

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has perused this Circular on a limited review basis pursuant to Rule 4.1(c) of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular.

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Pekat
Pekat Group Berhad
201901011563 (1320891-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

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

The resolution in respect of the above proposal will be tabled as a Special Business at the Third Annual General Meeting ("AGM") of Pekat Group Berhad ("the Company"). The Notice of the Third AGM together with the Proxy Form are enclosed together with the Annual Report 2021 of the Company. Details of the Company's Third AGM which will be held on a virtual basis through live streaming from the **broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** is set out below:

Date and time of the AGM : **Thursday, 9 June 2022 at 10.00 a.m.**
Last date and time for lodging the Proxy Form : **Tuesday, 7 June 2022 at 10.00 a.m.**

If you decide to appoint proxy(ies) to attend, participate, speak and vote on your behalf at the Third AGM, you are requested to complete, sign and return the original Proxy Form in accordance with the instructions contained therein as soon as possible and in the event so as to arrive at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by electronic lodgement via TIIH Online at <https://tiih.online> on or before the time and the date indicated above should you be unable to attend the meeting. The lodging of the Proxy Form will not preclude you from attending and voting remotely at the meeting if you subsequently wish to do so.

This Circular is dated 29 April 2022.

DEFINITIONS

In this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	: The Companies Act 2016 and any amendments made thereto from time to time
“AGM”	: Annual General Meeting of the Company
“ARMC”	: Audit and Risk Management Committee
“Board”	: The Board of Directors of Pekat
“Bursa Securities”	: Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
“Classic Scenic”	: Classic Scenic Berhad [200301031466 (633887-M)]
“Classic Scenic Group”	: Classic Scenic Berhad and its subsidiaries
“Complete Logistic Services”	: Complete Logistic Services Berhad [200501034100 (716241-X)]
“Director(s)”	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of Pekat, its subsidiary or holding company or a chief executive of Pekat, its subsidiary or holding company
“E & LP Engineering”	: E & LP Engineering Sdn Bhd [200701023462 (781479-U)]
“ELP System” or “Earthing and Lightning Protection System”	: A system designed to reduce risk posed by undesirable electricity to people, property, and equipment in a facility by creating a pathway for undesirable electricity to travel safely to the earth, where it is dissipated. It is generally made up of 2 inter-related parts, namely the ELP System
“EPCC”	: Engineering, Procurement, Construction, and Commissioning
“Hextar Holdings”	: Hextar Holdings Sdn Bhd [200601002945 (722692-V)]
“Hextar Holdings Group”	: Hextar Holdings Sdn Bhd and its subsidiaries
“Hextar Global”	: Hextar Global Berhad [199001014551 (206220-U)]
“Hextar Global Group”	: Hextar Global Berhad and its subsidiaries
“Hextar Industries”	: Hextar Industries Berhad [201101044580 (972700-P)]
“Hextar Industries Group”	: Hextar Industries Berhad and its subsidiaries
“Hextar Rubber”	: Hextar Rubber Sdn Bhd [200801012230 (813518-T)]
“KIP REIT”	: KIP Real Estate Investment Trust
“KIP REIT Group”	: KIP Real Estate Investment Trust and its subsidiary
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities and any amendments made or to be made from time to time
“LPD”	: 15 April 2022, being the latest practicable date for ascertaining certain information contained in this Circular

- “Major Shareholder” : A person who has an interest or interests in one (1) or more voting shares in the company and the number or aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in the company; or
 - (b) 5% or more of the total number of voting shares in the company where such person is the largest shareholder of the company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act. A Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company.
- “Pekat” or “Company” : Pekat Group Berhad [201901011563 (1320891-U)]
- “Pekat Group” or “Group” : Pekat and its subsidiaries, collectively
- “Pekat Teknologi” : Pekat Teknologi Sdn Bhd [199901015679 (490579-A)]
- “Pekat Solar” : Pekat Solar Sdn Bhd [201001038864 (922788-W)]
- “Pekat E & LP” : Pekat E & LP Sdn Bhd [201001038875 (922799-H)]
- “Pekat Engineering” : Pekat Engineering Sdn Bhd [201001038837 (922761-K)]
- “Pekat RE Maintenance” : Pekat RE Maintenance Sdn Bhd [202101044532 (1444832-H)]
- “Person Connected” : In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:
- (a) a family member of the Director or Major Shareholder;
 - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;
 - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
 - (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (i) a body corporate which is a related corporation.
- “Pnexsoft” : Pnexsoft Sdn Bhd [201801033283 (1295310-T)]

“Proposed New Shareholders’ Mandate”	: Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the Group as set out in Section 2.3.3 of this Circular
“Proposed Shareholders’ Mandate”	: Proposed New Shareholders’ Mandate, approvals of which are being sought from the shareholders at the forthcoming AGM
“Recurrent Related Party Transactions” or “RRPT”	: Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group and are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders
“Related Party(ies)”	: A Director, Major Shareholder of the Pekat Group or Person Connected with such Director or Major Shareholder
“RM or Sen”	: Ringgit Malaysia and sen respectively
“Rubberex Corporation”	: Rubberex Corporation (M) Berhad [199601000297 (372642-U)]
“Rubberex Corporation Group”	: Rubberex Corporation (M) Berhad and its subsidiaries
“Shareholders’ Mandate”	: Shareholders’ mandate for the RRPT
“Solaroo RE”	Solaroo RE Sdn Bhd [202101029498 (1429798-W)]
“Solaroo Systems”	: Solaroo Systems Sdn Bhd (formerly known as Pekat LEDSystems Sdn Bhd) [200601000779 (720526-P)]
“SWS Capital”	: SWS Capital Berhad [199901027346 (502246-P)]
“SWS Capital Group”	: SWS Capital Berhad and its subsidiaries

All references to “you” in this Circular are referred to the Company’s shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies or corporations, unless otherwise specified.

Any enactment referred to in this Circular is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

All references to dates and time in this Circular are references to dates and time in Malaysia, unless otherwise stated.

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Pekat
Pekat Group Berhad
201901011563 (1320891-U)
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

29 April 2022

Directors:

Kok Kong Chin (*Independent Non-Executive Chairman*)
Chin Soo Mau (*Managing Director and Chief Executive Officer*)
Tai Yee Chee (*Executive Director and Chief Operating Officer*)
Wee Chek Aik (*Executive Director and Chief Commercial Officer*)
Teh Li King (*Non-Independent Non-Executive Director*)
Datin Shelina Binti Razaly Wahid (*Independent Non-Executive Director*)
Ong Keng Siew (*Independent Non-Executive Director*)
Yeong Siew Lee (*Independent Non-Executive Director*)

To: The Shareholders of Pekat Group Berhad

Dear Sir/Madam,

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

1. INTRODUCTION

On 15 April 2022, the Board of Pekat announced that the Company proposes to seek the approval from its shareholders for a Proposed New Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant details of the Proposed New Shareholders' Mandate and to seek your approval for the ordinary resolution in relation thereto to be tabled at the forthcoming AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Rule 10.09(1) of the Listing Requirements, listed issuers with share capital of RM60 million and above, must immediately announce a RRPT in the event:

- i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
- ii) the percentage ratio of such RRPT is 1% or more,

whichever is the higher.

In compliance with Rule 10.09(2) of the Listing Requirements, Pekat proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate which will enable the Pekat Group to enter into the Recurrent Related Party Transactions as set out in Section 2.3.3 below subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Rule 10.09(1) of the Listing Requirements;
- (c) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities for perusal together with a checklist showing compliance with such information;
- (d) in a meeting to obtain a shareholders' mandate, the relevant related party must comply with the requirements set out in Rule 10.08(7) of the Listing Requirements; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Proposed Shareholders' Mandate will, if approved by shareholders at the forthcoming AGM, be subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

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

whichever is earlier.

The Proposed Shareholders' Mandate shall apply in respect of all Recurrent Related Party Transactions to be entered into from the date of the forthcoming AGM to the next AGM. Thereafter, approval from shareholders for a renewal of Shareholders' Mandate will be sought at each subsequent AGM of Pekat.

Disclosure will be made in the Company's annual report in accordance with Rule 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate for the financial year under review, providing among others, the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Group.

Shareholders are advised to refer to pages 10 – 11 of this Circular for further details.

2.2 Principal Activities of Pekat Group

The Company is principally an investment holding company whilst the principal activities of its subsidiaries are as follows:

Pekat's Subsidiaries	Effective Ownership Interest	Principal activities
Pekat Teknologi	100%	Investment holding of companies involved in design, supply and installation of Solar Photovoltaic ("PV") Systems and power plants, supply and installation of ELP systems as well as distribution of electrical products and accessories.
Held through Pekat Teknologi:		
E & LP Engineering	100%	Distribution of electrical products and accessories.
Pekat E & LP	100%	Supply and installation of ELP systems.
Pekat Engineering	100%	Distribution of electrical products and accessories.
Pekat RE Maintenance	100%	Dormant.
Pekat Solar	100%	Supply and installation of solar PV systems and power plants and related services.
Solaroo RE	100%	Dormant.
Solaroo Systems	100%	Dormant.
Pnexsoft	70%	Development and distribution of software applications.

2.3 Class and Nature of Recurrent Related Party Transactions

The Proposed Shareholders' Mandate will apply to transactions with Related Parties comprising Directors, Major Shareholders and/or persons connected with such Directors and/or Major Shareholders of the Pekat Group and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or Major Shareholder of the Pekat Group.

The Related Parties are as described below:

2.3.1 Classes of Related Parties

Directors and/or Major Shareholders and Persons Connected to them:

Related Parties	Principal Activities
Rubberex Corporation Group	<ul style="list-style-type: none"> Manufacturing and sale of household, industrial rubber gloves and disposable gloves. Trading of gloves, household items, kitchen items and personal protective products.
Hextar Global Group	<ul style="list-style-type: none"> Investment in shares and properties are held for capital gain. Manufacturing, distribution and agents of agrochemicals, research and development activities. Manufacturing and distribution of specialty chemicals. Manufacturing and distribution of disposable healthcare products.

Related Parties	Principal Activities
Hextar Industries Group	<ul style="list-style-type: none"> • Manufacturing, trading, distribution and wholesale of fertilisers. • Supply and distributing machinery, reconditioned machinery, spare parts, conveyor belts and related industrial products to quarry industry and manufacturing, distribution and supply of quarry crusher screens. • Provision of temporary temperature, control, power, structure solutions and trading of industrial products that include forklifts, industrial batteries and/or its accessories/parts.
Hextar Holdings Group	<ul style="list-style-type: none"> • Manufacturing, trading and distribution of formulated agrochemicals, fertilisers and industrial chemical products.
SWS Capital Group	<ul style="list-style-type: none"> • Producing wood-based furniture, manufacturing of furniture plywood, paper and veneer laminations. Trading of hardware, furniture parts, equipment and construction materials, packing materials, metal stamping and tooling. • Producing ware solutions provider specialising in designing, developing, manufacturing and distributing a wide range of plastic storage, preparation, containment, serving and cleaning products for the home, office and industrial applications.
Classic Scenic Group	<ul style="list-style-type: none"> • Manufacture and sales of wooden picture frame mouldings. • Manufacture of timber products. • Holding and rental of properties.
KIP REIT Group	<ul style="list-style-type: none"> • Invest in a portfolio of real estate properties and to raise financing for KIP REIT.

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2.3.2 Nature of Recurrent Related Party Transactions

The nature of transactions which will be entered into from the date of the forthcoming AGM until the next AGM, for which shareholders' mandate is being sought comprises the following:

Nature of RRPT	Transacting Company within Pekat Group	Transacting Parties	Interested Directors, Major Shareholders and Persons Connected	*Estimated Value from the forthcoming AGM (9 June 2022) to next AGM of the Company (RM'000)
Provision of consultancy and EPCC services for design, supply and installation of solar PV systems and power plants (solar PV facilities) including supply and installation of earthing and lighting protection system, and related electrical products and accessories by Pekat Group to all transacting parties.	Pekat Group	Hextar Global Group	Hextar Holdings ^a Dato' Ong Choo Meng ^b	5,000
	Pekat Group	Hextar Industries Group	Dato' Ong Soon Ho ^c Datin Teoh Siew Yoke @ Teoh Siew Chin ^d	5,000
	Pekat Group	Hextar Holdings Group	Teh Li King ^e	5,000
	Pekat Group	SWS Capital Group	Dato' Ong Choo Meng ^b Teh Li King ^e	5,000
	Pekat Group	Classic Scenic Group	Complete Logistic Services ^f Dato' Ong Choo Meng ^b	5,000
	Pekat Group	KIP REIT Group	Hextar Rubber ^g Dato' Ong Choo Meng ^b Teh Li King ^e	5,000
Provision of operation and maintenance services for solar PV facilities by Pekat Group to all transacting parties.	Pekat Group	Rubberex Corporation Group	Hextar Rubber ^g Dato' Ong Choo Meng ^b Teh Li King ^e	500
	Pekat Group	Classic Scenic Group	Complete Logistic Services ^f Dato' Ong Choo Meng ^b	500

Nature of RRPT	Transacting Company within Pekat Group	Transacting Parties	Interested Directors, Major Shareholders and Persons Connected	*Estimated Value from the forthcoming AGM (9 June 2022) to next AGM of the Company (RM'000)
Provision of operation and maintenance services for solar PV facilities by Pekat Group to all transacting parties.	Pekat Group	Hextar Global Group	Hextar Holdings ^a Dato' Ong Choo Meng ^b	500
	Pekat Group	Hextar Industries Group	Dato' Ong Soon Ho ^c Datin Teoh Siew Yoke @ Teoh Siew Chin ^d	500
	Pekat Group	Hextar Holdings Group	Teh Li King ^e	500
	Pekat Group	KIP REIT Group	Hextar Rubber ^g Dato' Ong Choo Meng ^b Teh Li King ^e	500

Notes:

* Estimated value may be varied and subject to changes.

Nature of Interest

- a. Hextar Holdings is a Major Shareholder of Pekat, Hextar Global and Hextar Industries.
- b. Dato' Ong Choo Meng, son of Dato' Ong Soon Ho and Datin Teoh Siew Yoke @ Teoh Siew Chin, is a Major Shareholder of Pekat, Hextar Global and Hextar Industries via his Substantial Shareholding and directorship in Hextar Holdings. He is also a Major Shareholder of and Major Unitholder of Rubberrex Corporation and KIP REIT respectively via his Substantial Shareholding and directorship in Hextar Rubber. In addition, he is a Major Shareholder of Classic Scenic via his Substantial Shareholding in Complete Logistics. He is also a Substantial Shareholder of Hextar Global, a Major Shareholder of SWS Capital, Complete Logistic Services and Classic Scenic. He is the Managing Director/Group Chief Executive Officer of the Hextar Holdings Group of Companies, Non-Independent Executive Director of Hextar Global and a Non-Independent Non-Executive Director of Hextar Industries and Rubberrex Corporation.
- c. Dato' Ong Soon Ho, spouse of Datin Teoh Siew Yoke @ Teoh Siew Chin and father of Dato' Ong Choo Meng, is a Major Shareholder of Pekat, Hextar Global and Hextar Industries via his Major Shareholding and directorship in Hextar Holdings. He is a Non-Independent Non-Executive Director of Hextar Global.
- d. Datin Teoh Siew Yoke @ Teoh Siew Chin spouse of Dato' Ong Soon Ho and mother of Dato' Ong Choo Meng, is a Major Shareholder of Pekat, Hextar Global and Hextar Industries via her Major Shareholding in Hextar Holdings.
- e. Teh Li King is a Non-Independent Non-Executive Director of Pekat, a Non-Independent Executive Director of SWS Capital and a Director for subsidiaries of SWS Capital and Hextar Global Group of Companies, Hextar Industries Group of Companies and Hextar Rubber. He is also deemed as a Person Connected with Dato' Ong Choo Meng as he is the Group Chief Corporate Officer of Hextar Holdings Group of Companies.
- f. Complete Logistic Services is a Major Shareholder of Classic Scenic.
- g. Hextar Rubber Sdn Bhd is a Major Shareholder of Rubberrex Corporation and KIP REIT.

2.4 Outstanding amount due under the RRPT

As at the LPD, there is no amount due and owing to the Pekat Group by its Related Parties.

2.5 Deviation from Mandate

There is no deviation between the actual value transacted and the estimated value for the general mandate as this is a new Shareholders' Mandate.

3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

3.1 Rationale of the RRPT

The Proposed Shareholders' Mandate will enable the Pekat Group to enter into RRPT that are in the ordinary course of business, revenue or trading in nature and necessary for the Pekat Group's day-to-day operations. These transactions are likely to occur with some degree of frequency and arise at any time and from time to time and may be constrained by the time-sensitive nature. It may also be impracticable to seek shareholders' approval on a case to case basis before entering into such Recurrent Related Party Transactions. The obtaining of the Proposed Shareholders' Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT arise, thereby reducing substantially administrative time and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Pekat Group or adversely affecting the business opportunities available to the Group.

The Board is, therefore seeking a mandate pursuant to Rule 10.09(2) of the Listing Requirements for the RRPT described in Section 2.3.3 above with the class of Related Parties specified in Section 2.3.1 above to allow the Pekat Group to enter into such RRPT made on arm's length basis and on normal commercial terms that are not more favourable to the related party than those generally available to the public and which are not detrimental to the interests of the minority shareholders.

3.2 Benefits of the RRPT

The goods and services provided by the Related Parties are price competitive and all transactions between the Pekat Group and the Related Parties are carried out on an arm's length basis and on normal commercial terms.

Although the Pekat Group also sources similar products and services from third parties, the Pekat Group would like to seek approval for the RRPT described in Section 2.3.3 as the close commercial relationship that had been established between the Pekat Group and the Related Parties will have mutual benefits, effective network and are expected to contribute to operation efficiency of the business of the Pekat Group.

4. REVIEW PROCEDURES AND GUIDELINES FOR THE RECURRENT RELATED PARTY TRANSACTIONS

4.1 Procedures and Guidelines

The Group has established the following procedures and guidelines to ensure that the RRPT are undertaken on transaction prices and an arm's length basis and on normal commercial terms that are not more favourable to the transacting parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (i) Proper records of RRPT are maintained by the Company to record all RRPT entered into to ensure that relevant approvals have been obtained and the procedures in respect of such transactions are complied with;

- (ii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing to unrelated third parties cannot be obtained (for instance, if there are no unrelated third party customers of similar products, or if the product is a proprietary item), the transaction price will be determined based on the usual business practices of the Group;
- (iii) The ARMC periodically reviews the procedures set by Pekat to monitor RRPT to ensure that these transactions are carried out on normal commercial terms not more favourable to the Related Party than those generally available to the public and are not detrimental to the minority shareholders of the Company. All reviews by the ARMC are reported to the Board for further action. In its review and approval of such transactions, the ARMC may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals;
- (iv) All the Directors are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the ARMC. In addition, the Directors have given their undertakings that all business transactions entered into between Pekat Group and themselves and/or Persons Connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (v) The Board and ARMC have overall responsibility for determining whether the procedures and guidelines on the RRPT are appropriate and sufficient. An annual review of the RRPT procedures and guidelines will be carried out by the Board. If during the annual review, the Board is of the view that the RRPT procedures and guidelines are no longer valid or inadequate to ensure that the RRPT are made on an arm's length basis or on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of our minority shareholders, the Board shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without Management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones.

4.2 Threshold of Authority

There is no specific threshold for the approval of RRPT within the Group as the transaction prices entered with the Related Parties are guided by the prevailing market prices carried out on "arm's length basis", on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders. All RRPT are reviewed and authorised by the entire Board of Directors or any two of the C-Suite Officers, such as Chief Executive Officer, Chief Operating Officer, Chief Commercial Officer, and Chief Financial Officer (not being a person connected to the Related Parties) and tabled for review by the ARMC on a quarterly basis.

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4.3 Abstain from Voting

Further, where any Director has an interest (direct or indirect) in any Recurrent Related Party Transaction, such a Director shall abstain from voting on the RRPT concerned.

Pursuant to Rule 10.09(2) of the Listing Requirements, in a meeting to obtain the Proposed New Shareholders' Mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, shall abstain from voting or deliberating or approving the resolutions in respect of the Recurrent Related Party Transactions.

An interested Director or interested Major Shareholder must also ensure that persons connected to him abstain from voting or deliberating or approving the resolutions in respect of the Recurrent Related Party Transactions. Interested Directors shall also abstain from deliberating or voting at board meetings in respect of the Recurrent Related Party Transactions in which they are interested.

4.4 Disclosure

In accordance with the Listing Requirements, disclosure will be made in the Annual Report 2021 of the breakdown of the aggregate value of the RRPT entered into during the financial year based on the following information:

- (a) type of transaction made; and
- (b) name of the related parties involved in each type of the RRPT made and their relationships with the Company and/or any of its subsidiaries.

5. STATEMENT BY AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC of the Company has reviewed the procedures set out in Section 4.1 above and is of the view that the said procedures are sufficient to ensure that the RRPT are conducted at arm's length basis, on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders. Any member of the ARMC who is interested in any RRPT shall not be involved in the review of the RRPT.

The Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and these procedures and processes are reviewed on a yearly basis.

6. CONDITION FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming Annual General Meeting.

The Proposed Shareholders' Mandate will be subject to annual renewal and shall only continue to be in force until each subsequent AGM of the Company at which the Proposed Shareholders' Mandate will be tabled annually or revoked or varied by resolution passed by the Shareholders of the Company in a general meeting, whichever shall first occur.

7. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate, if obtained at the forthcoming AGM, will not have any effect on the earnings per share, gearing and net assets per share at the Group level, issued and paid-up share capital and substantial shareholding of the Company.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Complete Logistic, Hextar Rubber and Hextar Holdings will abstain and undertake to ensure that the persons connected to them will also abstain from voting in respect of their direct and indirect shareholdings.

The interested Director, namely Teh Li King has abstained and will continue to abstain from the board's deliberation and voting in respect of his direct and indirect shareholdings in Pekat at the relevant Board meetings and will abstain from voting in respect of his direct and indirect shareholdings on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming Annual General Meeting.

The interested Major Shareholders and persons connected to them, namely Hextar Holdings, Dato' Ong Choo Meng, Dato' Ong Soon Ho, Datin Teoh Siew Yoke @ Teoh Siew Chin and Teh Li King, have abstained and will continue to abstain from the deliberation and voting in respect of their direct and indirect shareholdings in Pekat on the ordinary resolution approving the Proposed Shareholders' Mandate.

The interested Directors and/or Major Shareholders, Hextar Holdings, Dato' Ong Choo Meng, Dato' Ong Soon Ho, Datin Teoh Siew Yoke @ Teoh Siew Chin and Teh Li King have undertaken that they will ensure that the persons connected to them will also abstain from voting in respect of their direct and indirect shareholdings on the resolution relating to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The direct and indirect interests of the interested Directors, Major Shareholders and persons connected with Directors and Major Shareholders in Pekat as at 15 April 2022 are as follows:

Interested Director:				
Name	Direct Interest	%	Indirect Interest	%
Teh Li King*	100,000	0.016	-	-

Interested Major Shareholders and persons connected to Directors and/or Major Shareholders:				
Name	Direct Interest	%	Indirect Interest	%
Hextar Holdings	130,000,000	20.156	-	-
Dato' Ong Soon Ho	-	-	130,000,000**	20.156
Datin Teoh Siew Yoke @ Teoh Siew Chin	-	-	130,000,000**	20.156
Dato' Ong Choo Meng	-	-	130,000,000**	20.156
Teh Li King*	100,000	0.016	-	-
Complete Logistic Services	-	-	-	-
Hextar Rubber	-	-	-	-

Note:

**Deemed as a Person Connected with Dato' Ong Choo Meng as he is the Group Chief Operating Officer of Hextar Holdings Group of Companies.*

***Deemed interested by virtue of their interests in Hextar Holdings pursuant to Section 8 of the Act.*

Save as disclosed above, none of the other Directors and/or Major Shareholders and persons connected to them have any interests, direct or indirect, in the Proposed Shareholders' Mandate.

9. DIRECTORS' RECOMMENDATION

The Board, with the exception of Teh Li King, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the shareholders of the Group.

The Board, with the exception of Teh Li King, who have abstained from making a recommendation on the Proposed Shareholders' Mandate, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

10. AGM

The ordinary resolution in relation to the Proposed Shareholders' Mandate has been included in the Notice of the Third AGM of the Company. As part of the initiative to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the Third AGM will be held on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 9 June 2022 at 10.00 a.m. and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIIH") in Malaysia for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate.

For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the AGM. Members/Proxies/Corporate Representatives will not be allowed to attend this Third AGM in person at the broadcast venue on the day of the AGM. Please refer to the "Procedures for RPV" provided in the Administrative Details for the Third AGM for further information on how to participate remotely via RPV.

If you decide to appoint proxy(ies) to attend, participate, speak and vote at the Third AGM, the Proxy Form should be completed and deposited at the Company's Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than 48 hours before the time fixed for convening the Third AGM.

The proxy appointment may also be lodged electronically via Tricor's **TIIH Online** website at <https://tiih.online> not later than 48 hours before the time fixed for convening the Third AGM. For further information on the electronic lodgement of the Proxy Form, kindly refer to the Administrative Details for the Third AGM. The lodging of the Proxy Form will not preclude you from attending and voting remotely at the meeting if you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I which forms an integral part of this Circular, for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
PEKAT GROUP BERHAD

KOK KONG CHIN
Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

The Board of Directors of the Company has confirmed that the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

3. MATERIAL CONTRACTS

Save as disclosed below, neither Pekat nor its subsidiaries have entered into any contracts (*not being contracts entered into in the ordinary course of business*) within the two (2) years immediately preceding the date of this Circular:

- i. The tenure of the tenancy under the Tenancy Agreement, item no. (iv) below was extended by another year to 31 March 2023 via an exchange of letter dated 1 April 2022.
- ii. Underwriting agreement (“the Agreement”) dated 22 April 2021 entered into between the Company and M&A Securities Sdn Bhd (“the Underwriter”). The Underwriter had agreed to underwrite the under written shares of the Company as set out under this Agreement.
- iii. Share sale agreement dated 11 September 2020 entered into between the Company and Vendors (collectively, Chin Soo Mau, Tai Yee Chee, Wee Chek Aik and Hextar Holdings) for the acquisition of Pekat Teknologi. The acquisition of Pekat Teknologi was completed on 17 March 2021.
- iv. Tenancy agreement dated 13 April 2020 (“Tenancy Agreement”) entered into between Startige Corporation (as landlord) and Pekat Teknologi, Pekat E&LP, Pekat Solar and Pekat Engineering (collectively tenants) for rental of Cubic Space Office for a rental sum of RM972,000 per annum. The tenure of the tenancy was extended by another year to 31 March 2022 via an exchange of letter dated 1 April 2021.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, during normal business hours from the date of this Circular up to and including the date of the forthcoming AGM:

- (a) the Constitution of the Company; and
- (b) the audited financial statements of the Pekat Group for the past two (2) financial period/year ended 31 December 2020 and 31 December 2021.

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