up, exercised the conversion rights to the extent specified in the conversion notice and be entitled to receive out of the assets of GCAP which will be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of GCAP shall give effect to such election accordingly. Upon such election taking effect, all RCULS converted under such election shall cease to carry any coupon as from the last day of the month immediately before the month in which the RCULS are converted or deemed converted under this provision

All conversion rights which have not been exercised at the expiry date of the Specified Period shall lapse and cease to be valid for any purpose

- Events of default : The Trustee may and, if so directed by a resolution passed at a meeting of the RCULS holders (by a majority consisting of not less than three-fourths (3/4) of the votes cast on a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths (3/4) of the votes cast on a poll) (“**Special Resolution**”), shall (subject to its rights to be indemnified to its satisfaction under the Trust Deed) declare (by giving a written notice to the Company) that the outstanding RCULS is immediately due and repayable, and the RCULS then outstanding shall become immediately due and repayable at their nominal value of RM0.08 each together with accrued interest up to and including the date of repayment, if any of the following events occur:-
- (i) if the Company fails to pay any principal, premium interest or profit owing on the RCULS after the remedy period of seven (7) business days from the date of which the payment is due;
 - (ii) if the Company fails to issue and allot new GCAP Shares following the exercise of the conversion rights by a RCULS holder;
 - (iii) if the Company fails to perform or observe any of its obligations under the Trust Deed and/or the terms and conditions of the RCULS certificate (other than the Company's obligation to pay the interest in which clause (i) above shall apply) and such default is not capable of remedy within seven (7) days from the written notice issued by the Trustee to the Company and is certified by the Trustee to be in its reasonable opinion materially prejudicial to the interests of the RCULS holders;
 - (iv) if a distress, execution or seizure before a judgment is levied or enforced on or against a substantial part of the assets of the Company and is not paid out, withdrawn or discharged within thirty (30) days (or such longer period as the Trustee may consider appropriate in relation to the jurisdiction concerned), except if such distress, execution or seizure is disputed in good faith under or pursuant to proceedings duly instituted by the Company;
 - (v) if a petition to wind up the Company is presented against the Company, except if such petition is disputed in good faith under or pursuant to proceedings duly instituted by the Company;
 - (vi) if an incumbrancer takes possession or a trustee, administrator or receiver is appointed in respect of all or any substantial part of the assets of the Company or any form of execution of legal process has been enforced against the Company and such possession or appointment is certified by the Trustee to be in its reasonable opinion materially prejudicial to the interests of the RCULS holders;
 - (vii) if an effective resolution is passed by the Company or an order of a court of competent jurisdiction is made for the winding-up of the Company, except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms of which are agreed to in writing by the Trustee;
 - (viii) if the Company is the subject of a scheme of compromise or arrangement under Section 366 of the Act and for purposes of this clause (viii), the Company shall be deemed the subject of such a scheme of compromise or arrangement if:-
 - (a) an application is made under Section 366 of Act to convene a meeting of creditors or class of creditors or of members;

- (b) an application is made for a restraining order under Section 368 of the Act; or
- (c) an application is made under Section 366 of the Act for approval by the court of a compromise or arrangement;

whether or not by the court's discretion or meeting's outcome (as the case may be) approves of such application or matter, the Company shall not be deemed to be the subject of a scheme of compromise or arrangement if it is a scheme for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction of which the terms were agreed to in writing by the Trustee;

- (ix) if a qualified and experienced person approved by an independent oversight committee appointed to manage and control distressed enterprises of the Company is appointed;
- (x) if it is or will become unlawful for the Company to perform or comply with all or any of its obligations under the Trust Deed;
- (xi) if the Company ceases or threatens to cease to carry on all or any substantial part of its business which it carries on as at the date of the Trust Deed;
- (xii) if the Company is for the purposes of Section 465 of the Act deemed to be unable to pay its debts;
- (xiii) if all or any RCULS is de-listed or ceases to be listed on Bursa Securities by reason of the Company's default of Listing Requirements (and, for this purpose, a suspension of trading at the request of the Company or Bursa Securities shall not be deemed a de-listing or cessation of listing);
- (xiv) any borrowed money of the Company is not paid when due or becomes due and payable or any guarantee or indemnity given by the Company in respect of such borrowed money is not honoured when due and called upon, or if any other indebtedness of the Company becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable, but only if the aggregate amount of such borrowed money which is not paid, such indebtedness and the amount under such guarantee or indemnity which is not honoured (both of which have occurred and is continuing) equals or exceeds RM75,000,000 or its equivalent in other currency and such default if not capable of remedy within thirty (30) days;
- (xv) any consent, authorisation, licence or approval of, registration with or declaration to governmental or public bodies or authorities or courts in Malaysia (if any) required by the Company to authorise or required by the Company in connection with the execution, issue, sale, delivery, validity, enforceability or admissibility in evidence of the Trust Deed or the RCULS or the performance by the Company of its obligations under the Trust Deed or the RCULS (as the case may be) is revoked, withheld or modified to such degree as would be materially prejudicial to the interests of the RCULS holders or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect;

- (xvi) all or any material part of the undertaking or assets of the Company is seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body in Malaysia, but only if the relevant governmental body does not make or does not propose to make an offer of compensation which would be sufficient to repay amounts due on all outstanding RCULS. For the purpose of this clause, the word 'material' means a value exceeding 50% of the value of the net tangible assets of the Group as disclosed in the latest audited accounts of the Group; or
- (xvii) the Company disposes of a whole or a substantial part of its principal assets, or threatens to cease or ceases to carry on the whole or a substantial part of its business otherwise than for purposes of a consolidation, amalgamation, merger or reconstruction under which the rights of the RCULS holders are not impaired and the continuing entity effectively assumes the entire obligations of the Company and for the purpose of this clause, the word 'substantial' means a value exceeding 50% of the value of the net tangible assets of the Group as disclosed in the latest audited accounts of the Group.

Notwithstanding to the above, the RCULS shall not become immediately due and repayable if any of the events referred to in paragraph (ii) to (xvii) (Events of Default) occur unless and until the Trustee has served a written notice on the Company requiring the Company to remedy such event of default (if capable of being remedied) ("**Notice**") and the Company fails to comply with such Notice within thirty (30) days from the date of such Notice

For clarity, in the event that the Company fails to comply with such Notice within thirty (30) days from the date of such Notice, the RCULS shall then become immediately due and payable at their nominal value of RM0.08 each together with the accrued interest up to and including the date of repayment

Listing	:	The RCULS and the new GCAP Shares arising from the conversion of the RCULS will be listed on Bursa Securities. The listing of and quotation for the RCULS on the Main Market of Bursa Securities is subject to a minimum of 100 holders of RCULS holding not less than one (1) board lot each
Governing laws	:	Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia

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2.5

Minimum Subscription Level and Shareholder's Undertakings

The Proposed Rights Issue will be undertaken on a Minimum Subscription Level, which was determined after taking into consideration the minimum level of funds required by GCAP for the purposes stated in Section 3.0 of this Circular. To facilitate the implementation of the Proposed Rights Issue on a Minimum Subscription Level, the following Undertaking Shareholders have provided the Undertakings:-

Undertaking Shareholders	As at the LPD			As at the date of the Undertakings		
	Shareholdings		Entitlements	Shareholdings ⁽¹⁾		Entitlements / Undertakings ⁽³⁾ %
	No. of Shares	(2) %		No. of Shares	(4) %	
Sanwa ⁽⁵⁾	18,128,800	5.60	72,515,200	18,000,000	5.59	72,000,000
Datuk Yap Yee Ping	13,535,500	4.18	54,142,000	13,535,500	4.20	54,142,000
Ban-Seng ⁽⁵⁾	15,200,000	4.70	60,800,000	13,449,000	4.17	53,796,000
Lee Poh Hin ⁽⁶⁾	6,500,000	2.01	26,000,000	6,417,000	1.99	25,668,000
Lee Yee Long ⁽⁶⁾	4,112,000	1.27	16,448,000	4,112,000	1.28	16,448,000
Total	57,476,300	17.76	229,905,200	55,513,500	17.23	222,054,000
						15.74

Notes:-

- (1) Based on their respective shareholdings as at the date of their Undertakings of 18 May 2023.
- (2) As a percentage of the total number of Shares as at the LPD.
- (3) As a percentage of the total number of 1,411,039,484 RCULS under the Maximum Scenario of the Proposed Rights Issue with the assumption of full exercise of 29,051,900 Options into 29,051,900 Shares. As Sanwa, Ban-Seng, Lee Poh Hin and Lee Yee Long are not entitled to any Options and that Datuk Yap Yee Ping's Undertaking does not cover her entitlement to 12,835,200 Options, their percentage of entitlements pursuant to the Undertakings would appear to be diluted under the Maximum Scenario of the Proposed Rights Issue.
- (4) As a percentage of the total number of Shares as at the date of their Undertakings.
- (5) Lee Poh Hin and Lee Yee Long are the shareholders of Ban-Seng and Sanwa.
- (6) Lee Poh Hin and Lee Yee Long are siblings.

The Undertaking Shareholders have provided written confirmations that they have sufficient financial resources to subscribe in full for their Undertakings pursuant to the Proposed Rights Issue. KAF IB has verified, that the Undertaking Shareholders have sufficient financial resources to fulfil their commitments pursuant to the Undertakings.

For clarity, in the event where the Minimum Subscription Level is being met, the Undertaking Shareholders will also subscribe for their full entitlements for the RCULS pursuant to the Undertakings. As the Undertakings are sufficient to achieve the Minimum Subscription Level, the remaining portion of RM95,118,839 nominal value of RCULS will not be underwritten.

The Company further confirms that the Undertakings are not expected to give rise to any implications under the Rules upon implementation of the Proposed Rights Issue. However, should the Undertaking Shareholders and/or persons acting in concert with them (“PACs”) convert their holdings of RCULS into new Shares during the tenure of RCULS such that their shareholdings in GCAP exceed 33%, whether individually or collectively, they will be required to extend a mandatory take-over offer for all the remaining GCAP Shares not already owned by them pursuant to the Rules.

For the avoidance of doubt, it is not the intention of the Undertaking Shareholders and/or their PACs to undertake a mandatory take-over offer. In such an event, the Undertaking Shareholders will make an application to the SC to seek an exemption under the Rules from the obligation to undertake a mandatory take-over offer prior to the conversion of such portion of their holdings of RCULS that will trigger such obligation under the Rules. The Undertaking Shareholders shall at all times observe and ensure compliance with the provisions of the Rules.

In accordance with the Paragraph 6.18(4) of the Listing Requirements, in the event the Company fails to achieve the Minimum Subscription Level by reason of the failure to fulfil the obligations under the Undertakings or any other reasons, the Proposed Rights Issue will be terminated and all subscription money received pursuant to the Proposed Rights Issue will be immediately returned to all subscribers of the RCULS without interest.

2.6 Public shareholding spread requirement

Pursuant to Paragraph 8.02(1) of the Listing Requirements, at least 25% of GCAP’s total listed shares (excluding treasury shares) are required to be held by public shareholders. Although the eventual level of subscription is not determinable at this juncture, in the event that only the Undertaking Shareholders will be subscribing for the RCULS pursuant to the Undertakings and converting all such RCULS into new GCAP Shares by surrendering RM0.08 nominal value of one (1) RCULS together with additional RM0.480 in cash, the public shareholding spread of GCAP will decreased from 82.24% to approximately 48.78%, which is still above the requisite threshold of at least 25% of its total listed Shares to be held by public shareholders.

2.7 Listing on the Main Market of Bursa Securities

Bursa Securities had vide its letter 4 September 2023 approved the following subject to the conditions as set out in Section 8.0 of this Circular:-

- (i) admission to the Official List and the listing of and quotation for up to RM112,883,159 nominal value of 1,411,039,484 RCULS to be issued pursuant to the Proposed Rights Issue; and
- (ii) the listing of and quotation for up to 1,411,039,484 new GCAP Shares to be issued pursuant to the conversion of the RCULS.

2.8 Fund raising exercise undertaken by the Company in the past twelve (12) months

The Company has not undertaken any other equity fund raising exercise in the past twelve (12) months. For information purposes, the Company has announced a rights issue exercise on 13 July 2021, which has been subsequently aborted on 6 December 2022 after taking into consideration the downward trend of the market prices of GCAP Shares since the announcement of the rights issue exercise on 13 July 2021.

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3.0 UTILISATION OF PROCEEDS

The proceeds arising from the Proposed Rights Issue are intended to be utilised by Group in the following manner:-

Utilisation of proceeds ⁽¹⁾	Expected timeframe for utilisation ⁽²⁾	Minimum Subscription Level RM'000	Maximum Subscription Level RM'000
To part finance the Project Costs ⁽³⁾	Within 24 months	⁽⁶⁾ 5,298	100,417
Working capital ⁽⁴⁾	Within 12 months	11,766	11,766
Estimated expenses ⁽⁵⁾	Within 3 months	700	700
Total		17,764	112,883

Notes:-

- (1) The proceeds raised from the Proposed Rights Issue are intended to be utilised in the following order of priority up to the respective maximum allocation as follows:-
 - (i) firstly, to defray the estimated expenses relating to the Proposed Rights Issue;
 - (ii) secondly, to allocate for the working capital of the Group; and
 - (iii) lastly, to part finance the Project Costs.
- (2) From the date of receipt of the proceeds.
- (3) Being the Project Costs as follows:-

Location of projects	Estimated installed capacity (MW)	Project's expected year of commencement / completion and commissioning	Estimated Project Costs (RM'000)	Estimated project loans (RM'000)	Proceeds from Proposed Rights Issue* (RM'000)
Sg Perak, Salu - A	10.00	2023 / 2027	190,757	133,530	57,227
Sg. Temelong and Sg. Ibul	8.00	2023 / 2027	111,094	77,766	33,328
Sg. Geroh	2.00	2023 / 2026	32,874	23,012	9,862
Total			334,725	234,308	100,417

Note * :- Based on the proceeds to be raised on Maximum Subscription Level basis.

Pursuant to the WRA, PHREC has been mandated to act as the master developer of mini-hydropower plants projects in Perak, where PHREC has been granted with the exclusive rights to build, operate and own mini-hydropower plants at 31 pre-identified sites along 49 rivers ("31 Sites") with an estimated total installed capacity of 286.1 MW for a period of 21 years from the FiT commencement date for each site.

For clarity, FiT is a scheme which obliges the companies holding the licence to distribute electricity (e.g. TNB, Sabah Electricity Sdn. Bhd. and N.U.R Power Sdn Bhd) to buy electricity produced from renewable resources by FiAH for a specific duration.

Pursuant to the WRA, PHREC may develop the mini-hydropower plants projects directly or through Project Companies. Out of the 31 Sites:-

- (i) twelve (12) Project Companies have been registered as FiAH for 10 sites ("10 Sites") which comprise thirteen (13) projects. Such Project Companies had executed the REPPA with TNB for twelve (12) projects, save for one (1) project. For clarity, all three (3) mini-hydropower plants projects as stipulated in the table above are within the 10 Sites with the details as follows:-

	Sg. Perak, Salu - A	Sg. Temelong and Sg. Ibul	Sg. Geroh
Project Company	GHSB ^(a)	GHSB ^(a)	KHSB ^(b)
Date of winning SEDA's electronic bidding	14 December 2020	10 May 2022	10 May 2022
Granting date of feed-in-approval	15 December 2020	11 May 2022	11 May 2022
Registration date of FiAH ^(c)	9 February 2021	30 May 2022	30 May 2022
Execution date of the REPPA with TNB	12 August 2021	9 December 2022	7 November 2022
FiT rate (per kilowatt-hour)	RM0.2898	RM0.2460	RM0.2461

	Sg. Perak, Salu – A	Sg. Temelong and Sg. Ibul	Sg. Geroh
<i>Estimated revenue to be generated for 21 years (RM' million)</i>	399.66	200.89	53.07

Notes:-

- (a) *GHSB is jointly owned by PHREC (10%) and GCAP (90%), where GCAP is the strategic partner.*
- (b) *KHSB is jointly owned by PHREC (46%), GHSB (49%) and Conso Light Sdn. Bhd. (5%), where GHSB and Conso Light Sdn. Bhd. are the strategic partners.*

For clarity, PHREC is the WRA concessionaire which jointly owned by GCAP (60%) and Menteri Besar Incorporated Perak (40%) (“MBInc”). As the shareholders of PHREC, GCAP and MBInc have been providing effective guidance in obtaining the necessary permits/approvals for the mini-hydropower plants projects from the relevant authorities. As for the strategic partners, they are responsible for the development of the mini-hydropower plants projects, which includes, amongst others, conducting pre-feasibility study and feasibility study, conducting power system study in evaluating the potential of the river, designing the optimal capacity of the plants, submitting the electronic bidding to SEDA, sourcing of financing, carrying out construction as well as operation and maintenance of the mini-hydropower plants in the future.

For information purpose, MBInc is a body incorporated under the Menteri Besar (Incorporated) Perak Enactment 2/1951. MBInc acts as the holding arm of diversified mineral development, property development and viable strategic industries for the state of Perak.

- (c) *FiAH is valid upon registration and there is no expiry date for the FiAH certificate.*
- (ii) *for the remaining 21 sites, the feed-in-approval, the registration of FiAH and the execution of REPPAs are all pending as at the LPD.*

Any shortfall due to the eventual proceeds raised from the Proposed Rights Issue earmarked for the Project Costs, will be funded via a combination of internally generated funds and/or bank borrowings. Any surplus for such expenditures will be adjusted accordingly against the amount allocated for working capital purposes.

- (4) *Intended to be utilised to meet the working capital requirements of GCAP Group, such as payment for trade payables (including payables for the outsourced service providers to GCAP Group’s transportation division) and other payables (including office rental, outsourced information technology supports and statutory bodies), staff costs (including salaries, statutory contributions and employee benefits) and other operating expenses (including legal and professional fees as well as rental expenses for motor vehicles and office equipment). The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore has not been determined at this juncture.*

Solely for illustration purposes and based on best estimates, the proceeds allocated for the Group’s working capital requirements are anticipated to be utilised for each component of the working capital as per the following breakdown:-

	RM’000
<i>Trade and other payables</i>	6,914
<i>Staff costs</i>	4,686
<i>Other operating expenses</i>	166
Total	11,766

- (5) *The proceeds earmarked for estimated expenses in relation to the Proposed Rights Issue will be utilised as set out below:-*

	RM’000
<i>Professional fees</i>	317
<i>Fee payable to relevant authorities</i>	178
<i>Other expenses*</i>	205
Total	700

*Note *:- Being miscellaneous expenses including printing and advertising costs, expenses incidental to the convening of the EGM and other miscellaneous expenses.*

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for working capital purposes.

- (6) *Under the Minimum Subscription Level scenario, the gross proceeds raised, after payment for working capital and expenses incidental to the Proposed Rights Issue, will be utilised to part finance the mini-hydropower plant project at Sg. Geroh, which is expected to commence in the fourth quarter of 2023. The remaining requisite funds earmarked for the Project Costs will be funded via internally generated funds and/or bank borrowings.*

Pending utilisation of proceeds for the abovementioned purposes, the total gross proceeds arising from the Proposed Rights Issue will be placed in interest-bearing deposits and/or short-term money market instruments with financial institutions as the Board in its absolute discretion deems fit and in the best interest of the Company. The resulting interest income derived from such deposits and gain from such instruments will be used as additional working capital for the Group as set out in note (4) above, the breakdown of which has not been determined at this juncture and is subject to the operating requirements at the time of utilisation.

The exact quantum of the proceeds that may be raised by the Company from the conversion of the RCULS would be dependent on the actual number of RCULS converted and the conversion mode. The proceeds from the conversion of the RCULS will be received on an “as and when basis” over the tenure of the RCULS.

For illustrative purposes, based on the Indicative Conversion Price, the Company will raise gross proceeds of up to RM677.30 million upon full conversion of the RCULS under the Maximum Scenario. Any proceeds to be received by the Company pursuant to the conversion of the RCULS in the future, are intended to be utilised to finance/part finance the existing/future projects secured by the Group (including but not limited to mini-hydropower plant projects, solar PV system projects and/or NRW projects) and/or future working capital requirements of the Group such as those set out in note (4) above. The exact breakdown of the utilisation cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time and the timeframe for full utilisation from the date of receipt of the proceeds also could not be determined at this juncture.

For the avoidance of doubt, in the event of any variation to the manner of utilisation of proceeds to be raised from the Proposed Rights Issue, the Company will ensure it complies with the relevant requirements of CMSA, Guidelines on Trust Deeds, Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors of SC, Listing Requirements and any other relevant guidelines, laws, rules and regulations.

4.0 RATIONALE FOR THE PROPOSED RIGHTS ISSUE

After due consideration of the various funding options available to the Company, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for GCAP for the purposes stated in Section 3.0 of this Circular in view of the following reasons:-

- (i) the Proposed Rights Issue serves to raise funds for the purpose set out in Section 3.0 of this Circular, particularly to part finance the Project Costs, which is expected to contribute positively to the future financial performance of the Group;
- (ii) the Proposed Rights Issue enables the Company to raise funds of up to RM112,883,159 at a fixed funding cost for a period of five (5) years, thereby reducing its exposure to interest rate fluctuations, which will in turn enable the Group to manage its cash flows more efficiently;
- (iii) the Entitled Shareholders would have the opportunity to increase their equity participation in the Company at the Conversion Price during the tenure of the RCULS and at the same time, stand to benefit from the periodic coupon payments for the RCULS;

- (iv) the proceeds from the conversion of the RCULS, if any, will provide an additional source of funds for the Group's future working capital requirements and/or Project Costs; and
- (v) the issuance of RCULS does not have an immediate dilutive effect on the EPS of the Group as opposed to the issuance of new GCAP Shares and it enables the Group to strengthen its eventual capital base upon conversion of the RCULS.

In addition, the Board has also considered the following aspects in relation to the Proposed Rights Issue:-

(a) Value creation of the Proposed Rights Issue to the Group and its shareholders

As set out in Section 3.0 of this Circular, save for the working capital and estimated expenses in relation to the Proposed Rights Issue, all the proceeds raised from the Proposed Rights Issue will be utilised to part finance the Project Costs. With this additional funding, the Group will be able to accelerate the development of its mini-hydropower plant projects, which upon completion are expected to contribute positively to the Group's financial performance.

Premised on the foregoing, the Board is of the opinion that the Proposed Rights Issue is the most appropriate means of raising funds.

(b) Impact of the Proposed Rights Issue to the Group and its shareholders

- (aa) Should all the Entitled Shareholders subscribe for their respective entitlements to the RCULS and upon full conversion of the RCULS:-

- there will not be any dilution to their shareholdings in the Company;
- the enlarged number of Shares in issue will dilute the EPS of the Group; and
- the Group's pro forma NA per Share is expected to increase from RM0.35 to RM0.52 under Maximum Scenario as illustrated in Section 6.3 of this Circular.

Notwithstanding the above, the enlarged capital base upon the conversion of the RCULS is expected to strengthen the financial position of the Group. The Proposed Rights Issue will also enable the Group to have better cash commitment planning with the fixed funding costs.

- (bb) Should all the Entitled Shareholders subscribe for their respective entitlements to the RCULS but only the Undertaking Shareholders converted the RCULS while the RCULS held by the other Entitled Shareholders are mandatorily converted into new Shares:-

- the aggregate shareholdings of the other Entitled Shareholders in the Company will be diluted from approximately 82.24% to approximately 55.80%; and
- the enlarged number of Shares in issue will dilute the EPS of the Group.

- (cc) Should only the Undertaking Shareholders are subscribing for the RCULS pursuant to the Undertakings and upon full conversion of the RCULS:-

- the aggregate shareholdings of the other Entitled Shareholders in the Company will be diluted from approximately 82.24% to approximately 48.78%; and
- the enlarged number of Shares in issue will dilute the EPS of the Group.

(c) Adequacy of the Proposed Rights Issue in addressing the Group's financial concerns

In short, the Proposed Rights Issue will provide the funding required by the Group for the purposes stated in Section 3.0 of this Circular. Barring any unforeseen circumstances, the Board is of the view that the Proposed Rights Issue is adequate to meet the Group's financial requirements at this juncture, to improve its financial performance in the future and thereby enhance the shareholders' value.

In the event the Group requires additional capital in the future for the purposes which have not been budgeted in Section 3.0 of this Circular, the Group may consider additional fund raising, either from the financial institution or the market.

5.0 INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5.6% in the first quarter of 2023 (Q1 2023), comparing favourably with regional growth such as Indonesia (5%), China (4.5%) and Vietnam (3.3%). The Q1 2023 growth performance contributed strongly towards the achievement of the 2023 whole year forecast of 4.0% to 5.0%.

The Q1 2023 growth also exceeded the 4.8% growth achieved in Q1 2022. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.9% in Q1 2023 compared to the contraction of 1.7% in Q4 2022.

"Malaysia's economic performance in the first quarter of 2023 was underpinned by broad based growth across all sectors especially services and manufacturing, which grew by 7.3% and 3.2% respectively. The economic expansion was supported by sustained domestic demand reflecting confidence in the economy, given strong private expenditure and improvement in labour market conditions," noted Yang Amat Berhormat Dato' Seri Anwar Ibrahim, Prime Minister and Finance Minister.

The labour market continued to record a positive growth momentum in Q1 2023, maintaining its full employment level with 3.5% unemployment rate (Q4 2022: 3.6%). Meanwhile, inflation rate in Q1 2023 moderated to 3.6% (Q4 2022: 3.9%) due to, among others, the Government's continued implementation of price control measures and consumer subsidies. Domestic inflation continues to trend downwards to 3.4% in March 2023 (Feb 2023: 3.7%), which is much lower than some advanced and regional countries such as the United Kingdom (10.1%), the Philippines (7.6%), Singapore (5.5%), the United States of America (5%) and Indonesia (5%).

In line with the recent global economic forecast by the International Monetary Fund and World Bank, the Malaysian GDP growth is expected to moderate in 2023 due to slower external demand as a result of weakening global trade. Geopolitical tensions, elevated price pressures and tighter financial conditions will also continue to affect world economic outlook.

Meanwhile, on the domestic front, extreme climate occurrences such as the current heat wave phenomena and the expected El Nino season starting in June 2023 are expected to weigh on economic activities to a certain extent, especially on the agriculture and construction sectors.

"Despite these global economic challenges and uncertainty, the Government is confident of achieving our growth forecast of 4.0% – 5.0% for 2023, supported by Malaysia's strong economic fundamentals and implementation of Belanjawan 2023 measures. The Government will continue to prioritise addressing the daily economic challenges faced by Malaysians while focusing on reducing wastage and tackling corruption," said Yang Amat Berhormat Dato' Seri Anwar Ibrahim.

(Source: Press release dated 12 May 2023, Ministry of Finance Malaysia)

5.2 Overview and outlook of the transportation and logistics industry in Malaysia

The transportation and storage subsector shot up by 30.8% in 2022, backed by the significant growth of all segments following a more vigorous highway, port and airport activities. The traffic volume of toll highways increased by 56% to 1.7 billion vehicles, mainly due to increasing travel activities especially during festive seasons, school holidays and general election. The increase in total cargo and container handled in ports was supported by strong external demand with total trade grew by 27.8% to RM2.8 trillion. The subsector's notable performance was also attributed to a substantial increase of 395.3% 54.9 million air passenger traffic at airports during the year due to gradual resumption of international flights. Meanwhile, the performance of food and beverages and accommodation subsector turned around significantly by 33.2% following continuous expansion in tourism-related activities in line with the substantial recovery in hotel occupancy rate and patronage at eateries.

The transportation and storage subsector is projected to expand with most segments benefitting from the expansion in rail, highway, port and airport activities. The land transport segment is expected to grow following the operation of Mass Rapid Transit Putrajaya Line, Damansara-Shah Alam Elevated Expressway and Sungai Besi-Ulu Kelang Elevated Expressway. In addition, the air transport segment is anticipated to increase in tandem with the higher passenger traffic and aircraft movement, following further improvement in tourism-related activities and more flight frequencies. Meanwhile, the water transport segment is projected to expand moderately following softer trade activities.

(Source: Updates on Economic & Fiscal Outlook and Revenue Estimated 2023, Ministry of Finance Malaysia)

5.3 Overview and outlook of the energy sector in Malaysia

The energy sector has always been a critical engine of growth for the national economy. Over the years, it has contributed significantly to Malaysia's GDP - creating skilled jobs, playing an integral part in international trade, and all-in-all, being a major source of fiscal income for the nation's coffers. Looking ahead, the energy sector will continuously play a vital role in Malaysia's future economy - given that it is a sector of high value, built on innovation, technology, and human capital. A future-proof and competitive energy sector has far-reaching spill-over effects that are positive for the nation's entire economy, as it is a key enabler and driving factor of production for numerous major sectors of the national economy.

The energy sector, which acts as the main driver of growth for the Malaysian economy, and energy intensive industries contribute 28 per cent of GDP and account for 25 per cent of the total workforce. In addition, the energy sector is also a key source of national income with petroleum-related income contributing 31 per cent of fiscal income and energy exports constituting 13 per cent of total export value.

The energy sector has strongly contributed to the national socioeconomic impacts, benefiting over 10 million customers with daily access to electricity supply and is a foundational enabler for people mobility through the reliable supply of various transport fuels. Jobs and business opportunities created in the energy sector as well as economic multipliers in energy-related supply chains have also contributed significantly to the quality of life and positive socioeconomic effects for the rakyat.

Energy transition refers to a structural shift of energy systems towards cleaner sources of energy. This transition involves a shift from fossil fuel-dominated usage with high carbon emission intensity to a higher rate of renewable energy usage and lower carbon emission intensity. Whilst energy transitions have occurred throughout history, the current energy transition is expected to occur at an accelerated pace. This is driven by rapid technological progress and strong climate change policies.

Based on forward-looking plans, the primary energy supply is expected to evolve to enable enhanced environmental sustainability. Measures to promote and increase the share of renewable energy in line with the Five-Fuel Diversification Policy have been developed in 2000. These measures will collectively reduce overall energy sector emissions intensity and enhance domestic energy self-sufficiency as imported non-renewable sources of energy are substituted with indigenous sources of renewable energy in the primary energy mix. Trends in fuel switching, such as the transition from internal combustion engine vehicles to electric vehicles which will result in decreased demand for petroleum products and increased demand for electricity, are also expected to influence the primary energy mix and contribute to enhanced environmental sustainability of the energy sector.

Solar Ecosystem

Solar energy has high potential to increase its share in the installed capacity of renewable energy in line with rapidly decreasing levelised cost of energy. One key focus area of technology is to further increase environmental sustainability and reduce the environmental impact of large-scale solar farms. In addition, suitable crops and other methods will be identified to enhance dual-use of land on solar farms, based on the local characteristics. This will enable further increase in competitiveness with alternate revenue streams, while improving the utilisation and quality of land throughout the lifespan of solar electricity generation. Efforts to ensure continued preservation of biodiversity will also be promoted to further complement the environmental sustainability through contribution of solar resources.

Investments to develop and adopt technologies in areas such as floating solar will be further explored given the large complementary synergies between solar and hydroelectric resources. Technology development and adoption to harness potentials of rooftop solar and other solar-related technologies should also be focused on, in accordance with local characteristics.

(Source: National Energy Policy (2022-2040), 19 September 2022, Prime Minister's Department's Economic Planning Unit)

Hydroelectric

Hydroelectric will be a key technology focus area, driven not only by its potential as an electricity generation source but also as a key enabler towards increasing green hydrogen competitiveness. This includes continuous technology development to improve the operational efficiency of power generation from hydroelectric such as technologies to improve electro-mechanical component efficiency, enhance generator design, adopt digital technologies and enhance flow stability.

In addition, technologies to enhance hydro resources as a source of energy storage will be explored, which includes increasing the flexibility of hydraulic turbines and enhancing variable speed hydroelectric generation in areas such as pumped hydro. Meanwhile, technologies to improve the efficiency and uptime of mini-hydro resources will be critical to enhance cost-competitiveness and economic feasibility of the project. Technology developments on potential breakthrough including Restoration Hydro Turbine will also be explored for its cost-competitiveness and applicability.

Apart from utilising efficiency-driven hydro technologies and optimising energy generation, focus will also be given on minimising socioeconomic and environmental impacts of hydroelectric project throughout the lifecycle of a plant. This includes continuous measures in protecting local communities, wildlife species and heritage sites.

(Source: National Energy Policy (2022-2040), 19 September 2022, Prime Minister's Department's Economic Planning Unit)

Malaysia has set a target to generate at least 20% of its energy through renewable sources by 2025, and a projection of 41% by 2050. This target is achievable if more Malaysians are committed to using renewable energy. In order to better integrate renewable energy into the current power supply system, the concept of a smart grid is essential. Smart grids are the key enabler for energy security and integration of renewable energy resources. Therefore, future and existing hydro power plants must enhance their capabilities to realise high efficiencies, enhance performance with suitable technology innovation and explore low-cost financing in order to support the penetration and integration of variable renewable generation resources in the power systems.

There have been no known in-depth studies carried out specifically on major hydropower within the renewable sources of solar, biomass, biogas and small hydro energy. This presents an opportunity to explore suitable enhancement technology for major hydropower projects as well as the suitability of pumped storage hydro within the power systems. The increase in reliable and affordable power generated by these projects has a significantly positive impact on communities and economic activity, often serving as a catalyst for tourism and other industries. Road relocation due to new reservoirs and provision of access roads into otherwise remote areas offers the opportunity to upgrade communications and open up new areas for economic or tourism development. Access through water navigation is also effective in this respect.

Currently, only small hydropower plants are considered renewable energy, and effort must be increased to engage policy stakeholders in acknowledging that even major hydropower schemes offer a clean, affordable and secure energy source. Hydropower contributes significantly to the reduction of greenhouse gases emissions and to the security of the energy supply. Its development requires relatively high initial investment but is offset by a long lifespan with very low operation and maintenance costs. In addition, hydropower offers one of the best conversion efficiencies of all known energy sources.

(Source: "Harnessing hydropower in Malaysia", 7 December 2020, International Water Dam and Construction)

5.4 Overview and outlook of the NRW industry in Malaysia

The issue of NRW requires a continuous and holistic solution as well as a huge capital expenditure, Natural Resource, Environment and Climate Change Minister Nik Nazmi Nik Ahmad said. He said the National Water Services Commission reported last year that the national average NRW was 37.2 per cent, resulting in a waste of 7.084 million litres of treated water daily with a total loss of around RM2 billion a year.

"We realise that the national water supply sector faces various challenges, including a high NRW rate. NRW is treated water that does not reach consumers and cannot be billed due to leaking pipes or non-functioning meters.

"To help overcome the financial losses faced by water operators, the federal government has implemented the National NRW Reduction programme, beginning from the 11th Malaysia Plan till the 12th Malaysia Plan, involving an overall allocation of over RM2 billion," he said as he presented a reimbursement payment to Pengurusan Air Selangor Sdn Bhd under the National NRW Reduction Programme Approach 2 for 2021 here today.

Under Approach 2, the federal government has prepared an allocation of RM1.371 billion in matching grants to help water operators overcome the NRW issue more effectively and sustainably, and involves states with an NRW rate of under 40 per cent, namely Melaka, Penang, Johor, Negeri Sembilan, Perak, Terengganu and Selangor.

(Source: "Non-revenue water issue needs to be tackled holistically, involves huge capital expense, says minister", 7 March 2023, Malay Mail)

NRW reduction programme will be prioritised by providing financial assistance to state governments based on the current NRW level. Infrastructure for preventive measures including leak sensors and pressure management tools to reduce water loss will be installed, particularly in the new distribution systems. In addition, agencies and public institutions will be encouraged to implement water auditing to identify the amount of water loss within the premises, such as military camps, universities and schools. This will enable more targeted measures to be undertaken in addressing water losses due to leakages and inefficient use. The implementation of these programmes will contribute towards the reduction of NRW level to 25%.

(Source: Twelfth Malaysia Plan, 2021-2025)

5.5 Prospects of the Group

On 30 December 2022, GCAP successfully signed a supplemental agreement with the Ministry of Defence Malaysia by extending the earlier contract in relation to the chartering of school buses for the children of armed forces personnel for another one (1) year to 31 December 2023 with additional contract value of RM8.41 million. Therefore, the Group expected to recognise a revenue of RM17.40 million for the FYE 2023 from this transportation division.

Further, as at the LPD, the Group has completed nine (9) Solar PV System projects since the commencement of operations in year 2021. Barring any unforeseen circumstances, the management of GCAP envisages that more Solar PV System projects will be completed in 2023 and thus, contributes to the Group's revenue over a span of 25 years from the respective Solar PV System's commercial operation dates.

Whilst for the mini-hydropower plants, the management of GCAP anticipates the plants as stipulated in Section 3.0 of this Circular, will start contributing to the Group's revenue from year 2026 onwards. For a span of 21 years from the date of commission of the respective plants, the Group anticipates to generate a total revenue of approximately RM653.62 million.

Since the formation of the water division on 28 February 2022, the Group aims to be a public utilities solution provider which offers comprehensive and holistic solutions in addressing the NRW issues. In FYE 2022, the Group has successfully recorded a revenue of RM7.99 million. In addition, the Group is expecting to complete a RM7.05 million contract (i.e. to reduce NRW in Langkawi) by the first half of 2024. The Group will continue to build its track records in reducing Malaysia's NRW by securing more projects.

GCAP Group is still in the midst of planning to venture into non-renewable energy, particularly in liquefied petroleum gas and liquified natural gas business. Nonetheless, GCAP Group has yet to identify suitable strategic partners. Such venture into non-renewable energy sector will equip GCAP Group with the ability to offer a comprehensive energy solution.

Premised on the above and coupled with the favourable overview and outlook of the energy sector and NRW industry in Malaysia as set out in Sections 5.2 to 5.4 of this Circular, the Board remains optimistic towards the future prospects of GCAP Group.

(Source: The management of GCAP)

6.0 EFFECTS OF THE PROPOSED RIGHTS ISSUE

6.1 Issued share capital

The pro forma effects of the Proposed Rights Issue on the issued share capital of GCAP are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	323,707,971	132,155,994	323,707,971	132,155,994
To be issued upon exercise of Options ⁽¹⁾	-	-	29,051,900	⁽¹⁾ 11,475,501
	323,707,971	132,155,994	352,759,871	143,631,495
To be issued upon conversion of RCULS	31,721,998	⁽²⁾ 13,324,613	1,411,039,484	790,182,111
Enlarged issue share capital	355,429,969	145,480,607	1,763,799,355	933,813,606

Notes:-

(1) Assuming the issuance of 29,051,900 new GCAP Shares upon full exercise of 29,051,900 Options at the exercise price of RM0.33 per Option and capitalisation of RM1,888,374 LTIP reserve upon the exercising of such Options.

(2) Based on the estimated equity component of the RCULS arising from the Proposed Rights Issue of RM13.32 million.

6.2 Earnings and EPS

Barring any unforeseen circumstances, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group when the benefits of the utilisation of proceeds are realised. Nonetheless, the Proposed Rights Issue will result in a dilution of the consolidated EPS of GCAP arising from the increase in the number of GCAP Shares in issue upon the conversion of the RCULS.

6.3

NA and gearing

The pro forma effects of the Proposed Rights Issue on the consolidated NA per Share and gearing of GCAP based on the latest audited consolidated financial statements of GCAP as at 31 December 2022 are as follows:-

	<-----Minimum Scenario----->			<-----Maximum Scenario----->		
	(I) Audited as at 31.12.2022 RM'000	(II) After subsequent events up to LPD RM'000	(III) After (I) and Proposed Rights Issue RM'000	(IV) After (I) and full exercise of Options RM'000	(V) After (IV) and Proposed Rights Issue RM'000	(VI) After (V) and full conversion of RCULS RM'000
Share capital	130,964	(1) 132,156	145,481	143,631	143,631	933,814
RCULS - equity portion	-	-	-	-	(4) 84,671	-
Reserve	(7,559)	(7,559)	(7,559)	(7,559)	(7,559)	(7,559)
LTIP reserves	-	(2) 1,888	1,888	-	-	-
(Accumulated losses)	(18,396)	(3) (20,480)	(21,180)	(3) (20,480)	(21,180)	(21,180)
Shareholders' equity	105,009	106,005	118,630	115,592	199,563	905,075
Non-controlling interest	5,701	5,701	5,701	5,701	5,701	5,701
Total equity / NA	110,710	111,706	124,331	121,293	205,264	910,776
No. of Shares ('000)	320,691	323,708	355,430	352,760	352,760	1,763,799
NA per Share (RM)	0.35	0.35	0.35	0.34	0.58	0.52
Borrowings (RM'000)	44,983	44,983	44,983	44,983	(6) 82,104	44,983
Gearing (times)	0.41	0.40	0.36	0.37	0.40	0.05

Notes:-

- (1) After the issuance of 3,017,000 Shares pursuant to the exercise of 3,017,000 Options at the exercise price of RM0.33 per Option as well as the capitalisation of RM196,105 LTIP reserve for the exercised Options.
- (2) After adjusted for the following:-
 - (a) the incorporation of the fair value of RM2,084,479 pursuant to the granting of 32,068,900 Options; and
 - (b) the reversal of RM196,105 pertaining to the exercise of 3,017,000 Options.
- (3) After deducting the expenses of RM2,084,479 pursuant to the granting of 32,068,900 Options.
- (4) The estimated equity component of the RCULS arising from the Proposed Rights Issue is determined by deducting the liability component of the RCULS of about RM5.84 million under Minimum Scenario and RM37.12 million under Maximum Scenario and taking into consideration the resulting deferred tax asset of about RM1.40 million under Minimum Scenario and RM8.91 million under Maximum Scenario, from the gross proceeds to be raised from the Proposed Rights Issue of RM17.76 million under Minimum Scenario and RM112.88 million under Maximum Scenario.

The liability component is estimated by discounting the coupon payments over the tenure of five (5) years at an effective quarterly interest rate of 1.94% while the deferred tax asset is recognised based on the Malaysian statutory tax rate of 24.0% over the liability component.

(5) *After deducting the estimated expenses incidental to the Proposed Rights Issue of RM0.70 million.*

(6) *After adding the liability component of the RCULS of about RM5.84 million under Minimum Scenario and RM37.12 million under Maximum Scenario.*

6.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue on GCAP's substantial shareholders' shareholdings in the Company are as follows: -

Minimum Scenario

	(I)			After (I) and assuming full conversion of RCULS under Mandatory Conversion ⁽²⁾			
	As at the LPD			Direct		Indirect	
	No. of Shares	%		No. of Shares	%	No. of Shares	%
Substantial shareholders							
Sanwa	18,128,800	5.60		-	-	-	-
Datuk Yap Yee Ping	13,535,500	4.18		-	-	-	-
Ban-Seng	15,200,000	4.70		-	-	-	-
Lee Poh Hin	6,500,000	2.01		(1) 33,328,800	10.30	(1) 51,299,656	14.43
Lee Yee Long	4,112,000	1.27		(1) 33,328,800	10.30	(1) 51,299,656	14.43

	After (I) and assuming full conversion of RCULS via cash option ⁽³⁾		
	Direct		Indirect
	No. of Shares	%	No. of Shares
Substantial shareholders			
Sanwa	90,128,800	16.51	-
Datuk Yap Yee Ping	67,677,500	12.40	-
Ban-Seng	68,996,000	12.64	-
Lee Poh Hin	32,168,000	5.89	(1) 159,124,800
Lee Yee Long	20,560,000	3.77	(1) 159,124,800

Notes:-

- (1) *Deemed interested by virtue of his interest in Sanwa and Ban-Seng pursuant to Section 8 of the Act.*
- (2) *Assuming all the RCULS are fully converted into new GCAP Shares pursuant to mandatory conversion on the maturity date.*
- (3) *Assuming all the RCULS are fully converted new GCAP Shares by surrendering RM0.08 nominal value of one (1) RCULS together with additional RM0.480 in cash at the Indicative Conversion Price.*

Maximum Scenario

	(I)			(II)		
	As at the LPD			After (I) and assuming full exercise of the Options		
	Direct		Indirect	Direct		Indirect
Substantial shareholders	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Sanwa	18,128,800	5.60	-	18,128,800	5.14	-
Datuk Yap Yee Ping	13,535,500	4.18	-	(2) 26,370,700	7.48	-
Ban-Seng	15,200,000	4.70	-	15,200,000	4.31	-
Lee Poh Hin	6,500,000	2.01	(1) 33,328,800	6,500,000	1.84	(1) 33,328,800
Lee Yee Long	4,112,000	1.27	(1) 33,328,800	4,112,000	1.17	(1) 33,328,800

	After (II) and assuming full conversion of RCULS under Mandatory Conversion (3)			After (II) and assuming full conversion of RCULS via cash option (4)		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Substantial shareholders	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Sanwa	28,488,114	5.14	-	90,644,000	5.14	-
Datuk Yap Yee Ping	41,439,671	7.48	-	131,853,500	7.48	-
Ban-Seng	23,885,714	4.31	-	76,000,000	4.31	-
Lee Poh Hin	10,214,285	1.84	(1) 52,373,828	32,500,000	1.84	(1) 166,644,000
Lee Yee Long	6,461,714	1.17	(1) 52,373,828	20,560,000	1.17	(1) 166,644,000

Notes:-

- (1) Deemed interested by virtue of his interest in Sanwa and Ban-Seng pursuant to Section 8 of the Act.
- (2) Upon full exercise of her holdings of 12,835,200 Options.
- (3) Assuming the RCULS are fully converted into new GCAP Shares pursuant to mandatory conversion on the maturity date.
- (4) Assuming the RCULS are fully converted into new GCAP Shares by surrendering RM0.08 nominal value of one (1) RCULS together with additional RM0.480 in cash at the Indicative Conversion Price.

6.5 Convertible securities

As at the LPD, save for the 29,051,900 Options, the Company does not have any other convertible securities.

7.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of GCAP Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Highest (RM)	Lowest (RM)
<u>2022</u>		
September	0.480	0.450
October	0.630	0.455
November	0.560	0.480
December	0.500	0.450
<u>2023</u>		
January	0.470	0.440
February	0.450	0.395
March	0.475	0.355
April	0.515	0.405
May	0.400	0.450
June	0.470	0.425
July	0.540	0.420
August	0.435	0.410
Last transacted market price on 5 April 2023 (being the latest market day preceding the announcement of the Proposed Rights Issue)		0.430
Last transacted market price on the LPD		0.420

(Source: Bloomberg)

8.0 APPROVALS REQUIRED

The Proposed Rights Issue is subject to the following approvals being obtained:-

- (i) the SC for the issuance of the RCULS;

The approval of the SC was obtained vide its letter dated 10 July 2023 and is subject to the following conditions:-

Condition	Status of compliance
(a) Compliance with the standard conditions and continuing obligations as stipulated in the Guidelines.	Noted
(b) Submit a checklist of compliance with the standard conditions and continuing obligations as stipulated in the Guidelines and any other condition imposed in any other letter issued in connection with the Proposed Rights Issue within seven (7) business days from the date of issuance of the RCULS.	To be complied

- (ii) Bursa Securities for:-

- (a) the admission of the RCULS to the Official List of Bursa Securities and the listing of and quotation for the RCULS on the Main Market of Bursa Securities; and

- (b) the listing of and quotation for the new GCAP Shares to be issued upon conversion of RCULS on the Main Market of Bursa Securities;

The approval of Bursa Securities was obtained vide its letter dated 4 September 2023 and is subject to the following conditions:-

Condition	Status of compliance
(aa) GCAP and KAF IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue.	Noted
(bb) GCAP must comply with the public security holding spread requirements pursuant to paragraph 8.02(1) of the Listing Requirements upon listing and quotation of the new shares.	To be complied
(cc) GCAP and KAF IB are required to inform Bursa Securities upon completion of the Proposed Rights Issue.	To be complied
(dd) GCAP and KAF IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed.	To be complied
(ee) GCAP is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of RCULS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
(ff) GCAP is required to provide quarterly updates via Bursa Link (simultaneous with the submission of quarterly report), the following:-	To be complied
<ul style="list-style-type: none"> amount of RCULS converted during the quarter and amount of RCULS remained outstanding at the end of the quarter; 	
<ul style="list-style-type: none"> number of new shares issued during the quarter and aggregate number of new shares issued arising from the conversion of the RCULS; 	
<ul style="list-style-type: none"> proceeds raised during the quarter and total proceeds raised from the conversion of the RCULS at the end of the quarter; 	
<ul style="list-style-type: none"> breakdown of the allocation of the proceeds raised during the quarter and allocation of the total proceeds raised pursuant to the conversion of RCULS and percentage of the amount utilised; 	
<ul style="list-style-type: none"> explanatory note(s) on the amount utilised; and 	
<ul style="list-style-type: none"> status of each of the event, project or purpose for which the total proceeds raised from the conversion are utilised for, including but not limited to the percentage of the completion of the projects / initiatives. 	

- (iii) shareholders of GCAP for the Proposed Rights Issue at the EGM to be convened; and
- (iv) any other relevant authorities/parties (if applicable).

The Proposed Rights Issue is not conditional upon any other proposal undertaken or to be undertaken by the Company.

9.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED

None of the directors, major shareholders, chief executive and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue save for their respective entitlements as shareholders under the Proposed Rights Issue, including their right to apply for the Excess Applications, which are also available to all other shareholders of the Company.

10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Rights Issue, including, but not limited to, the rationale and financial effects of the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interest of the Company and accordingly, on the basis above, recommends you to vote in favour of the resolution in relation to the Proposed Rights Issue to be tabled at the forthcoming EGM.

11.0 OUTSTANDING CORPORATE EXERCISES

There are no other intended corporate exercises/schemes which have been announced but yet to be completed by the Group prior to the printing of this Circular, save for the Proposed Rights Issue and the proposals disclosed below.

- (i) On 16 July 2021, GCAP entered into a term sheet for the proposed acquisition of the remaining 120,000 ordinary shares in PHREC, representing 40.0% of the issued share capital of PHREC for a purchase consideration to be determined at a later date (after the completion on the valuation of PHREC).

12.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED RIGHTS ISSUE

Subject to the approvals as stated in Section 8.0 above and barring any unforeseen circumstances, the Proposed Rights Issue is expected to be completed by the first quarter of 2024. The tentative timetable in relation to the Proposed Rights Issue is set out below:-

Date	Events
3 November 2023	Convening of the EGM to obtain the approval of GCAP's shareholders for the Proposed Rights Issue
Early December 2023	Announcement of the Entitlement Date
End December 2023	Entitlement Date
End January 2024	Listing of and quotation for the RCULS on Bursa Securities / Completion of the Proposed Rights Issue

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13.0 EGM

The EGM, the notice of which is enclosed in this Circular, will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Friday, 3 November 2023 at 11:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Rights Issue.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed therein as soon as possible so as to arrive at GCAP's Share Registrar's Office at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
G CAPITAL BERHAD

DATUK YAP YEE PING
Executive Director

FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

1.0 FINANCIAL PERFORMANCE AND FINANCIAL POSITON OF THE GROUP

The audited consolidated financial information of GCAP for the past three (3) FYE 2020 to FYE 2022 and unaudited consolidated financial information of GCAP for FPE 2023 are as follows:-

	<-----Audited----->			<-----Unaudited----->	
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	11,620	7,497	26,875	11,825	12,836
Profit/(Loss) before tax	364	491	(20,793)	(9,131)	(7,949)
PAT/(LAT) (attributable to owners of GCAP)	1,709	1,231	(18,676)	(8,515)	(7,105)
Share capital	123,914	130,964	130,964	130,964	131,557
Current assets	85,520	68,092	45,247	59,739	41,576
Total assets	128,791	171,072	180,614	177,343	177,773
Current liabilities	4,545	14,474	21,583	20,849	19,821
Total liabilities	7,716	38,431	69,904	53,104	72,279
Shareholders' equity	119,493	125,020	105,009	116,502	100,575
Non-controlling interest	1,582	7,621	5,701	7,737	4,919
Total equity / NA	121,075	132,641	110,709	124,239	105,494
Weighted average number of GCAP Shares in issue ('000)	272,414	315,289	320,691	320,691	321,163
EPS / (Loss per Share) (sen)	0.63	0.39	(5.82)	(2.66)	(2.21)
NA per Share (RM) *	0.44	0.42	0.35	0.39	0.33
Current ratio (times)	18.82	4.70	2.10	2.87	2.10
Total borrowings	2,079	21,130	44,983	26,616	49,188
Gearing ratio (times)	0.02	0.16	0.41	0.21	0.47

*Note *:- Based on the weighted average number of GCAP Shares in issue.*

Commentary on the financial performance**FYE 2020**

The Group recorded a lower revenue of approximately RM11.62 million as compared with 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 relevant MCO by the Government during the financial year. The closure of schools under the relevant 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.

FYE 2021

The Group recorded a lower revenue of approximately RM7.50 million as compared with the revenue of RM11.62 million recorded in FYE 2020 mainly due to the disruption of services to the contract with Ministry of Defense when the Government implemented a series of MCO. The Group registered a lower PAT of approximately RM1.23 million as compared with a PAT of RM1.71 million recorded in the previous financial year due to the higher legal and professional fees incurred for the corporate proposals undertaken.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE GROUP (CONT'D)

FYE 2022

The Group recorded a higher revenue of approximately RM26.88 million as compared with the revenue of RM7.50 million recorded in FYE 2021 mainly due to more children back to physical schooling and additional contribution from a new NRW segment. Nonetheless, the Group registered an LAT of approximately RM18.68 million as compared with a PAT of RM1.23 million recorded in the previous financial year pursuant to the impairment in goodwill of RM4.40 million, the inclined in costs for transportation segment as the minimum wages for the drivers increased from RM1,200 to RM1,500 effective 1 May 2022, the fair value loss of investment portfolio held of RM11.25 million as well as higher interest expenses of RM1.12 million as the Group secured more project financings for its Solar PV System projects in FYE 2022.

FPE 2023

The Group recorded a slightly higher revenue of approximately RM12.84 million as compared with the revenue of RM11.83 million recorded in FPE 2022 mainly due to higher revenue contributed from solar power segment as more Solar PV System commenced operations in year 2023. In tandem, the Group registered a lower LAT of approximately RM7.11 million as compared with the LAT of approximately RM9.10 million recorded in the previous financial period.

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FURTHER INFORMATION

1.0 RESPONSIBILITY STATEMENT

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

2.0 CONSENT

KAF IB, as the adviser to GCAP in relation to the Proposed Rights Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which it appears.

MTrustee Berhad, as the Trustee, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which it appears.

3.0 DECLARATION

KAF IB confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the adviser in connection with the Proposed Rights Issue.

MTrustee Berhad confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the Trustee.

4.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any other material commitments and contingent liabilities incurred or known to be incurred by the GCAP Group which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of the GCAP Group, save and except the following:-

Material commitment	RM'000
To complete the construction of mini-hydropower projects	⁽¹⁾ 13,580
To complete the construction of Solar PV System projects	⁽²⁾ 6,124
Total	19,704

Notes:-

(1) Pursuant to the Sg. Geruntum project which are affected by the court injunction order (Suit No. AA-22NCvC-52-04/2018). This capital commitment will be satisfied via a combination of bank borrowings and/or internally generated funds.

(2) Pursuant to the following projects:-

(i) one (1) project located in Selangor which would be potentially affected by the court injunction order (Suit No. BA-22NCvC-468-11/2022); and

(ii) one (1) project located in Penang which have commenced works in May 2022.

These capital commitments will be satisfied via a combination of bank borrowings and internally generated funds.

FURTHER INFORMATION (CONT'D)

5.0 MATERIAL CONTRACT

The Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Circular.

6.0 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, GCAP Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of the GCAP Group, save and except for the following:-

**(i) Suit No. WA-21NCVC-50-03/2021
High Court of Kuala Lumpur ("KL High Court")**

On 9 March 2021, GPB Corporation Sdn Bhd ("**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 KL High Court to claim for, *inter alia*, the principal amount of RM4,979,003.10 ("**Principal Outstanding Sum**") together with interest at 8% per annum and 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 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 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 remained uncollected, despite several reminders had been sent to the Defendants.

The KL High Court has fixed full trials for this matter on 27 May 2024 to 30 May 2024.

The solicitors-in-charge for the above suit, is of the view that GPB's claim will be allowed by the KL High Court.

**(ii) Suit No. AA-22NCvC-52-04/2018
High Court of Ipoh ("Ipoh High Court")**

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 ("**CHRE**") ("**Second Defendant**"), Kerajaan Negeri Perak, Ketua Pengarah Jabatan Kemajuan Orang Asli, Pengarah Tanah dan Galian Perak and Kerajaan Malaysia (collectively, the "**Defendants**") at the 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.

FURTHER INFORMATION (CONT'D)

Both PHREC and CHRE are subsidiary companies of GCAP, which intended to construct a 2.0MW mini-hydropower plant project. As at the LPD, the cost incurred for this project is approximately RM14.12 million.

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.

On 6 May 2021, the First Defendant had in response, filed a notice of appeal at the Court of Appeal, Kuala Lumpur ("**Court of Appeal**") against the said interim injunction on 6 May 2021 vide a notice of appeal with the Appeal No. A-01[IM][NCVC]-258-05/2120. The said interim injunction was subsequently set aside by the Court of Appeal ("**Setting Aside Order**"). The Plaintiffs then filed an application for leave to appeal to the Federal Court in relation to the Setting Aside Order.

As at the LPD, the trial for the matter at the Ipoh High Court was completed on 23 June 2023 whereby the Ipoh High Court directed the parties to file their written submissions by 15 September 2023 and submissions in reply by 29 September 2023. Thereafter, oral submission is to be made on 20 October 2023 and 26 October 2023.

Subject to the aforesaid submissions, the solicitors-in-charge for the above suit is of the preliminary and considered view that there was no conclusive proof that the Customary Land was trespassed.

(iii) **Suit No. BA-22NCvC-468-11/2022**
High Court of Shah Alam ("Shah Alam High Court")

On 16 November 2022, Solarcity Malaysia Sdn Bhd ("**1st Plaintiff**") and Eleaps Sdn Bhd ("**2nd Plaintiff**") (collectively, the 1st Plaintiff and the 2nd Plaintiff shall be known as the "**Plaintiffs**") had filed a suit against Apex Office Furniture Sdn Bhd ("**1st Defendant**"), Apex Office Furniture Exporter Sdn Bhd ("**2nd Defendant**") and AD Power Sdn Bhd ("**3rd Defendant**") (collectively, the 1st Defendant, 2nd Defendant and 3rd Defendant shall be known as the "**Defendants**") to claim for, amongst others:-

- (a) a declaration that the Defendants had acted in conspiracy and/or joint tortfeasors to injure the Plaintiffs' business;
- (b) an injunction restraining the 3rd Defendant whether by itself, or acting by their directors, officers, employees or agents or any of them in combination or otherwise however from providing solar supply to the 1st Defendant and 2nd Defendant at the Premises (as defined below);
- (c) an order that the 1st Defendant and the 2nd Defendant had wrongfully terminated and/or breached the terms of the Solar Supply Agreement dated 19 May 2021 ("**SSA**");
- (d) aggravated and exemplary damages;
- (e) costs on full indemnity basis;
- (f) interests on all sums payable to the Plaintiffs at such rate to be determined by the Shah Alam High Court; and
- (g) such other orders the Shah Alam High Court may think fit.

FURTHER INFORMATION (CONT'D)

The suit is in connection with the dispute arising from the SSA which was entered into between the 1st Plaintiff, 1st Defendant and the 2nd Defendant whereby the 1st Plaintiff is to design, construct, install, own, operate and maintain a solar photovoltaic (PV) energy generating system with a DC capacity of 1,300 kWp at the rooftop of the principal place of business of the 1st Defendant and the 2nd Defendant ("**Premises**") at certain fixed rate pursuant to the SSA to be payable by the 2nd Defendant.

The 1st Plaintiff then engaged the 2nd Plaintiff to act as the 1st Plaintiff's representative in undertaking all installation works and subsequently the 2nd Plaintiff engaged the 3rd Defendant as sub-contractor for such works. The 2nd Plaintiff then discovered that the 2nd Defendant has not completed the 2nd Defendant's production loading at the Premises which resulted in the dissatisfactory load profile, causing a delay to necessary approval or permit and the installation works at the Premises.

The Plaintiffs further discovered that the 3rd Defendant had in his own capacity and without knowledge and consent of the Plaintiffs, installed a same solar PV system for the 2nd Defendant at the Premises which was confirmed by the Defendants. The Defendants further confirmed that they had entered into a new solar supply agreement. Accordingly, the Defendants breached the terms of the SSA and caused damages to the Plaintiffs which led to the filing of this suit.

Pursuant to the case management on 23 August 2023, the Shah Alam High Court had further fixed the next case management on 6 October 2023, on or before which both the Plaintiffs and Defendants shall file the pre-trial documents, due to an extension of time sought.

The solicitors-in-charge for the above suit is of the considered view that the Plaintiffs has considerable prospect of success in this matter.

7.0 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of GCAP at No. 11B, Level 2, Greentown Business Centre, Persiaran Greentown 9, 30450 Ipoh, Perak during ordinary business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) the Constitution of GCAP;
- (ii) the letters of consent and conflict of interest referred to in Section 2.0 and Section 3.0 respectively of this Appendix II;
- (iii) the material contracts referred to in Section 5.0 of this Appendix II;
- (iv) the cause papers in respect of the material litigation referred to in Section 6.0 of this Appendix II;
- (v) the audited consolidated financial statements of GCAP for the past two (2) FYE 2021 and FYE 2022;
- (vi) the unaudited consolidated financial statements of GCAP for the FPE 2023;
- (vii) the draft Trust Deed constituting the RCULS; and
- (viii) the Undertaking Letter.

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G CAPITAL BERHAD

[Registration No.: 199501000977 (330171-P)]

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“EGM”) of G Capital Berhad (“GCAP” or the “Company”) will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting (“RPV”) Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Friday, 3 November 2023 at 11:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution, with or without any modifications:-

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM112,883,159 NOMINAL VALUE OF 1,411,039,484 FIVE (5)-YEAR, 8.0% REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“RCULS”) AT 100% OF ITS NOMINAL VALUE OF RM0.08 EACH ON THE BASIS OF FOUR (4) RCULS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF GCAP (“GCAP SHARE”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“**THAT** subject to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and conditional upon the approvals of all relevant authorities/parties, where required, the board of directors of GCAP (“**Board**”) be and is hereby authorised to:-

- (i) provisionally allot and issue up to RM112,883,159 nominal value of 1,411,039,484 RCULS at 100% of its nominal value of RM0.08 each on the basis of four (4) RCULS for every one (1) existing GCAP Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board and announced later;
- (ii) enter into and execute the trust deed to be executed by the Company and the trustee appointed by GCAP constituting the RCULS (“**Trust Deed**”) and to do all acts, deed and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Trust Deed;
- (iii) allot and issue new GCAP Shares arising from the conversion of the RCULS (including further RCULS arising from any adjustments under the provisions of the Trust Deed); and
- (iv) such further number of new GCAP Shares as may be required or permitted to be issued and allotted as a consequence of the adjustments under the provisions of the Trust Deed;

THAT the proceeds of the Proposed Rights Issue be utilised for the purpose as set out in Section 3.0 of the Circular, and the Board be and is hereby authorised to revise the manner and purpose of the utilisation of proceeds as it may deem fit, expedient and in the best interests of the Company subject to the approval of any relevant authorities (where required);

THAT the new GCAP Shares to be issued arising from the conversion of the RCULS shall, upon allotment and issue, rank equally in all respects with the then existing GCAP Shares, save and except that such new GCAP Shares to be issued arising from the conversion of the RCULS shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new GCAP Shares to be issued arising from the conversion of the RCULS;

AND THAT any one Director of GCAP 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 Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue.”

BY ORDER OF THE BOARD

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
22 September 2023

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 GCAP’s Share Registrar’s Office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia 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 19 October 2023 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.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

G Capital Berhad – Extraordinary General Meeting

Date	:	Friday, 3 November 2023
Time	:	11:00 a.m.
Meeting Venue	:	https://web.vote2u.my
Domain Registration Numbers with MYNIC	:	D6A471702

The Extraordinary General Meeting (“EGM”) of G Capital Berhad (“GCAP” or the “Company”) will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting (“RPV”) Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. (“AGMO”) in Malaysia

We strongly encourage our shareholders whose names appear on the Record of Depositors as at **19 October 2023** and holders of proxy for those shareholders to participate in the virtual EGM and vote remotely at this EGM. In line with the Malaysian Code on Corporate Governance Practice 12.3, this virtual EGM will facilitate greater shareholder’s participation (including posing questions to the Board of Directors and/or Management of the Company) and vote at the EGM without being physically present at the venue. For shareholders who are unable to participate in this virtual EGM, you may appoint proxy(ies) or the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by AGMO via its **Vote2U Online** website at <https://web.vote2u.my>

PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarised below:-

BEFORE EGM DAY

A: REGISTRATION

Individual Shareholders

	Description	Procedure
i.	Shareholders to register with Vote2U online	<p>The registration will open from the day of notice.</p> <ol style="list-style-type: none">Access website at https://web.vote2u.myClick “Sign Up” to sign up as a user.Read the ‘Privacy Policy’ and ‘Terms & Conditions’ and indicate your acceptance of the ‘Privacy Policy’ and ‘Terms & Conditions’ on a small box <input type="checkbox"/>. Then click “Next”.*Fill-in your details (note: create your own password). Then click “Continue”.Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian).Click “Submit” to complete the registrationYour registration will be verified and an email notification will be sent to you. Please check your email. <p>Note: If you have registered as a user with Vote2U Online previously, you are not required to register again.</p> <p>*Check your email address is keyed in correctly. *Remember the password you have keyed-in.</p>

B: REGISTER PROXY**Individual Shareholder / Corporate Shareholder / Nominees Company**

	Description	Procedure
i.	Submit Form of Proxy (hardcopy)	<p>The closing time to submit your hardcopy Form of Proxy is at 11:00 a.m., Wednesday, 1 November 2023.</p> <p>a. *Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information:</p> <ul style="list-style-type: none"> o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy o *Email address of the Proxy o Submit/Deposit the hardcopy Form of Proxy to Company Share Registrar Office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia <p><u>Note:</u> After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.</p> <p>*Check the email address of Proxy is written down correctly.</p>

Shareholders who appoint Proxy(ies) to participate the virtual EGM must ensure that the hardcopy Form of Proxy is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

ON EGM DAY**A: WATCH LIVE STREAMING****Individual Shareholders & Proxies**

	Description	Procedures
i.	Login to virtual meeting portal - Vote2U online & watch Live Streaming.	<p>The Vote2U online portal will open for log in starting from 10:00 a.m., Friday, 3 November 2023, one (1) hour before the commencement of the EGM.</p> <p>a. Login with your email and password</p> <p>b. Select the General Meeting event (for example, “G Capital Berhad EGM”).</p> <p>c. Check your details.</p> <p>d. Click “Watch Live” button to view the live streaming.</p>

B: ASK QUESTION**Individual Shareholders & Proxies**

	Description	Procedures
i.	Ask Question during EGM (real-time)	<p>Questions submitted online using <u>typed text</u> will be moderated before being forwarded to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy raising the question.</p> <p>a. Click “Ask Question” button to post question(s).</p> <p>b. Type in your question and click “Submit”.</p> <p>The Chairperson / Board of Director will endeavour to respond to questions submitted by remote shareholders and proxies during the EGM.</p>

C: VOTING REMOTELY

Individual Shareholders & Proxies

	Description	Procedures
i.	Online Remote Voting	<p>Once the Chairman announces the opening of remote voting:</p> <ol style="list-style-type: none">Click “Confirm Details & Start Voting”.To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click “Next” to continue voting for all resolutions.To change your vote, click “Back” and select another voting choice.After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click “Confirm” to submit your vote. <p>[Please note that you are not able to change your voting choices after you have confirmed and submitted your votes.]</p>

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this EGM.

Enquiry

- For enquiries relating to the general meeting, please contact our **Investor Relation** during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Telephone Number: 03-9770 2200

Email: admin@aldpro.com.my

- For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact Vote2U helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Telephone Number: 03-7664 8520 / 03-7664 8521

Email: vote2u@agmostudio.com



G CAPITAL BERHAD

[Registration No.: 199501000977 (330171-P)]
(Incorporated in Malaysia)

CDS account no.

No. of shares held

PROXY FORM

I/We*NRIC No./ Passport No./ Registration No.....
(name of shareholders as per NRIC, in capital letters)

of
(full address)

Email Address:Contact No.

being a member/members* of G CAPITAL BERHAD, hereby appoint
(name of proxy as per NRIC, in capital letters)

NRIC No./ Passport No*No. of. share to be represented.....
of.....
(full address)

Email Address:Contact No.

and/or* failing him/her*,NRIC No./ Passport No.....
(name of proxy as per NRIC, in capital letters)

No. of. share to be represented.....of
.....
(full address)

Email Address:Contact No.

You are required to fill in the contact no. and email address in order to participate the Extraordinary General Meeting ("EGM"), otherwise, we are unable to register you as the participant of the meeting.

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the EGM of the Company or any adjournment thereof will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("RPV") Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Friday, 3 November 2023 at 11:00 a.m. or any adjournment thereof.

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED RIGHTS ISSUE		

* Strike out whichever is not desired.

[Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific directions, your proxy may vote or abstain as he thinks fit.]

.....
Signature or Common Seal
Of Member/(s)

Dated this: _____ day of _____ 2023

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 GCAP's Share Registrar's Office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia 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 19 October 2023 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.

Fold this flap for sealing

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AFFIX
STAMP

**The Share Registrar of
G Capital Berhad**
[Registration No.: 199501000977 (330171-P)]

c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21,
Tower B, Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
Malaysia

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