

**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 advisers immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has only conducted a limited review on this Circular pursuant to Rule 4.1 of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed by Public Investment Bank Berhad (“**PIVB**”), who is the Principal Adviser to Pekat Group Berhad (“**Pekat**” or “**Company**”) for the Proposed ESOS (as defined herein). The admission of Pekat to the ACE Market of Bursa Securities was advised and sponsored by M & A Securities Sdn Bhd.



**PEKAT GROUP BERHAD**  
(Registration No. 201901011563 (1320891-U))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF PEKAT (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF PEKAT AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED ESOS”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**PUBLIC INVESTMENT BANK BERHAD**

(Registration No. 197401002880 (20027-W))  
A Participating Organisation Of Bursa Malaysia Securities Berhad  
(Wholly-owned Subsidiary Of Public Bank Berhad)

The resolutions in respect of the above Proposed ESOS will be tabled at the Extraordinary General Meeting (“**EGM**”) of the Company to be held on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of another Extraordinary General Meeting which is scheduled to be held on a virtual basis on the same day at 10:00 a.m., whichever is later. The Notice of the EGM together with the Proxy Form are enclosed in this Circular.

If you decide to appoint proxy(ies) or corporate representative(s) or attorney(s) to attend, participate, speak and vote on your behalf at the EGM, please complete, sign and lodge the 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 Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia or by electronic lodgement via Securities Services e-Portal at <https://sshsb.net.my/> not later than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 8 October 2024 at 11:00 a.m., or at any adjournment thereof

Date and time of the EGM : Thursday, 10 October 2024 at 11:00 a.m., or immediately following the conclusion or adjournment (as the case may be) of another Extraordinary General Meeting which is scheduled to be held on a virtual basis on the same day at 10:00 a.m., whichever is later

This Circular is dated 20 September 2024

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## DEFINITIONS

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For the purpose of this Circular and the accompanying appendices, unless otherwise stated, the following words and abbreviations shall apply throughout this Circular and shall have the following meanings:

Act	: Companies Act 2016, including any amendments thereto that may be made from time to time
Announcement	: Announcement dated 9 July 2024 in relation to the Proposed ESOS
Board	: Board of Directors of Pekat
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
By-Laws	: The rules, terms and conditions of the Proposed ESOS, the draft of which is set out in Appendix I of this Circular
Circular	: This Circular dated 20 September 2024 to the shareholders of Pekat in relation to the Proposed ESOS
Constitution	: Constitution of Pekat including any amendments thereto that may be made from time to time
Date of Offer	: The date where the ESOS Committee shall receive the written notice from the Selected Person(s) accepting an offer
Director(s)	: Director(s) and Non-Executive Director(s) of Pekat (but shall not include alternate and/or substitute Directors), collectively and shall have the meaning given under Section 2(1) of the Capital Markets and Services Act 2007 including any amendments thereto that may be made from time to time
Effective Date	: The effective date of the implementation of the Proposed ESOS in the manner as indicated in the By-Laws
EGM	: Extraordinary general meeting of Pekat
Eligible Person(s)	: Director(s) or employee(s) of the Group who fulfil the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws
EPS	: Earnings per share
ESOS	: Employees' share option scheme
ESOS Committee	: The committee to be appointed by the Board to administer the Proposed ESOS in accordance with the By-Laws
ESOS Option(s)	: Share options issued pursuant to the Proposed ESOS
Executive Director(s)	: A natural person who is a director in a full-time executive capacity who is involved in the day-to-day management and on the payroll of any company within the Group
Exercise Price	: The price at which the Grantee shall be entitled to subscribe for new Pekat Shares upon exercise of the ESOS Options as set out in the By-Laws
FPE(s)	: Financial period(s) ended/ending
FYE(s)	: Financial year(s) ended/ending
Grantee(s)	: Eligible Person(s) who has accepted the offer in accordance with the By-Laws
Interested Director(s)	: Directors that are eligible to participate in the Proposed ESOS

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**DEFINITIONS (Cont'd)**

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Interested Shareholders	Major	: Major Shareholders that are eligible to participate in the Proposed ESOS
Interested Parties	:	Directors, Major Shareholders or the chief executive officer of the Company and any persons connected with them
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	26 August 2024, being the latest practicable date prior to the issuance of this Circular
Major Shareholder(s)	:	Any 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 in the Company, 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” shall have the meaning of “interest in shares” given in Section 8 of the Act
Market Day(s)	:	Any day(s) between Monday and Friday (inclusive of both days) on which Bursa Securities is open for trading of securities, which may include a Surprise Holiday
Maximum Limit	:	The maximum number of new Pekat Shares which may be made available under the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) any point of time during the duration of the Proposed ESOS
MFRS 2	:	Malaysian Financial Reporting Standards 2 which relates to share based payments, as issued by the Malaysian Accounting Standards Board
NA	:	Net assets
Non-Executive Director(s)	:	A natural person who is a director holding a non-executive capacity who does not engage in the day-to-day management of the Group
Offer	:	An offer to take up options to subscribe for Pekat Shares made in writing by the ESOS Committee to any Eligible Person(s) in accordance with the By-Laws
Pekat or Company	:	Pekat Group Berhad (201901011563 (1320891-U))
Pekat Group or Group	:	Pekat and its subsidiaries which are not dormant, collectively
Pekat Share(s) or Shares	:	Ordinary share(s) in Pekat
PIVB or Principal Adviser	:	Public Investment Bank Berhad (197401002880 (20027-W))
Proposed Allocation	:	Proposed allocation of ESOS Options to the Directors and chief executive of Pekat
Proposed ESOS	:	Proposed establishment of an ESOS of up to 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the eligible Directors and employees of the Group (excluding dormant subsidiaries, if any)
RM and sen	:	Ringgit Malaysia and sen, respectively
Selected Person(s)	:	Eligible Person to whom the offer has been made by the ESOS Committee

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**DEFINITIONS (Cont'd)**

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- Senior Management : An employee of the Group holding senior position, including Executive Director (being persons who have primary responsibility for the business operations of the Group) as may be determined by the ESOS Committee and which shall be subject to any criteria as may be determined at the sole discretion of the ESOS Committee from time to time
- Shareholder(s) : Shareholders of Pekat
- Surprise Holiday : A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
- VWAP : Volume weighted average market price

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference to persons shall include a corporation, unless otherwise specified. All references to “you” and “your” in this Circular are to the Shareholders. All references to “we”, “us”, “our” and “our Company” are to the Company, or where the context otherwise requires, the Company and its subsidiaries. The “Group” collectively refers to the Company and its subsidiaries.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals are due to rounding.

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**EXECUTIVE SUMMARY**

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**ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE “DEFINITIONS” SECTION AND CONTEXT OF THE CIRCULAR.**

**THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED ESOS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR IN ITS ENTIRETY AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED ESOS AT THE FORTHCOMING EGM OF THE COMPANY.**

<b>Key information</b>	<b>Description</b>
<b>Summary of the Proposed ESOS</b>	<p>The Proposed ESOS involves the granting of options to the Eligible Persons to subscribe for new Pekat Shares in accordance with the By-Laws at an Exercise Price to be determined in the manner as set out in Section 2.5 of this Circular.</p> <p>The maximum number of new Pekat Shares which may be made available under the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS.</p> <p>Further details of the Proposed ESOS are set out in Section 2 of this Circular.</p>
<b>Rationale for the Proposed ESOS</b>	<ul style="list-style-type: none"><li>(i) to recognise the contributions and/or services of the Eligible Person(s) which are valuable and essential to the operations and growth of the Group;</li><li>(ii) to reward the Eligible Person(s) for their past performance and motivate them towards better performance through greater productivity and loyalty;</li><li>(iii) to stimulate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity stake of the Company;</li><li>(iv) to attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive; and</li><li>(v) to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future prospects of Group and eventually realise any potential capital gains arising from possible appreciation in the value of Pekat Shares, upon exercising of the ESOS Options.</li></ul> <p>Further details on the rationale for the Proposed ESOS are set out in Section 3 of this Circular.</p>

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**EXECUTIVE SUMMARY (Cont'd)**

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<b>Key information</b>	<b>Description</b>
<b>Approvals required and conditionality</b>	<p>The Proposed ESOS is subject to the approvals of the following:</p> <ul style="list-style-type: none"><li>(i) Bursa Securities, for the listing of and quotation for such number of new Pekat Shares to be issued upon exercise of the ESOS Options on the ACE Market of Bursa Securities, which was obtained vide its letter dated 5 August 2024;</li><li>(ii) the shareholders of Pekat at an EGM to be convened for the Proposed ESOS and Proposed Allocation; and</li><li>(iii) any other relevant authorities and/or parties, if required.</li></ul> <p>Further details on the approvals required and conditionality are set out in Section 6 of this Circular.</p>
<b>Interests of Directors, Major Shareholders, chief executive and/or persons connected with them</b>	<p>All Interested Directors are deemed interested to the extent of their respective allocations as well as allocations to persons connected with them, if any, under the Proposed ESOS.</p> <p>Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in respect of their respective allocations and the specific allocations to person connected to them, if any, under the Proposed ESOS.</p> <p>The Interested Directors will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to their respective allocation and the proposed allocation to person connected with them, if any, under the Proposed ESOS to be tabled at the EGM of the Company to be convened.</p> <p>Mr. Chin Soo Mau and Mr. Tai Yee Chee are the Interested Major Shareholders. Accordingly, they will abstain and have undertaken to ensure that persons connected with them will abstain from all deliberations and voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to their respective allocation and allocations to person connected to them under the Proposed ESOS at the forthcoming EGM.</p> <p>Further details on the interests of Directors, Major Shareholders, chief executive and/or persons connected with them are set out in Section 7 of this Circular.</p>
<b>Directors' statement and recommendation</b>	<p>The Board, after having considered all aspects of the Proposed ESOS, including but not limited to the rationale and justifications for the Proposed ESOS as well as the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.</p> <p>The Board (save for the Interested Directors in relation to their respective allocations and allocations to persons connected to them pursuant to the Proposed Allocation), having considered all aspects of the Proposed Allocation, is of the opinion that the Proposed Allocation is in the best interest of the Company. Accordingly, the Board (save for the Interested Directors in relation to their respective allocations and allocations to persons connected to them pursuant to the Proposed Allocation) recommends that you vote in favour of the ordinary resolutions in relation to the Proposed Allocation to be tabled at the Company's forthcoming EGM.</p>

**LETTER TO THE SHAREHOLDERS IN RELATION  
TO THE PROPOSED ESOS**





**PEKAT GROUP BERHAD**  
(Registration No. 201901011563 (1320891-U))  
(Incorporated in Malaysia)

**Registered Office:**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

20 September 2024

**Board of Directors:**

Mr. Kok Kong Chin (*Independent Non-Executive Chairman*)  
Mr. Chin Soo Mau (*Managing Director*)  
Mr. Tai Yee Chee (*Executive Director & Chief Executive Officer*)  
Mr. Ong Keng Siew (*Independent Non-Executive Director*)  
Datin Shelina Binti Razaly Wahi (*Independent Non-Executive Director*)  
Ms. Yeong Siew Lee (*Independent Non-Executive Director*)

**To: The Shareholders**

Dear Sir/Madam,

**PROPOSED ESOS**

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**1. INTRODUCTION**

On 9 July 2024, PIVB, on behalf of the Board, announced that the Company is proposing to undertake the Proposed ESOS.

On 5 August 2024, PIVB, on behalf of the Board, announced that Bursa Securities had vide its letter dated 5 August 2024, approved the listing of and quotation for such number of new Pekat Shares representing up to 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS, to be issued pursuant to the Proposed ESOS, subject to the terms and conditions as set out in Section 8 of this Circular.

On 19 August 2024, PIVB had, on behalf of the Board, submitted an application to Bursa Securities to seek its approval for an extension of time of up to 23 October 2024, to issue this Circular pursuant to Rule 9.32(1)(b) of the Listing Requirements. Bursa Securities had, vide its letter dated 22 August 2024, resolved to grant Pekat the aforementioned extension of time.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND PROPOSED ALLOCATION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR, TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND PROPOSED ALLOCATION AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED ESOS**

The Proposed ESOS involves the granting of options to the Eligible Persons to subscribe for new Pekat Shares in accordance with the By-Laws at an Exercise Price to be determined in the manner as set out in Section 2.5 of this Circular.

The Proposed ESOS will be administered by the ESOS Committee to implement and administer the Proposed ESOS in accordance with the By-Laws. The ESOS Committee shall have absolute discretion in administering the Proposed ESOS including prescribing any criteria and conditions as it may deem fit. As at the LPD, the composition of the ESOS Committee has yet to be determined.

The salient terms of the Proposed ESOS are set out below.

### **2.1 Maximum number of new Pekat Shares available under the Proposed ESOS**

The maximum number of new Pekat Shares which may be made available under the Proposed ESOS shall not in aggregate exceed the Maximum Limit.

In the event the Company purchases or cancels its own Pekat Shares or undertakes any other corporate proposal resulting in the number of Pekat Shares to be issued under the Proposed ESOS to exceed 10% of the total number of issued Pekat Shares (excluding treasury shares, if any), no further ESOS Options can be granted until the number of Pekat Shares to be allotted and issued under the Proposed ESOS falls below the 10% threshold.

### **2.2 Basis of allotment and maximum allowable allotment of new Pekat Shares**

Subject to any adjustments which may be made under the By-Laws, the aggregate number of ESOS Options that may be offered and allocated under the Proposed ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's position, job performance, job grade, seniority, length of service, and/or such other factors that the ESOS Committee deems fit and subject to, amongst others, the following:

- (i) the total number of new Pekat Shares to be issued pursuant to the exercise of the ESOS Options shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person an ESOS Option for all the specified maximum number of Pekat Shares the Eligible Person is entitled to under the Proposed ESOS;
- (ii) not more than 10% of the total number of Pekat Shares to be issued under the Proposed ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with them, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any);
- (iii) any allocation of ESOS Options and the related allotment of Pekat Shares to any Interested Parties, shall require prior approval of the shareholders of the Company in a general meeting. The Interested Parties shall not vote on the resolution approving the said allocation and allotment;
- (iv) the Directors and Senior Management of the Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations of ESOS Options as well as the allocations of ESOS Options to the persons connected with them under the Proposed ESOS, if any; and

- (v) not more than 80% of the total number of new Pekat Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the Directors and Senior Management of the Group who are Eligible Persons (“**Maximum Allocation**”). For information purposes, the aforementioned is based on the basis that they are crucial to the performance of the Group as determined by the ESOS Committee at their sole and absolute discretion. In arriving at the Maximum Allocation, the Board has considered, amongst others, the number of Directors and Senior Management personnel who are eligible to participate in the Proposed ESOS as well as the seniority, length of service, roles and functions performed by and expected contribution of these persons. The allocation to such individuals is intended to incentivise them for their commitment, dedication and loyalty. Additionally, the Board recognises the need to attract and retain this category of individuals who have vast experience and expertise in driving the operations and growth of the Group,

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

The ESOS Committee shall have sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Persons will be based on staggered granting over the duration of the Proposed ESOS or in one (1) single grant and/or whether the ESOS Options are subject to any vesting period, and if so, the vesting conditions and whether such vesting conditions are subject to any performance targets.

The Company shall ensure that allocation of ESOS Options is verified by its Audit and Risk Management Committee at the end of each financial year as being in compliance with the criteria set out in the By-Laws.

Subject to the By-Laws, there are no performance targets to be achieved by the Eligible Persons or vesting period for the ESOS Options, unless otherwise stated in the ESOS offer as determined by the ESOS Committee from time to time.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his own allocation of the ESOS Options or persons connected with him.

Any Eligible Person who holds more than one (1) position within the Group and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum number of Shares of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

### **2.3 Eligibility to participate in the Proposed ESOS**

Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Proposed ESOS:

- (i) the Director or employee shall have attained the age of 18 years on the Date of Offer and shall neither be an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) if he/she is an Executive Director or employee, he/she must have been employed on a full-time basis by the Group and is on the payroll of the Group (excluding dormant subsidiaries, if any) and has not served a notice to resign nor received a notice of termination as at the Date of Offer;
- (iii) if he/she is a Non-Executive Director, he/she must have been appointed to the Board and remains appointed as a Director of the Group (excluding dormant subsidiaries, if any) and has not served a notice to resign nor received a notice of termination, as at the Date of Offer;

- (iv) if the Director or employee is employed by a company which is acquired by the Group during the duration of the Proposed ESOS and becomes a subsidiary upon such acquisition, the said Director or employee must become an Eligible Person within the meaning of the By-Laws following the date that such company becomes or is deemed to be a subsidiary of the Group; and
- (v) the ESOS Committee may at its absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding.

The eligibility for consideration under the Proposed ESOS does not confer an Eligible Person a right to participate in the Proposed ESOS unless the ESOS Committee has made the offer to the Eligible Person and the Eligible Person has accepted the offer in accordance with the terms of the By-Laws.

In accordance with the Rule 6.07(1) of Listing Requirements, the allotment of ESOS Options to any of the Directors, chief executive officer, employee who is a Major Shareholder and/or persons connected with them pursuant to the Proposed ESOS must be approved by the shareholders of Pekat in a general meeting.

#### **2.4 Duration of the Proposed ESOS**

The Proposed ESOS, when implemented, shall be in force for a duration of five (5) years commencing from the Effective Date.

However, the Proposed ESOS may be extended, at the Board's sole and absolute discretion upon the recommendation of the ESOS Committee, for a further period of five (5) years or such shorter period as the Board deems fit immediately from the expiry of the first five (5) years, without any approval from the shareholders of the Company in a general meeting, provided that the initial duration of the Proposed ESOS stipulated above and any extension of the Proposed ESOS shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. The Company shall make the necessary announcement to Bursa Securities should there be any extension of the Proposed ESOS on or before the expiry of the first five (5) years.

#### **2.5 Exercise Price**

Subject to any adjustment in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be determined by the Board upon recommendation of the ESOS Committee based on the five (5)-day VWAP of the Pekat Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.

The Exercise Price as determined by the Board shall be conclusive and binding on the Grantees.

#### **2.6 Acceptance of the offer**

The offer may only be accepted by the Grantee during the offer period in such form and manner as may be prescribed in the offer and shall be accompanied by a non-refundable sum of RM1.00 only payable to the Company. The date of receipt by the ESOS Committee of such form together with the money shall be the date of acceptance of the offer by the Selected Person, provided that the Proposed ESOS is not terminated pursuant to the By-Laws.

In the event that the Selected Person fails to accept the offer in the manner prescribed within the offer period, the offer shall automatically lapse and shall then be null and void. The ESOS Committee shall not be precluded from making a fresh offer, on such terms as the ESOS Committee may so decide, to the Selected Person subsequently.

## **2.7 Retention period**

The new Pekat Shares to be issued to a Grantee shall not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantees to hold the Pekat Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain. Notwithstanding the foregoing, the ESOS Committee shall be entitled to prescribe or impose, in relation to any ESOS Option, any condition relating to any retention period or restrictions on transfer as it deems fit.

Notwithstanding the above, pursuant to Rule 8.22 of the Listing Requirements, a Grantee, who is a Non-Executive Director of the Company or any company in the Group must not sell, transfer or assign the new Pekat Shares obtained through the exercise of the ESOS Options within one (1) year from the Date of Offer or such period as may be prescribed by Bursa Securities.

## **2.8 Ranking of new Pekat Shares pursuant to the Proposed ESOS**

The new Pekat Shares to be allotted and issued and/or transferred from treasury shares (as the case may be) pursuant to the exercise of the ESOS Options shall, upon allotment and issuance rank *pari passu* in all respects with the then existing Pekat Shares, and be entitled to all rights (including voting, dividend, allotment, distribution, transfer, and other rights, including those arising on a liquidation of the Company), attaching to the then existing Pekat Shares, save and except that the new Pekat Shares allotted and issued will not be entitled to any dividends, rights, allotments or other forms of distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment of such new Pekat Shares.

Fractional entitlements (if any) will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion think expedient in the interest of the Company.

The new Pekat Shares will be subject to all provisions of the Constitution of the Company as may thereafter be amended from time to time.

## **2.9 Listing and quotation for the new Pekat Shares to be issued pursuant to the Proposed ESOS**

Bursa Securities had, vide its letter dated 5 August 2024, approved the listing of and quotation for such number of new Pekat Shares representing up to 10% of the total number of issued shares of Pekat (excluding treasury shares, if any), to be issued upon the exercise of the ESOS Options on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 6 of this Circular.

## **2.10 ESOS Committee**

The Proposed ESOS will be implemented and administered by an ESOS Committee, which will have the sole and absolute discretion in administering the Proposed ESOS subject to the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities under the By-Laws. The ESOS Committee shall have the absolute discretion in determining whether the ESOS Options will be granted in one (1) single tranche or on a staggered basis over the duration of the Proposed ESOS.

The ESOS Committee shall comprise persons from the Board and/or Senior Management of the Group and shall ensure that the respective members of the ESOS Committee do not participate in the deliberation or discussion of their own allocation and/or allocation to the persons connected to them. An Eligible Person who is a member of the ESOS Committee shall abstain from deliberations in respect of any ESOS Options granted or to be granted to him/her and/or persons connected to them.

The ESOS Committee may at its absolute discretion decide that the ESOS Options be satisfied via the following methods:

- (i) issuance of new Pekat Shares;
- (ii) transfer of Pekat's treasury shares (if any) or any other methods as may be permitted by the Act; or
- (iii) a combination of the above.

In considering the mode of satisfaction as referred to in items (i) to (iii) above, the ESOS Committee will take into consideration amongst others, factors such as the prevailing market price of Pekat Shares and the potential cost arising from the granting of the ESOS Options.

#### **2.11 Alteration of share capital and adjustment**

Subject to the By-Laws, in the event of any alteration in the capital structure of the Company during the period commencing from the Date of Offer until the date of expiry of the Proposed ESOS, whether by way of capitalisation of profit or reserves, rights issues, bonus issue, subdivision or consolidation of shares, capital reduction or any other variations of capital shall take place or if the Company shall make a capital distribution during the duration of the Proposed ESOS, the Company shall cause such adjustment to be made to:

- (i) the Exercise Price; and/or
- (ii) the number of new Pekat Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Option (excluding ESOS Options which have been exercised).

Any adjustments will be made in accordance with the provisions of the By-Laws.

#### **2.12 Modification, variation and/or amendment to the Proposed ESOS**

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to and/or deletions of the By-Laws as it shall, at its sole discretion deem fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.

Subject to the By-Laws, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to and/or deletions of the By-Laws (including any additions, modifications or amendments to or deletions of the By-Laws for purposes of complying with the Act) provided that no additions, modifications or amendments to and/or deletions of the By-Laws shall be made which would:

- (i) materially prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of the affected Grantees;
- (ii) increase the number of Pekat Shares available under the Proposed ESOS beyond the Maximum Limit;
- (iii) prejudice any rights of the shareholders of the Company; and
- (iv) alter to the advantage of any Grantee or group of Grantees or all the Grantees in respect of any matters which are required to be contained in the By-Laws unless allowed by the provisions of the Listing Requirements.

### 2.13 Fees, costs and expenses

All fees, costs and expenses incurred in relation to the administration and management of the Proposed ESOS including but not limited to the fees, costs and expenses relating to the allotment and issuance of new Pekat Shares pursuant to the exercise of the ESOS Options shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs (including any taxes and stamp duty) and expenses incurred in relation to his/her acceptance and exercise of the ESOS Options (including all brokerage fees, commission and such other incidental costs arising from the sale of the shares).

### 2.14 Termination of the Proposed ESOS

Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the ESOS may be terminated by the Company at any time during the duration of the Proposed ESOS before its expiry without obtaining the approvals or consents from the Grantees or its shareholders in accordance with the terms of the By-Laws provided that an immediate announcement is released to Bursa Securities on the following:

- (i) the effective date of termination of the Proposed ESOS (“**Termination Date**”);
- (ii) the number of ESOS Options exercised and/or Pekat Shares vested; and
- (iii) the reasons and justification for termination.

Notwithstanding anything to the contrary, in the event of termination:

- (i) no further offers shall be made by the ESOS Committee from the Termination Date;
- (ii) all offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
- (iii) all outstanding ESOS Options which have yet to be exercised by the Grantees shall be automatically lapsed on the Termination Date.

### 2.15 Proposed Allocation

Rule 6.07(1) of the Listing Requirements states that the Company must not issue any shares to its Directors, major shareholders or chief executive or a person connected with them unless its shareholders in a general meeting have approved the specific allotment to be made to them and persons connected to them (if any). Accordingly, pursuant to Rule 6.07(1) of the Listing Requirements and in accordance with the By-Laws, the Company proposes to seek the approval of its shareholders for authority for the Proposed Allocation to the following Directors and chief executive of Pekat:

<b>Name</b>	<b>Designation</b>
Kok Kong Chin	Independent Non-Executive Chairman
Chin Soo Mau	Managing Director
Tai Yee Chee	Executive Director & Chief Executive Officer
Ong Keng Siew	Independent Non-Executive Director
Yeong Siew Lee	Independent Non-Executive Director
Datin Shelina Binti Razaly Wahi	Independent Non-Executive Director

## **2.16 Utilisation of proceeds**

The actual amount of proceeds to be received from the Proposed ESOS will depend on, amongst others, the number of ESOS Options granted and exercised at the relevant point of time and the Exercise Price. Therefore, the amount of proceeds to be received from the exercise of the ESOS Options is not determinable at this juncture.

Such proceeds are expected to be utilised for future working capital requirements of the Group including but not limited to payment of staff salaries, payment of trade creditors, defrayment of operational and administrative expenses (such as marketing costs and repair and maintenance for office equipment and vehicles), utilities, rental and other office operating expenses, as well as possible funding for its capital expenditure requirements and/or repayment of its debt in the future, should the need arise. As at the LPD, the Group has total outstanding borrowings (including lease liabilities) of approximately RM10.18 million. The actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual amount of proceeds to be received from the exercise of the ESOS Options and the funding requirements of the Group at the point of utilisation. As and when the proceeds are received throughout the duration of the Proposed ESOS, the Company expects to use them within a period of twenty-four (24) months.

## **3. RATIONALE FOR THE PROPOSED ESOS**

The Board believes that the implementation of the Proposed ESOS would serve to align the interests of the Eligible Persons to the corporate goal of the Group. The Proposed ESOS will provide the Eligible Persons with the opportunity to have equity participation in the Company and is established to achieve the following objectives:

- (i) to recognise the contributions and/or services of the Eligible Person(s) which are valuable and essential to the operations and growth of the Group;
- (ii) to reward the Eligible Person(s) for their past performance and motivate them towards better performance through greater productivity and loyalty;
- (iii) to stimulate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity stake of the Company;
- (iv) to attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive; and
- (v) to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future prospects of Group and eventually realise any potential capital gains arising from possible appreciation in the value of Pekat Shares, upon exercising of the ESOS Options.

The granting of the ESOS Options to the Non-Executive Directors of Pekat, if any, is to recognise their contribution to the Group in respect of their responsibilities as Non-Executive Directors and to enable them to participate in the future growth of the Group.

The Company has not undertaken any equity fund raising exercise in the past twelve (12) months before the date of this Circular.



#### 4. EFFECTS OF THE PROPOSED ESOS

As at the LPD, the issued share capital of Pekat is RM93,515,918 comprising 644,968,200 Pekat Shares.

##### 4.1 Issued share capital

The Proposed ESOS is not expected to have an immediate effect on the existing issued share capital of Pekat until such time when the ESOS Options are exercised. The issued share capital of Pekat will increase progressively depending on the number of Pekat Shares to be issued arising from the exercise of ESOS Options.

For illustrative purposes, the effects of the Proposed ESOS on the share capital of Pekat are as follows:

	No. of Pekat Shares	RM
Issued share capital as at LPD	644,968,200	93,515,918
Maximum number of new Pekat Shares to be issued under the Proposed ESOS (i.e. 10% of the total number of issued Pekat Shares, excluding treasury shares, if any) <sup>(a)</sup>	64,496,820	54,822,297
<b>Enlarged issued share capital</b>	<b>709,465,020</b>	<b>148,338,215</b>

Note:

(a) Based on the illustrative Exercise Price of RM0.85, representing a discount of approximately 9.59% discount to the 5-day VWAP of Pekat Shares up to and including the LPD of RM0.9402 per Pekat Share.

##### 4.2 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have an immediate effect on the substantial shareholders' shareholdings in Pekat until and unless new Pekat Shares are issued when the ESOS Options are exercised or treasury shares are transferred. Any potential effect on the substantial shareholders' shareholdings' in Pekat will depend on the number of ESOS Options granted and new Pekat Shares to be issued arising from the exercise of the ESOS Options at any point in time or treasury shares are transferred.

However, if and when ESOS Options are exercised, the percentage shareholdings of the substantial shareholders may be diluted accordingly.

##### 4.3 NA, NA per Pekat Share and gearing

Save for the potential impact of the MFRS 2, the Proposed ESOS is not expected to have any immediate effect on the NA and NA per Pekat Share of the Group until such time the new Pekat Shares are issued and/or treasury shares are transferred, as the case may be, in connection with the exercise of ESOS Options. Any potential effects on the NA and NA per Pekat Share of the Group will depend on the actual number of Pekat Shares to be issued arising from the exercise of ESOS Options, as well as the Exercise Price.

For illustrative purposes, upon the exercise of the ESOS Options, the NA per Pekat Share is expected to increase if the Exercise Price is higher than the NA per Pekat Share and conversely, will decrease if the Exercise Price is lower than the NA per Pekat Share at the point that the ESOS Options are exercised.

The Proposed ESOS is not expected to have any material effect on the Group's gearing level.

#### **4.4 EPS**

The Proposed ESOS is not expected to have any immediate material effect on the earnings and EPS of the Group until such time when the ESOS Options are granted and exercised. However, the EPS of the Group in the future may be diluted, depending on the number and timing of the ESOS Options granted and exercised. Any other potential effect on the EPS of the Group in the future would depend on the number of ESOS Options granted and exercised, and the Exercise Price payable upon exercise of the ESOS Options, as well as the impact of MFRS 2.

Under MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options which is expected to vest at each Date of Offer and is recognised as an expense in the statement of comprehensive income over the vesting period of the ESOS Options, thereby reducing the earnings of the Group. The fair value of the ESOS Options is determined after taking into consideration, among others, the historical volatility of Pekat Shares, the risk-free rate, the Exercise Price payable upon exercise of the ESOS Options and the time to maturity of the ESOS Options from the vesting date of the ESOS Options. As such, the potential effect of the recognition of the said cost on the EPS of the Group cannot be determined at this juncture. However, such expense recognised does not represent a cash outflow as it is merely an accounting treatment.

The Board has taken note of the potential impact of MFRS 2 on the future earnings of the Group and will take proactive measures to manage the earnings impact of the allocation and granting of ESOS Options on the earnings of the Group.

For information purposes, the estimated expenses for the Proposed ESOS amounts to approximately RM0.20 million, which will be funded by internally generated funds of the Group.

#### **4.5 Convertible securities**

As at LPD, the Company does not have any outstanding convertible securities in issue.

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## 5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Pekat Shares traded on the ACE Market of Bursa Securities for the past twelve (12) months up to July 2024 (being the last full trading month prior to the LPD), are as follows:

	Pekat Shares	
	Low	High
	RM	RM
<b><u>2023</u></b>		
July	0.420	0.505
August	0.430	0.520
September	0.450	0.500
October	0.395	0.465
November	0.415	0.465
December	0.415	0.460
<b><u>2024</u></b>		
January	0.400	0.445
February	0.400	0.445
March	0.420	0.490
April	0.460	0.565
May	0.540	0.835
June	0.775	1.000
July	0.900	1.060
Last transacted market price as at 5 July 2024, being the last trading date prior to the date of the Announcement	0.960	
Last transacted market price as at the LPD	0.915	

(Source: Bloomberg)

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## 6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed ESOS is subject to the approvals of the following:

- (i) Bursa Securities, for the listing of and quotation for such number of new Pekat Shares to be issued upon exercise of the ESOS Options on the ACE Market of Bursa Securities, which was obtained vide its letter dated 5 August 2024, subject to the following conditions:

Conditions	Status of compliance
(i) PIVB is required to submit confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation, together with a certified true copy of the resolution passed by the shareholders in general meeting.	To be complied
(ii) Pekat is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the shareholders of Pekat at an EGM to be convened for the Proposed ESOS and Proposed Allocation; and

For information, in accordance with Section 85 of the Act and Clause 15 of the Constitution of the Company, the shareholders of the Company have pre-emptive rights to be offered the new Pekat Shares to be issued pursuant to the Proposed ESOS. In the event the resolution for the Proposed ESOS is approved by shareholders of the Company at the Company's forthcoming EGM, this amounts to the disapplication of the shareholders' pre-emptive rights under Section 85 of the Act and Clause 15 of the Constitution of the Company, and thus the shareholders' percentage shareholdings in the Company will be correspondingly diluted upon completion of the Proposed ESOS.

- (iii) any other relevant authorities and/or parties, if required.

The Proposed Allocation is conditional upon the Proposed ESOS but not vice versa. The Proposed ESOS and Proposed Allocation is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

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

All Interested Directors are deemed interested to the extent of their respective allocations as well as allocations to persons connected with them, if any, under the Proposed ESOS.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in respect of their respective allocations and the specific allocations to person connected to them, if any, under the Proposed ESOS.

The Interested Directors will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to their respective allocation and the proposed allocation to person connected with them, if any, under the Proposed ESOS to be tabled at the EGM of the Company to be convened.

Mr. Chin Soo Mau and Mr. Tai Yee Chee are the Interested Major Shareholders. Accordingly, they will abstain and have undertaken to ensure that persons connected with them will abstain from all deliberations and voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to their respective allocation and allocations to person connected to them under the Proposed ESOS at the forthcoming EGM.

The details of the shareholdings of the Directors and Interested Major Shareholders and/or persons connected with them in the Company as at the LPD are as follows:

	Direct		Indirect	
	No. of Pekat Shares	%	No. of Pekat Shares	%
<b><u>Interested Directors and Interested Major Shareholders</u></b>				
Chin Soo Mau	225,061,800	34.90	-	-
Tai Yee Chee	66,776,900	10.35	-	-
<b><u>Interested Directors</u></b>				
Kok Kong Chin	10,150,000	1.57	-	-
Ong Keng Siew	100,000	0.02	-	-
Datin Shelina Binti Razaly Wahi	100,000	0.02	-	-
Yeong Siew Lee	100,000	0.02	-	-

Save as disclosed above, none of the Directors, Major Shareholders, chief executive of the Company and/or persons connected with them are deemed interested, direct or indirect, in the Proposed ESOS.

## 8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed ESOS, including but not limited to the rationale and justifications for the Proposed ESOS as well as the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

The Board (save for the Interested Directors in relation to their respective allocations and allocations to persons connected to them pursuant to the Proposed Allocation), having considered all aspects of the Proposed Allocation, is of the opinion that the Proposed Allocation is in the best interest of the Company. Accordingly, the Board (save for the Interested Directors in relation to their respective allocations and allocations to persons connected to them pursuant to the Proposed Allocation) recommends that you vote in favour of the ordinary resolutions in relation to the Proposed Allocation to be tabled at the Company's forthcoming EGM.

## 9. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS and as disclosed below, there are no other outstanding corporate exercises, which have been announced by the Company but pending completion prior to the date of this Circular.

On 1 August 2024, PIVB, on behalf of the Board, announced that Pekat Teknologi Sdn Bhd, a wholly-owned subsidiary of the Company, had on the same date entered into a conditional share sale agreement with Mr. Low Kheng Heng @ Low Choon Huat for the proposed acquisition of 75,000 ordinary shares in Apex Power Industry Sdn Bhd ("Apex Power"), representing 60% equity interest in Apex Power, for a total cash consideration of RM96.00 million ("Proposed Acquisition"). In conjunction with the Proposed Acquisition, the Company intends to undertake a proposed diversification of the existing business of the Group to include design and fabrication of power distribution equipment and related activities ("Proposed Diversification"). The Proposed Acquisition and Proposed Diversification is pending completion as at the date of this Circular.

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed ESOS is expected to be implemented by the 4<sup>th</sup> quarter of 2024.

## 11. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at <https://sshbsb.net.my> from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of another Extraordinary General Meeting which is scheduled to be held on a virtual basis on the same day at 10:00 a.m., whichever is later, and online remote voting through Remote Participation and Voting (“RPV”) facilities via Securities Services e-Portal at <https://sshbsb.net.my/> provided by Securities Services (Holdings) Sdn. Bhd., to consider and, if thought fit, to pass the resolutions to give effect to the Proposed ESOS and Proposed Allocation.

For the purpose of complying with Section 327(2) of the Act, the Chairman of the meeting is required to be present at the main venue of the EGM. Members/proxies/corporate representatives will not be allowed to attend this EGM in person at the broadcast venue on the day of the EGM. Please refer to the Administrative Guide on the conduct of a virtual general meeting for further information.

If you are unable to attend and vote in person at the EGM, please complete the Proxy Form, which is attached in this Circular. The Proxy Form should be lodged at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof.

The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off date and time. For further information on the electronic lodgement of the Proxy Form, kindly refer to the Administrative Guide for the EGM. The lodging of the Proxy Form will not preclude a shareholder from attending and voting in person at the EGM should our shareholder subsequently wish to do so.

## 12. FURTHER INFORMATION

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

Yours faithfully,  
for and on behalf of the Board  
**PEKAT GROUP BERHAD**

**CHIN SOO MAU**  
Managing Director

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**DRAFT BY-LAWS**


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**PEKAT GROUP BERHAD  
(REGISTRATION NO. 201901011563 (1320891-U))**

**BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME FOR THE ELIGIBLE DIRECTORS  
AND EMPLOYEES OF PEKAT GROUP BERHAD AND ITS SUBSIDIARIES (EXCLUDING  
DORMANT SUBSIDIARIES, IF ANY)**

**1. DEFINITIONS AND INTERPRETATIONS**

1.1 In the By-Laws, unless the context otherwise requires, the following terms shall have the following meanings:

“Act”	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
“Adviser”	:	Any person who is eligible to act as a principal adviser that fulfils the requirements set out in the Guidelines on Submission of Corporate and Capital Market Product Proposals as well as Chapter 7A of the Licensing Handbook issued by the Securities Commission Malaysia
“Auditor”	:	The external auditor for the time being of the Company or such other firm of auditor registered with the Audit Oversight Board of Malaysia
“Board”	:	Board of Directors of Pekat as may be constituted from time to time
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“By-Laws”	:	The rules, terms and conditions governing the ESOS as may be amended, modified and/or supplemented from time to time
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
“CDS”	:	Central Depository System governed under SICDA
“Constitution”	:	Constitution of Pekat
“Date of Acceptance”	:	The date on which the ESOS Committee receives the written notice from an Eligible Person accepting an Offer
“Date of Offer”	:	The date on which an Offer is served in accordance with the By-Laws
“Depository Rules”	:	Rules of Bursa Depository
“Directors”	:	Director shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007

## DRAFT BY-LAWS (Cont'd)

“Effective Date”	:	The date on which the last of the approvals and conditions in By-Law 18 have been obtained and/or complied with
“Eligible Person”	:	Directors (but shall not include alternate and/or substitute Directors) and eligible employees of the Group, as the case may be, who meet the eligibility criteria for participation in the ESOS as set out in the By-Laws
“ESOS Committee”	:	The committee consisting of Directors and/or other persons as shall be appointed and duly authorised by the Board, to implement and administer the ESOS in accordance with the provisions of the By-Laws
“ESOS Option Period”	:	The period during which an ESOS Option may be exercised as may be specified in the Offer
“ESOS Option(s)”	:	The options granted to a Grantee which may be exercised to subscribe for new Pekat Shares during the ESOS Option Period at the Exercise Price pursuant to the ESOS
“ESOS Period”	:	The duration of the ESOS as set out in By-Law 18.1 and subject to By-Laws 18.3 and 22
“ESOS”	:	Employees’ Share Option Scheme
“Exercise Price”	:	The price at which a Grantee is required to pay for each new Pekat Share pursuant to the exercise of an ESOS Option
“Grantee”	:	Eligible Person who has duly accepted the Offer in accordance with the By-Laws
“Group”	:	Pekat and its Subsidiaries
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“Market Day”	:	Any day between Monday to Friday, both days inclusive, which is not a public holiday and a day on which the stock market of Bursa Securities is open for trading in securities
“Maximum Allowable Allotment”	:	The maximum number of new Pekat Shares that may be offered and allotted to an Eligible Person in accordance with By-Law 4
“Maximum Limit”	:	The maximum number of new Pekat Shares that may be made available under the ESOS shall not in aggregate exceed 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) at any point in time throughout the duration of the ESOS
“Offer Period”	:	A period of 30 calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee
“Offer”	:	An offer of ESOS Options to subscribe for new Pekat Shares made in writing by the ESOS Committee to any Eligible Person in accordance with the By-Laws and the granting of the ESOS Options to subscribe for the new Pekat Shares to the Eligible Persons, in accordance with the By-Laws
“Pekat Share(s)”	:	Ordinary shares of Pekat



## DRAFT BY-LAWS (Cont'd)

“Peklat” or “the Company”	:	Peklat Group Berhad (Registration No. 201901011563 (1320891-U))
“person connected”	:	Person connected has the same meaning as that assigned to “person connected” in Rule 1.01 of the Listing Requirements
“Record of Depositors”	:	A record of securities holders established and maintained by Bursa Depository under the Depository Rules as issued pursuant to the SICDA
“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“Senior Management”	:	An employee of the Group holding senior position, including Executive Director (being persons who have primary responsibility for the business operations of the Group) as may be determined by the ESOS Committee and which shall be subject to any criteria as may be determined at the sole discretion of the ESOS Committee from time to time
“SICDA”	:	Securities Industry (Central Depositories) Act 1991
“Subsidiaries”	:	Subsidiaries of Peklat within the meaning of Section 4 of the Act and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the ESOS Period (as the case may be) unless determined by the Board and/or ESOS Committee, in its sole discretion, that any such subsidiary of Peklat will not fall within this expression and excluding subsidiaries which are dormant
“Terms of Reference”	:	The terms of reference which the Board may establish to regulate and govern the ESOS Committee’s functions and/or responsibilities under the By-Laws
“Unexercised ESOS Options”	:	ESOS Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the ESOS Option Period has not expired

## 1.2 In this By-Laws:

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and Listing Requirements and any policies and/or guidelines of the Bursa Securities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities);
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of the By-Laws so far as such modification or re-enactment applies or is capable of applying to any ESOS Options offered and accepted within the ESOS Period and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns;
- (d) words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;

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**DRAFT BY-LAWS (Cont'd)**

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- (e) words importing the masculine gender include the feminine genders and all such words shall be construed interchangeably in that manner;
- (f) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (g) the headings in the By-Laws are inserted for convenience only and shall not be taken into account in the interpretation of the By-Laws; and
- (h) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day, and if an event is to occur on a stipulated day which falls after the expiry of the ESOS Period then the stipulated day will be taken to be the last Market Day of the ESOS Period.

1.3 In the event of any change in the name of the Company from its present name, all references to "Pekato Group Berhad" in the By-Laws and all other documents pertaining to the ESOS shall be deemed to be references to the Company's new name.

## **2. MAXIMUM NUMBER OF NEW PEKAT SHARES AVAILABLE UNDER THE ESOS**

2.1 The maximum number of new Pekat Shares which may be made available under the ESOS shall not in aggregate exceed 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) at any point of time during the duration of the ESOS as provided in By-Law 18 ("**Maximum Limit**").

Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Pekat Shares comprised in the ESOS Options granted under the ESOS exceeds the aggregate 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) as a result of the Company purchasing, cancelling or reducing its own shares in accordance with Section 127 of the Act or undertaking any other corporate proposal resulting in the reduction of its total number of issued Pekat Shares (excluding treasury shares, if any), all the ESOS Options granted prior to such purchase, cancellation and/or the reduction of the issued share capital of the Company will remain valid or exercisable in accordance with the provisions of the By-Laws. For the avoidance of doubt, no further Offers shall be made until the total number of new Pekat Shares comprised in the ESOS Options to be allotted and issued under the ESOS falls below 10% of the total number of issued Pekat Shares (excluding treasury shares, if any) in the Company.

2.2 Each ESOS Option shall be exercisable into 1 new Pekat Share, in accordance with the By-Laws.

## **3. ELIGIBILITY**

3.1 The Eligible Persons of the Group who meet the following conditions as at the Date of Offer are eligible to participate in the ESOS:

- (a) the Director or employee shall have attained the age of 18 years on the date on which an Offer is made by the ESOS Committee in writing ("**Date of Offer**") and shall neither be an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) if he/she is an executive Director or employee, he/she must have been employed on a full-time basis by the Group and is on the payroll of the Group (excluding dormant subsidiaries, if any) and has not served a notice to resign nor received a notice of termination as at the Date of Offer;
- (c) if he/she is a non-executive Director, he/she must have been appointed to the Board of Directors of the Group and remains appointed as a Director of the Group (excluding dormant subsidiaries, if any) and has not served a notice to resign nor received a notice of termination, as at the Date of Offer;

**DRAFT BY-LAWS (Cont'd)**

- (d) if the Director or employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary upon such acquisition, the said Director or employee must become an Eligible Person within the meaning of the By-Laws following the date that such company becomes or is deemed to be a subsidiary of the Group; and
- (e) the ESOS Committee may at its absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the ESOS Committee on or prior to the Effective Date.

In determining the eligibility and allocation of Eligible Persons to participate in the ESOS, the ESOS Committee will take into account among others, the performance targets, appraisals and past and future contributions of the Eligible Persons to the Group, and such other factors that the ESOS Committee deems relevant from time to time. For avoidance of doubt, the selection of Eligible Persons for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee. The decision of the ESOS Committee shall be final and binding.

- 3.2 Notwithstanding By-Law 3.1, the ESOS Committee may from time to time, at its sole discretion select and identify suitable Eligible Person to be offered the ESOS Options.
- 3.3 Eligibility, however, does not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options or the new Pekat Shares comprised in the ESOS unless the ESOS Committee has made an Offer to the Eligible Person in the manner as set out in By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.
- 3.4 A set of eligibility and allocation criteria as determined by the ESOS Committee from time to time shall be made available to all Eligible Persons of the Group. The Company and/or the ESOS Committee shall ensure that the allocation of the new Pekat Shares pursuant to the ESOS shall be verified by the audit and risk committee at the end of each financial year.
- 3.5 The ESOS Committee may, in its sole and absolute discretion, change or waive any of the conditions of eligibility as set out in By-Law 3.1. The selection of any Eligible Person to participate and number of ESOS Options to be offered under the ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be binding and final.
- 3.6 If the Eligible Person is:
  - (a) a Director, major shareholder, chief executive of Pekat or a holding company of Pekat; or
  - (b) a person connected to such Director, major shareholder, chief executive of Pekat or a holding company of Pekat,

the specific allocation of ESOS Options granted by the Company to such Eligible Person must first be approved by the shareholders of Pekat at a general meeting, unless such approval is no longer required under the Listing Requirements and they shall not participate in the deliberation or discussion of their own allocation.

#### **4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 4.1 Subject to By-Law 2 and any adjustments which may be made under By-Law 14, the aggregate number of ESOS Options that may be offered and allocated under the Proposed ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's position, job performance, job grade,

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**DRAFT BY-LAWS (Cont'd)**

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seniority, length of service and / or such other factors as the ESOS Committee deems fit, and shall be subject to the following:

- (a) the total number of new Pekat Shares to be issued pursuant to the exercise of the ESOS Options shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person an ESOS Option for all the specified maximum number of Pekat Shares the Eligible Person is entitled to as stipulated under By-Law 2.1;
- (b) not more than 10% of the total number of Pekat Shares to be issued under the Proposed ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with them, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any);
- (c) any allocation of ESOS Options and the related allotment of Pekat Shares to any Eligible Person who is a Director, major shareholders or the chief executive officer of the Company and any persons connected with them, shall require prior approval of the shareholders of the Company in a general meeting, and shall not vote on the resolution approving the said allocation and allotment;
- (d) the Directors and Senior Management of the Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocation of ESOS Options as well as the allocation of ESOS Options to the persons connected with them under the Proposed ESOS, if any;
- (e) not more than 80% of the total number of new Pekat Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the Directors and Senior Management of the Group who are Eligible Persons (“**Maximum Allocation**”),

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

- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than 1 position within the Group, and by holding such positions, the Eligible Person is in more than 1 category, shall only be entitled to the Maximum Allowable Allotment of any 1 of those categories. The ESOS Committee shall be entitled at its sole and absolute discretion to determine the applicable category.
- 4.4 In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment corresponding to the higher category of employee of which he/she then is a party, subject always to the maximum number of Pekat Shares available under the ESOS as stipulated under By-Law 2.1.
- 4.5 In the event that an Eligible Person is redesignated, demoted or moved to a lower category for whatever reason, the Eligible Person’s Maximum Allowable Allocation may be reduced to that lower category unless an ESOS Option has been granted and accepted by him before such demotion and where he has accepted the ESOS Option which exceeds his Maximum Allowable Allotment under that lower grade, he will not be entitled to any further allocation for that lower grade.
- 4.6 The ESOS Committee may at its sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Person will be based on:
  - (i) staggered granting over the duration of the ESOS or in one (1) single grant; and/or
  - (ii) whether the ESOS Options are subject to any vesting period, and if, so the vesting conditions and whether such vesting conditions are subject to performance targets; and/or
  - (iii) such other terms and conditions it deem fit and appropriate to be imposed for participation in the ESOS.

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**DRAFT BY-LAWS (Cont'd)**

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The Company shall ensure that allocation of ESOS Options is verified by its Audit and Risk Management Committee at the end of each financial year as being in compliance with the criteria set out in the By-Laws.

Subject to these By-Laws, there are no performance targets to be achieved by the Eligible Persons or vesting period for the ESOS Options, unless otherwise stated in the Offer as determined by the ESOS Committee from time to time.

In the event the ESOS Committee decides that the vesting of the ESOS Options is to be staggered or made in several tranches, the number of ESOS Options to be granted pursuant to each vesting of the ESOS Options and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each vesting of the ESOS Options shall be separate and independent from the others.

- 4.7 In the event that an Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his own allocation of the ESOS Options or person connected to him.

**5. OFFER**

- (a) The ESOS Committee shall, within the ESOS Period as specified in By-Law 18, make Offers to any Eligible Person (based on the eligibility criteria as set out in By-Law 3) whom the ESOS Committee may in its sole and absolute discretion select to subscribe for new Pekat Shares under the ESOS. Further Offers of ESOS Options may be made to those who become eligible to participate under the ESOS.
- (b) Notwithstanding By-Law 5.1(a) above, where it involves a grant of ESOS Option to Eligible Persons who are members of the ESOS Committee, such grant of ESOS Options shall be decided by the Board subject to By-Law 3.
- 5.1 During the ESOS Period, the actual number of new Pekat Shares arising from the exercise of the ESOS Options which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustment that may be made under By-Law 14, shall be in multiples of and not less than 100 Pekat Shares and always in multiples of 100 Pekat Shares or such amount constituting 1 board lot as permitted by Bursa Securities to be traded on Bursa Securities but subject to the Maximum Allowable Allotment as set out in By-Law 4.
- 5.2 Subject to By-Law 4, nothing herein shall prevent the ESOS Committee from making more than 1 Offer to an Eligible Person after the first Offer made at any 1 time provided always that the total aggregate number of new Pekat Shares to be offered to the Eligible Persons (inclusive of Pekat Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment of such Eligible Person. Each Offer made to any Eligible Person by the ESOS Committee shall be separate and independent from any previous or later Offer made by the ESOS Committee to that Eligible Person.
- 5.3 Any Offer made by the ESOS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.4 Unless otherwise approved in writing by the ESOS Committee in its sole and absolute discretion, an Offer shall within 30 calendar days from the Date of Offer or such other period as the ESOS Committee may determine, automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 6.
- 5.5 The ESOS Committee will in its letter of offer ("**Offer Letter**") to an Eligible Person set out the following information, including:
- (a) the number of ESOS Options that are being offered to the Eligible Person;

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**DRAFT BY-LAWS (Cont'd)**

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- (b) the number of the new Pekat Shares entitled to subscribe for upon the exercise of the ESOS Option;
  - (c) the Exercise Price;
  - (d) the ESOS Option Period;
  - (e) the closing date for acceptance of the Offer;
  - (f) the manner of exercise of the ESOS Options;
  - (g) any vesting conditions as may be stipulated by the ESOS Committee, if any; and
  - (h) any other information deemed necessary by the ESOS Committee, if any.
- 5.7 The Company shall keep and maintain at its expense a register of Grantees as required under Section 129 of the Act and shall enter in that register:
- (a) the names of the Grantee;
  - (b) the addresses of the Grantee;
  - (c) the Maximum Allowable Allotment;
  - (d) the number of ESOS Options offered;
  - (e) the number of ESOS Options accepted;
  - (f) the number of ESOS Options exercised;
  - (g) the Date of Offer; and
  - (h) the Exercise Price.
- 5.8 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.6 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within 14 calendar days of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for ESOS Options which have already been exercised as at the date of the revised Offer Letter.
- 5.9 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the ESOS Options are being offered under the ESOS:
- (a) Date of Offer;
  - (b) Exercise Price of ESOS Options offered;
  - (c) number of ESOS Options offered;
  - (d) market price of its securities on the Date of Offer;
  - (e) number of ESOS Options offered to each Director, if any; and
  - (f) vesting period of the ESOS Options offered.

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**DRAFT BY-LAWS (Cont'd)**

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**6. ACCEPTANCE OF THE OFFER**

- 6.1 An Offer made by the ESOS Committee to an Eligible Person under By-Law 5 which shall be valid during the Offer Period, and such Offer shall be accepted by the Eligible Person within the Offer Period by giving a written notice to the ESOS Committee in such form as may be prescribed by the ESOS Committee of such acceptance and accompanied by a payment to the Company of a non-refundable cash consideration of RM1.00 only for the grant of the ESOS Options (regardless of the number of Pekat Shares comprised therein), a confirmation by the Eligible Persons that they agree to be bound by the terms of these By-Laws and an acknowledgement that they have been provided with a copy of these By-laws. The day of receipt of such written notice shall constitute the Date of Acceptance.
- 6.2 If the Offer is not accepted in the manner prescribed by the ESOS Committee, such Offer shall upon the expiry of the Offer Period automatically lapse and shall be null and void and be of no effect, and the new Pekat Shares comprised in such ESOS Options may, at the sole and absolute discretion of the ESOS Committee, be re-offered to other Eligible Persons.

**7. EXERCISE PRICE**

- 7.1 Subject to any adjustments in accordance with By-Law 14 and pursuant to the Listing Requirements, the Exercise Price at which the Grantee is entitled to subscribe for the new Pekat Shares upon exercise of the ESOS Options shall be determined by the Board upon recommendation of the ESOS Committee based on the 5-day volume weighted average market price of the Pekat Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.
- 7.2 The Exercise Price as determined by the Board shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 14.

**8. EXERCISE OF ESOS OPTIONS**

- 8.1 Subject to By-Law 9, an ESOS Option granted to a Grantee under the ESOS is exercisable only by that Grantee (in accordance with the terms set out in the Offer Letter) while the Grantee is in the employment by or appointment in the Group within the ESOS Option Period and shall not extend beyond the ESOS Period as referred to in By-Law 18.3.
- 8.2 Subject to any adjustments in accordance with By-Law 14, the ESOS Committee may, at any time and from time to time before or after an ESOS Option is granted pursuant to By-Law 6, limit the exercise of the ESOS Option to a maximum number of new Pekat Shares and/or such percentage of the total new Pekat Shares relevant to the ESOS Options during such periods (as determined by the ESOS Committee) within the ESOS Option Period and impose any other terms and conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion including amending/varying any terms and conditions imposed earlier subject always to By-Law 16.
- 8.3 All ESOS Options to the extent that they have not been exercised upon the expiry of the ESOS Option Period or ESOS Period (whichever the earlier) shall automatically lapse and become null and void and have no further effect.
- 8.4 The Grantee shall notify the ESOS Committee in writing in the prescribed form, as amended from time to time, of the Grantee's intention to exercise the ESOS Option ("**Notice of Exercise**") within the period that may be stipulated by the ESOS Committee provided that where an ESOS Option is exercised in part, such exercise must not be for less than 100 Pekat Shares and must be for multiples of 100 Pekat Shares other than in the case of the final exercise by the Grantee. Such partial exercise of the ESOS Option shall not preclude the Grantee from exercising the ESOS Option as to the balance thereof at any time in the future but within the ESOS Option Period.
- 8.5 In the event the balance of Pekat Shares exercisable by a Grantee in accordance with the By-Laws shall be less than 100 Pekat Shares, the said balance shall, if exercised, be exercised in a single tranche.

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**DRAFT BY-LAWS (Cont'd)**

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- 8.6 Every such Notice of Exercise shall be accompanied by a remittance in Ringgit Malaysia in the form of remittance by way of bank transfer, a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the subscription monies in relation to the number of Pekat Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Pekat Shares to the Grantee in accordance with the Listing Requirements, Constitution, SICDA and the Depository Rules, despatch the notice of allotment to the Grantee and make an application for the listing and quotation of the new Pekat Shares within 8 Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 8.7 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise and the Grantee shall then be deemed not to have exercised his/her ESOS Options.

**9. NON-TRANSFERABILITY, TERMINATION OF UNEXERCISED ESOS OPTIONS AND SUSPENSION**

- 9.1 Subject to By-Laws 9.2 and 9.3, any Unexercised ESOS Option in respect of the ESOS shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable, as the case may be, without any claim against the Company and the ESOS Committee upon occurrence any 1 or more of the following events:
- (a) service of a notice of resignation of the Grantee; or
  - (b) service of a notice of termination on or termination or cessation of employment of the Grantee with the Group by reason of breach of contract or misconduct; or
  - (c) bankruptcy of the Grantee; or
  - (d) any other circumstances acceptable to the ESOS Committee in its exercise of discretion.

The Pekat Shares in respect of such Unexercised ESOS Option may be re-offered to other Eligible Persons at the sole and absolute discretion of the ESOS Committee.

- 9.2 In the event of the termination or cessation of employment of the Grantee in any of the following circumstances:
- (a) retirement at or after attaining normal retirement age under the Group's retirement policy; or
  - (b) retirement before the normal retirement age with the consent of his/her employer being a company within the Group; or
  - (c) resignation or termination of the employment of the Grantee by reason of ill-health, injury or physical or mental disability; or
  - (d) expiration of the employment contract of the Grantee; or
  - (e) retrenchment or redundancy, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group; or
  - (f) any other circumstances as may be determined by the ESOS Committee,

the ESOS Committee may, subject to their sole and absolute discretion, permit the exercise of any Unexercised ESOS Option by the Grantee within 30 calendar days from the date of occurrence of any of the circumstances set out in By-Law 9.2 herein subject to such terms and conditions as may be prescribed, notwithstanding that:



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**DRAFT BY-LAWS (Cont'd)**


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- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

Any Unexercised ESOS Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after 30 calendar days from the date of occurrence of the circumstances set out in By-Law 9.2 above, as the case may be, without any liability to or right to claim against the Company and the ESOS Committee. The Pekat Shares in respect of such ESOS Option may be re-offered to other Eligible Persons at the sole and absolute discretion of the ESOS Committee.

- 9.3 In the event of death of the Grantee, By-Law 9.2 shall apply mutatis mutandis to the Grantee's legal or personal representatives as if the Grantee's legal or personal representatives were the Grantee.
- 9.4 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to the By-Law 9.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the ESOS Option Period has not commenced or has not expired.
- 9.5 Any unaccepted and/or Unexercised ESOS Option will forthwith lapse and/or be deemed to be cancelled and/or ceased to be capable of vesting/ exercisable, as the case may be, without any claim against Pekat, the ESOS Committee upon the occurrence of one or more of the following events:
- (i) winding up or liquidation of Pekat; or
  - (ii) termination of the ESOS pursuant to By-Law 21.

**9A. DISCIPLINARY ACTIONS**

- 9A.1 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee), the ESOS Committee have the right, at its sole and absolute discretion, to suspend the rights of the Grantee to exercise the Grantee's ESOS Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Grantee, provided always that:
- (a) in the event such Grantee shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise the Grantee's ESOS Option as if such disciplinary proceeding had not been instituted in the first place; or
  - (b) in the event such Grantee is found guilty of the charge and the same results in the dismissal or termination of service of such Grantee, the ESOS Option shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; or
  - (c) in the event such Grantee is found guilty of the charge but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise the Grantee's ESOS Option and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
  - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the ESOS Option Period, the ESOS Option of such Grantee shall immediately lapse on the expiry of the ESOS Option Period without notice,

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

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**DRAFT BY-LAWS (Cont'd)**

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- 9A.2 Any Offer which has been made by the ESOS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6 arising from the Grantee's death, cessation or termination of employment with the Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 9A.3 The ESOS Committee may, in its sole and absolute discretion, change or waive any of the requirements and/or timing as set out in the By-Law 9.2.

**10. TAKE-OVER AND COMPULSORY ACQUISITION, DISPOSAL OF ASSETS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

## 10.1 In the event:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional, any Unexercised ESOS Options may immediately be exercised by the Grantee or Grantee's legal and personal authorised representatives, as the case may be, during the offer period (as defined under the Rules on Take-Overs, Mergers and Compulsory Acquisitions) or until the expiry of the ESOS Option Period, whichever is earlier;
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Pekat Shares under the provisions of the Act and/or Capital Markets And Services Act, 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, any Unexercised ESOS Options may immediately be exercised by the Grantee or Grantee's legal and personal representatives, as the case may be, from the date of service of the said notice to the Company until and inclusive of the date on which the right of the compulsory acquisition is exercised or until the expiry of the ESOS Option Period, whichever is earlier; or
- (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any Unexercised ESOS Options may immediately be exercised by the Grantee or Grantee's legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the date prescribed by the ESOS Committee within the ESOS Option Period,

subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

## 10.2 In the event of:

- (a) the court sanctioning a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies or a privatisation via selective capital reduction, the ESOS Committee may permit the exercise of any Unexercised ESOS Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court or a date to be specified by the ESOS Committee within the ESOS Option Period up to such period as may be determined by the ESOS Committee provided that no ESOS Options shall be exercised after the expiry of the ESOS Option Period; or

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**DRAFT BY-LAWS (Cont'd)**

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- (b) in the event the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any Unexercised ESOS Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the ESOS Option Period;

subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

- 10.3 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to By-Law 10.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the ESOS Option Period has not commenced or has not expired.

**11. RANKING OF NEW PEKAT SHARES**

- 11.1 The new Pekat Shares to be allotted and issued and/ or transferred from treasury shares (as the case may be) upon the exercise of the ESOS Options shall, upon allotment and issuance, rank equally in all respects with the then existing Pekat Shares except that the new Pekat Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date (i.e. the date as at the close of business on which the name of shareholders must appear on the Record of Depositors with the Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions) precedes the date of allotment and issuance of such new Pekat Shares.
- 11.2 The Grantees shall not in any event be entitled to any dividends, rights, allotments and/or any other distributions until and unless such Grantees exercise their ESOS Options into new Pekat Shares and such new Pekat Shares are credited into the Grantee's respective CDS Accounts.
- 11.3 The ESOS Options shall not carry any right to vote at any general meeting of the Company or rank for any distributions in the event of any voluntary or involuntary liquidation or dissolution of the Company until and unless the Pekat Shares issued and allotted arising from the exercise of the ESOS Options have been issued, allotted and credited into the CDS Accounts of the Grantees.
- 11.4 The new Pekat Shares under the ESOS will be subjected to all the Constitution relating to transfer, transmission or otherwise of the Pekat Shares.

**12. RETENTION PERIOD**

- 12.1 The new Pekat Shares to be issued to the Grantees pursuant to the By-Laws shall not be subject to any retention period or restriction on transfer unless the Constitution or the ESOS Committee stipulates otherwise in the Offer or prohibited by any applicable laws, regulation and guidelines.

Notwithstanding the above, pursuant to Rule 8.22 of the Listing Requirements, a Grantee, who is a non-executive Director of the Company or any company in the Group must not sell, transfer or assign the new Pekat Shares obtained through the exercise of the ESOS Options within one (1) year from the Date of Offer or such period as may be prescribed by Bursa Securities.

- 12.2 The expression "retention period" referred to in By-Law 12.1 shall mean the period in which the ESOS Shares allotted and issued and/or transferred pursuant to the ESOS must not be sold, transferred, assigned or otherwise disposed of by the Grantee.
- 12.3 The ESOS Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restriction on transfer as it deems fit. An Eligible Person should note that the Pekat Shares are encouraged for him/her to hold as an investment rather than for any speculative purposes and/or the realisation of any immediate gain.

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**DRAFT BY-LAWS (Cont'd)**


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**13. LISTING AND QUOTATION OF THE NEW PEKAT SHARES**

- 13.1 Upon the exercise of any ESOS Options in accordance with By-Law 8, the Company shall apply to Bursa Securities for the listing and quotation of such new Pekat Shares on the ACE Market of Bursa Securities.
- 13.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Pekat Shares or in procuring Bursa Securities to list the Pekat Shares for which the Grantee is entitled to subscribe.

**14. ALTERATION OF SHARE CAPITAL DURING THE ESOS OPTION PERIOD**

- 14.1 In the event of any alteration in the capital structure of the Company during the ESOS Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, capital reduction, subdivision or consolidation of shares or capital reduction or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustments (if any) to be made to:
- (i) the Exercise Price of the ESOS Options; and/or
- (ii) the number of the new Pekat Shares comprised in the ESOS Options granted to each Grantee (excluding ESOS Options already exercised).

Any adjustment pursuant to this By-Law 14 shall be made in accordance with the following formula:

- (a) If and whenever a Pekat Share by reason of any consolidation or subdivision or conversion of Pekat Shares, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A \times C}{B}$$

$$\text{New number of Pekat Shares under ESOS Options} = \frac{D \times B}{A}$$

where:

- A = the aggregate number of issued and fully paid-up Pekat Shares immediately before such consolidation or subdivision or conversion
- B = the aggregate number of issued and fully paid-up Pekat Shares immediately after such consolidation or subdivision or conversion
- C = existing Exercise Price
- D = existing number of Pekat Shares comprised in the ESOS Options in respect of the rights to subscribe for new Pekat Shares so far as unexercised

Each such adjustment will be effective from the commencement of the next Market Day following the entitlement for such issue.

If and whenever the Company shall make any issue of Pekat Shares to its ordinary shareholders credited by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Exercise Price shall be adjusted by multiplying it by the following fraction:

## DRAFT BY-LAWS (Cont'd)

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

and the additional number of new Pekat Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Pekat Shares comprised in the ESOS Options} = \left[ T \times \frac{A + B}{A} \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up Pekat Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights allotments and/or other forms of distributions) immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Pekat Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully-paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable); and
- T = existing number of the new Pekat Shares comprised in the ESOS Options held.

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

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

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

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

and in respect of the case referred to in By-Law 14.1(c)(ii) hereof, the additional number of the new Pekat Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Pekat Shares comprised in the ESOS Options} = \left[ T \times \frac{C}{C - D^*} \right] - T$$

where:

- T = T as in By-Law 14.1(b);

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**DRAFT BY-LAWS (Cont'd)**


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- C = the Current Market Price (as defined in By-Law 14.1(g)) of each Pekat Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Pekat Shares under By-Law 14.1(c)(ii) above or for securities convertible into Pekat Shares or securities with rights to acquire or subscribe for the Pekat Shares under By-Law 14.1(c)(iii) above, the value of rights attributable to 1 Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 14.1(c) hereof, the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to 1 Share.

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

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

where:

- C = C as in By-Law 14.1(c);
- E = the subscription price for 1 additional Pekat Share under the terms of such offer or invitation or subscription for 1 additional security convertible into Pekat Shares or 1 additional security with rights to acquire or subscribe for Pekat Shares;
- F = the number of existing Pekat Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Pekat Share or security convertible into Pekat Shares or 1 additional security with rights to acquire or subscribe for Pekat Shares; and
- D\* = the value of the rights attributable to 1 Share (as defined below).

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

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

where:

- C = C as in By-Law 14.1(c);
- E\* = the subscription price for 1 additional Pekat Share under the terms of such offer or invitation to acquire or subscribe for Pekat Shares; and
- F\* = the number of existing Pekat Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Pekat Share.

For the purpose of By-Law 14.1(c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Pekat Shares (other than an issue falling within By-Law 14.1(b) hereof) or other securities credited by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable).

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

**DRAFT BY-LAWS (Cont'd)**

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

- (c) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) or By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Pekat Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Pekat Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B = B as in By-Law 14.1(b) above;
- C = C as in By-Law 14.1(c) above;
- G = the aggregate number of issued and fully paid-up Pekat Shares on the entitlement date;
- H = the aggregate number of new Pekat Shares under an offer or invitation to acquire or subscribe for Pekat Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Pekat Shares or rights to acquire or subscribe for Pekat Shares, as the case may be;
- H\* = the aggregate number of new Pekat Shares under an offer or invitation to acquire or subscribe for Pekat Shares by way of rights;
- I = the subscription price of 1 additional Share under the offer or invitation to acquire or subscribe for Pekat Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share, as the case may be;
- I\* = the subscription price of 1 additional Share under the offer or invitation to acquire or subscribe for Pekat Shares; and
- T = T as in By-Law 14.1(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Pekat Shares as provided in By-Law 14.1(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Pekat Shares or securities with rights to acquire or subscribe for Pekat Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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**DRAFT BY-LAWS (Cont'd)**


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

and the additional number of Pekat Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Pekat Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

C = C as in By-Law 14.1(c) above;

G = G as in By-Law 14.1(d) above;

H = H as in By-Law 14.1(d) above;

H\* = H\* as in By-Law 14.1(d) above;

I = I as in By-Law 14.1(d) above;

I\* = I\* as in By-Law 14.1(d) above;

J = the aggregate number of Pekat Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Pekat Shares by the ordinary shareholders of the company;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share; and

T = T as in By-Law 14.1(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (e) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes an offer or invitation to acquire or subscribe for Pekat Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Pekat Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Pekat Shares comprised in the ESOS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Pekat Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = B as in By-Law 14.1(b) above;

C = C as in By-Law 14.1(c) above;



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**DRAFT BY-LAWS (Cont'd)**


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- G = G as in By-Law 14.1(d) above;
- H = H as in By-Law 14.1(d) above;
- H\* = H\* as in By-Law 14.1(d) above;
- I = I as in By-Law 14.1(d) above;
- I\* = I\* as in By-Law 14.1(d) above;
- J = J as in By-Law 14.1(e) above;
- K = K as in By-Law 14.1(e) above; and
- T = T as in By-Law 14.1(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

For the purposes of By-Laws 14.1(c), (d), (e) and (f) above, the “Current Market Price” in relation to 1 existing Share for any relevant day shall be the volume weighted average market prices for 5 consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments (other than on a bonus issue) must be confirmed in writing by either the Auditor or Adviser, acting as an expert and not as arbitrator, upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, provided always that:

- (A) any adjustment to the Exercise Price shall be rounded down to the nearest 1 sen;
- (B) in the event that a fraction of a new Share arising from the adjustment referred to in this By-Law 14 would otherwise be required to be issued, the Grantee’s entitlement shall be rounded down to the nearest whole number;
- (C) upon any adjustment being made pursuant to this By-Law 14, the ESOS Committee shall, within 15 Market Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of new ESOS Options thereafter to be issued; and
- (D) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 14.

In addition, the Company shall, at the request of the Grantee, furnish such Grantee with a copy of the certificate from the Auditor or Adviser (as the case may be) to the effect that the opinion of such Auditor or Adviser (as the case may be), acting as an expert and not an arbitrator, on whether the adjustment is fair and reasonable either generally or as regard such Grantee, and such certification shall be final and binding on all parties.

For the avoidance of doubt, any adjustments to the Exercise Price and/or the number of the new Pekat Shares comprised in the ESOS Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditor or Adviser (as the case may be).

- 14.2 No adjustments shall be made to the Exercise Price and/or the number of the new Pekat Shares comprised in the ESOS Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:
- (i) an issue of new Pekat Shares upon the exercise of ESOS Options pursuant to the ESOS; or

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**DRAFT BY-LAWS (Cont'd)**

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- (ii) an issue of new Pekat Shares arising from the exercise of any conversion rights attached to securities convertible to new Pekat Shares or upon exercise of any other rights including warrants (if any) issued by the Company; or
  - (iii) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the Group; or
  - (iv) private placement or restricted issue or special issue of new Pekat Shares by the Company; or
  - (v) an issue of securities as a special issue of new Pekat Shares to Bumiputera parties or investors approved by the Ministry of Investment, Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation; or
  - (vi) a purchase by the Company of its own Pekat Shares and the cancellation of all or a portion of the Pekat Shares pursuant to the relevant provisions of the Act; or
  - (vii) an issue by the Company of Pekat Shares or of securities convertible into Pekat Shares or securities with rights to acquire or subscribe for Pekat Shares to its officers, including Directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
  - (viii) any issue of Pekat Shares by the Company pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.
- 14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such parts of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such parts of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.2 is applicable.
- 14.4 Notwithstanding the provisions referred to in the By-Laws, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price and/or the number of ESOS Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of ESOS Options notwithstanding that no such adjustment formula has been explicitly set out in the By-Laws.
- 15. ADMINISTRATION OF THE ESOS**
- 15.1 The ESOS shall be administered by the ESOS Committee consisting of such persons appointed by the Board from time to time. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee and appoint replacement members to the ESOS Committee, assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to the By-Laws, as well as to amend, modify or vary the Terms of Reference. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board.
- 15.2 The ESOS Committee may for the purpose of administering the ESOS do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 15.3 The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the ESOS or in any agreement providing for an ESOS Option in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective.

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**DRAFT BY-LAWS (Cont'd)**

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- 15.4 The ESOS Committee is to ensure that the respective Directors and/or Senior Management do not participate in the deliberation or discussion of their own allocation.

**16. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE ESOS**

- 16.1 Subject to By-Law 16.2 and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting a confirmation letter to Bursa Securities and the amended By-Laws (within 5 Market Days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, that the said modification, variation and/or amendment is in compliance with the Listing Requirements pertaining to share issuance schemes and Depository Rules pursuant to Rule 2.12 of the Listing Requirements.

- 16.2 Subject to By-Law 16.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:

- (a) materially prejudice any rights which would have accrued to any Grantee without his/her prior consent; or
- (b) increase the number of Pekat Shares available under the ESOS beyond the maximum imposed by By-Law 2.1; or
- (c) prejudice any rights of the shareholders of the Company; or
- (d) alter any matter which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements to the advantage of any Grantee or group of Grantees or all Grantees;

unless a shareholders' approval is obtained at a general meeting.

- 16.3 For the purpose of complying with the Listing Requirements, the By-Laws shall not be amended or altered in any way whatsoever for the advantage of the Grantees without the prior approval of shareholders in general meeting.
- 16.4 The ESOS Committee shall within 5 Market Days of any modification and/or amendment made pursuant to the By-Laws, notify the Grantee in writing of any modification and/or amendment made pursuant to the By-Laws.

**17. WINDING UP AND LIQUIDATION OF THE COMPANY**

- 17.1 In the event that any order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised ESOS Options shall automatically lapse and shall be null and void and have no further effect, in which event the ESOS Option shall be automatically terminated on the following date:

- (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
- (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

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**DRAFT BY-LAWS (Cont'd)**

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Notwithstanding the above, the ESOS Committee will consider, to the extent permitted by law, whether or not to allow exercise of any unexercised or partially exercised ESOS Options subject to such terms and conditions as may be prescribed and will take into account all circumstances on case-to-case basis, including (but not limited to) the contributions of the Grantees.

**18. DURATION**

18.1 The effective date for the implementation of the ESOS shall be such date to be determined and announced by the Board following full compliance with all relevant requirements of the Listing Requirements including the following (“**Effective Date**”):

- (a) approval of Bursa Securities for the listing of and quotation for new Pekat Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS;
- (b) approval of the Shareholders for the ESOS at a general meeting;
- (c) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (d) approvals of any other relevant regulatory authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals (if any).

18.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date of implementation of the ESOS together with a certified true copy of a resolution passed by the shareholders of the Company in a general meeting approving the ESOS. The confirmation letter shall be submitted to Bursa Securities no later than 5 Market Days after the Effective Date.

18.3 The ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date. The Board shall have the sole and absolute discretion upon recommendation of the ESOS Committee, without having to obtain sanction, approval or authorisation of the shareholders of Pekat in a general meeting, to extend or renew in writing (as the case may be) the ESOS for a further period of 5 years provided that the tenure of the ESOS shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities. Such extended ESOS Period shall be implemented in accordance with the terms of these By-laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force (“**ESOS Period**”). The Company shall make the necessary announcement to Bursa Securities should there be any extension of the ESOS Period on or before the expiry of the first 5 years.

On expiry of the ESOS, any ESOS Options which have yet to be granted, vested or exercised (whether fully or partially) shall be deemed cancelled and be null and void.

18.4 Any extended ESOS under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. Unless otherwise required by the Bursa Securities, no further sanctions, approvals, or authorisation shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices on each Grantee and make any announcements to Bursa Securities (if required) within 30 calendar days prior to the expiry of the ESOS.

**19. FEES, COSTS, EXPENSES AND TAXES**

19.1 Save as otherwise provided for in the ESOS and the Constitution, all fees, costs and expenses incurred in relation to the administration and management of the ESOS relating to the allotment and issuance of the new Pekat Shares pursuant to the exercise of any ESOS Option, shall be borne by the Company.

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**DRAFT BY-LAWS (Cont'd)**

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- 19.2 All taxes (including income tax), if any, arising from the exercise of any ESOS Option under the ESOS shall be borne by the Eligible Person.
- 19.3 Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the ESOS Options under the ESOS and any holding or dealing of Pekat Shares to be allotted and issued pursuant to the exercise of the ESOS Options, including brokerage fees, commissions and stamp duties.

**20. DISPUTES/ DIFFERENCES**

- 20.1 In the event of any dispute or difference between the ESOS Committee and an Eligible Person or Grantee, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, within 14 calendar days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the Auditors, for the time being of the Company, which the ESOS Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 20.2 Notwithstanding the foregoing provisions of By-Law 19.1 above, matters concerning adjustments made pursuant to By-Law 14 shall be referred to the Auditor or Adviser, acting as an expert and not as arbitrator and whose decision shall be final and binding in all respects.

**21. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP**

- 21.1 If the Grantee who was in the employment of a company in the Group which was subsequently divested from the Group resulting in that company ceasing to be a subsidiary, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of such company ceasing to be a subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further ESOS Options under the ESOS.
- 21.2 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing share issuance scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of transfer shall be null and void and be of no effect.

If the associated company does not have an existing share issuance scheme in which the Grantee will be entitled to participate, the ESOS Committee shall have the sole and absolute discretion to determine whether the ESOS Options unexercised by the Grantee will continue to be capable of exercise and the period in which it is capable of being exercised.

- 21.3 In the event that:
- (a) an employee who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “the Group”) and is subsequently transferred from such company to any company within the Group; or
  - (b) an employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above,

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**DRAFT BY-LAWS (Cont'd)**

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(the first abovementioned company in (a) and (b) herein referred to as the “**Previous Company**”), such an employee of the Previous Company will be eligible to participate in this ESOS for its remaining ESOS Option Period, if the affected employee becomes an Eligible Person within the meaning under the By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to subsection (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the ESOS Period, the ESOS shall apply to the employees of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of Eligible Person under By-Law 1 and the By-Laws shall apply.

- 21.4 A company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from 50% and above to less than 50% so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

**22. TERMINATION OF THE ESOS**

- 22.1 Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the ESOS may be terminated by the Company at any time during the ESOS Period before its expiry without obtaining the approvals or consents from the Grantees or its shareholders provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- (a) the effective date of termination of the ESOS (“**Termination Date**”);
- (b) the number of ESOS Options exercised and / or Pekat Shares vested; and
- (c) the reasons for termination of the ESOS.

- 22.2 In the event of termination as stipulated by By-Law 21.1 above, the following provisions shall apply:

- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
- (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
- (c) all outstanding ESOS Options which have yet to be exercised by the Grantees shall be automatically lapsed on the Termination Date.

**23. DISCLAIMER OF LIABILITY**

- 23.1 Notwithstanding any provisions contained herein and subject to the Act, the Company, the Board and the ESOS Committee shall not under any circumstances and in any event be held liable to any person for any cost, charges, losses, expenses, damages or liabilities whatsoever arising, including but not limited to any delay on the part of the Company in allotting and issuing the new Pekat Shares or in procuring Bursa Securities to list the new Pekat Shares subscribed for by a Grantee.

**24. ESOS NOT A TERM OF EMPLOYMENT**

- 24.1 This ESOS does not form part of or constitute or in any way be construed as a term and condition of employment of any Eligible Person. The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person’s terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

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**DRAFT BY-LAWS (Cont'd)**

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**25. NO COMPENSATION**

- 25.1 No Eligible Person or Grantee who ceases to hold office in or employment with the Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 25.2 The Company, the Board and/or the ESOS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Grantee or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to exercise his ESOS Options, ceasing to be valid pursuant to the By-Laws, as may be amended from time to time in accordance with By-Law 16 hereof.

**26. RIGHTS OF GRANTEES**

- 26.1 The ESOS Options shall not carry any right to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights and/or other entitlement on his Unexercised ESOS Options.
- 26.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the usual business hours on any working day at the registered office of the Company.

**27. ERRORS AND OMISSIONS**

- 27.1 If in consequence of an error or omission, the ESOS Committee discovers/determines that:
- (a) an Eligible Person who was selected by the ESOS Committee has not been given the opportunity to participate in the ESOS on any occasion; or
  - (b) the number of Pekat Shares allotted and issued to any Grantee pursuant to an exercise of ESOS Options under the ESOS on any occasion is found to be incorrect,

and such error or omission cannot be corrected within the relevant period specified in the ESOS, the ESOS Committee may do all such acts and things to rectify such error or omission, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the ESOS and/or the aggregate number of new Pekat Shares to which the Grantee is correctly entitled to is credited into his/her CDS Account and/or to withdraw the Offer given to the employee or Director who was erroneously selected as an Eligible Person.

**28. CONSTITUTION**

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

**29. NOTICE**

- 29.1 Any notice under the ESOS required to be given to or served upon the ESOS Committee by an Eligible Person or a Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter or electronic media, including but not limited to electronic mail.

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**DRAFT BY-LAWS (Cont'd)**

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- 29.2 Unless otherwise provided in the By-Laws, any notice which under the ESOS is required to be given to or served upon an Eligible Person or Grantee or any correspondence to be made with an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile, registered letter or electronic media, including but not limited to electronic mail, addressed to the Eligible Person or Grantee at the place of employment or at the last facsimile number or address known to the Company as being his/her facsimile number or address or electronic mail address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, if by registered letter would in the ordinary course of post be delivered and if by electronic mail, is sent with a notification received after the sending of notice.
- 29.3 Notwithstanding By-Law 28.2, where any notice is required to be given by the Company or the ESOS Committee under the By-Laws in relation to matters which may affect all the Eligible Persons or Grantees, as the case may be, the Company or ESOS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 28.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.
- 30. SEVERABILITY**
- 30.1 If at any time any provision of the By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.
- 31. DECISION OF THE ESOS COMMITTEE**
- 31.1 Any decision and/or determination made by the ESOS Committee under the By-Laws shall, in the absence of any manifest of error, be final and binding.
- 32. GOVERNING LAW**
- 32.1 The ESOS, the By-Laws and all ESOS Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer in accordance with the By-Laws and terms of the ESOS and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.
- 32.2 Any Eligible Person to whom the Offer is granted is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they are granted the Offers.
- 33. MULTIPLE ESOS**
- 33.1 The Company may implement more than 1 share issuance scheme, provided that the aggregate number of Pekat Shares available under all the share issuance schemes do not exceed the maximum number of Pekat Shares stipulated in the Listing Requirements.

[END OF BY-LAWS]



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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors and they collectively and individually 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 in this Circular false or misleading.

**2. CONSENTS**

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

**3. CONFLICT OF INTEREST**

PIVB, being the Principal Adviser for the Proposed ESOS, is a wholly-owned subsidiary of Public Bank Berhad (“**PBB**”). PIVB together with PBB and its other subsidiary companies (“**PBB Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage securities trading, assets and funds management and credit transaction services businesses.

PBB Group has engaged and may in the future, engage in transactions with and perform services for the Group and/or the Group’s affiliates. In addition, in the ordinary course of business, any member of the PBB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Group, the shareholders, and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by the Company and/or the Company’s affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity services or senior loans of any member of the Group and/or the Group’s affiliates.

This is a result of the business of PBB Group generally acting independently of each other, and accordingly, there may be situations where parts of PBB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the Group. Nonetheless, PBB Group is required, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions within PBB Group.

As at the LPD, PBB, has in its ordinary course of business, granted a credit facility to the Group of RM1.25 million. As at the LPD, the Group has not utilised the credit facility.

Notwithstanding the above, PIVB is of the view that the abovementioned does not give rise to an existing or potential conflict of interest situation in its capacity as Principal Adviser due to the following:

- (i) PBB is a licensed commercial bank and the extension of credit facilities to the Group arose in the ordinary course of business of PBB;
- (ii) the conduct of the PBB Group is strictly regulated by among others, the Financial Services Act, 2013, and, where applicable, the Capital Markets and Services Act 2007, as well as the PBB Group’s own internal controls and checks; and
- (iii) the total credit facility granted to the Group by the PBB, which represents less than 0.01% of the latest available audited net assets of PBB as at 31 December 2023 is deemed immaterial.

As at the LPD, PIVB has confirmed that there is no conflict of interest situation which exists or is likely to exist, in its capacity as the Principal Adviser in relation to the Proposed ESOS.

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**FURTHER INFORMATION (Cont'd)**


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**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which may materially and adversely affect the position or business of the Group.

**5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****5.1 Material commitments**

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material and adverse impact on the financial results/position of the Group:

<b>Capital commitments</b>	<b>RM'000</b>
Capital expenditure in respect of purchase of property, plant and equipment:	
Authorised and contracted for	1,420
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**5.2 Contingent liabilities**

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group that have not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of the Group:

	<b>RM'000</b>
Bank guarantee for tender bond, performance bond and warranty bond provided to third parties for the Group's projects	16,458
Corporate guarantee given to licensed banks for credit facilities obtained by subsidiaries	9,503
Corporate guarantee given to licensed banks for credit facilities obtained by associated companies	23,885
	<hr/>
	<b>49,846</b>
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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) the Constitution of Pekat;
- (ii) the audited financial statements of Pekat for the FYE 31 December 2022, FYE 31 December 2023 as well as the latest unaudited quarterly financial results of Pekat for the 6-months FPE 30 June 2024;
- (iii) the draft By-Laws of the Proposed ESOS as set out in Appendix I of this Circular; and
- (iv) the letter of consent and declaration on conflict of interest referred to in Sections 2 and 3 of Appendix II of this Circular.



**PEKAT GROUP BERHAD**  
(Registration No. 201901011563 (1320891-U))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Pekato Group Berhad (“**Pekato**” or “**Company**”) will be held on a virtual basis by way of live streaming vide the online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of another Extraordinary General Meeting which is scheduled to be held on a virtual basis on the same day at 10:00 a.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:

### **ORDINARY RESOLUTION 1**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF PEKAT (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF PEKAT AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED ESOS”)**

“**THAT** subject to the approvals from all relevant regulatory authorities and parties being obtained for the Proposed ESOS, and to the extent permitted by law and the Constitution of the Company, approval and authority be and is hereby given to the Board of Directors of the Company to undertake the following:

- (i) to establish and implement an employees’ share option scheme for the benefit of eligible Directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant, if any) (“**Group**”) (“**Eligible Persons**”) who fulfil certain specified conditions of eligibility for participation in the Proposed ESOS and to implement and administer the same in accordance with the by-laws of the Proposed ESOS (“**By-Laws**”) which is set out in Appendix I of the circular to shareholders of Pekato dated 20 September 2024 (“**Circular**”);
- (ii) to allot and issue such number of new ordinary shares in the Company (as adjusted or modified from time to time pursuant to the By-Laws) (“**Pekato Share(s)**”) from time to time as may be required for the purpose of or in connection with the Proposed ESOS, provided that the total number of Pekato Shares be allotted and issued, pursuant to the granting of options to subscribe for Pekato Shares (“**ESOS Option(s)**”), to eligible Director(s) and eligible employees of the Group in relation to the Proposed ESOS shall not exceed 10% in aggregate of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS;
- (iii) to set up a committee to implement and administer the Proposed ESOS (“**ESOS Committee**”);
- (iv) to make the necessary application to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for permission to deal in and for the listing of and quotation for the new Pekato Shares (as adjusted or modified from time to time pursuant to the By-Laws) that may hereafter from time to time be allotted and issued pursuant to the Proposed ESOS; and
- (v) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules and regulations, or to impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and the terms of the By-Laws;

**THAT** pursuant to Section 85 of the Companies Act 2016 (“**Act**”) which must be read together with Clause 15 of the Constitution of the Company (“**Constitution**”), approval be and is hereby given to disapply the pre-emptive rights of the existing shareholders of the Company to be offered any new Pekat Shares ranking equally to the existing issued Pekat Shares arising from any allotment and issuance of new Pekat Shares to the Eligible Persons pursuant to the Proposed ESOS.

**AND THAT** the By-Laws which is in compliance with the ACE Market Listing Requirements of Bursa Securities, be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to give effect to the Proposed ESOS with full power to modify, add, delete and/or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to amendments and/or modifications and to assent to any conditions, modifications, revaluations, variations and/or amendments 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 acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed ESOS.”

## **ORDINARY RESOLUTIONS 2 TO 7**

### **PROPOSED ALLOCATION OF OFFER TO THE FOLLOWING ELIGIBLE PERSONS WHO ARE DIRECTORS OF PEKAT AND THE PERSONS CONNECTED WITH THEM UNDER THE PROPOSED ESOS**

“**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to each of the Directors and persons connected with them as named therein below respectively and to allot and issue such ESOS Options to them provided always that not more than 10% of the Pekat Shares available under the Proposed ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as the relevant authorities may permit) or more of the number of issued shares (excluding treasury shares, if any) of Pekat, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws.

<b>Name</b>	<b>Designation</b>	<b>Ordinary Resolution</b>
Kok Kong Chin	Independent Non-Executive Chairman	Ordinary Resolution 2
Chin Soo Mau	Managing Director	Ordinary Resolution 3
Tai Yee Chee	Executive Director & Chief Executive Officer	Ordinary Resolution 4
Ong Keng Siew	Independent Non-Executive Director	Ordinary Resolution 5
Yeong Siew Lee	Independent Non-Executive Director	Ordinary Resolution 6
Datin Shelina Binti Razaly Wahi	Independent Non-Executive Director	Ordinary Resolution 7

**THAT** pursuant to Section 85 of the Act which must be read together with Clause 15 of the Constitution, approval be and is hereby given to disapply the pre-emptive rights of the existing shareholders of the Company to be offered any new Pekat Shares ranking equally to the existing issued Pekat Shares arising from any allotment and issuance of new Pekat Shares to the above Eligible Persons to the Eligible Persons and the Persons connected with them pursuant to the Proposed ESOS.”

### **BY ORDER OF THE BOARD**

**Yeow Sze Min (MAICSA7065735) (SSM PC No.: 201908003120)**

**Yee Kit Yeng (MAICSA7068292) (SSM PC No.: 202208000022)**

Company Secretaries

Kuala Lumpur

Date: 20 September 2024

**Notes:**

1. The Extraordinary General Meeting (“EGM”) will be conducted on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia and online remote voting through the Remote Participation and Voting (“RPV”) facilities via Securities Services e-Portal at <https://sshsb.net.my/> provided by Securities Services (Holdings) Sdn. Bhd.
2. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM via RPV facilities within Securities Services e-Portal at <https://sshsb.net.my/>. Please read the Administrative Guide for the EGM of the Company for details on the registration process and procedures for RPV to participate remotely at the EGM of the Company. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the EGM.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxies in relation to a meeting, provided that the member specifies the proportion of the member’s shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“SICDA”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company’s Share Registrar at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
  - (ii) By electronic form

The Proxy Form can be electronically lodged via **Securities Services e-Portal** at <https://sshsb.net.my/>. Kindly refer to the Administrative Guide for further information on the procedure for electronic submission of Proxy Form.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (8) above not later than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (9) above. The certificate of appointment should be executed in the following manner:
  - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (i) at least two (2) authorised officers, of whom one (1) shall be a director; or
    - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 3 October 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM or appoint proxies to attend and vote in his stead.
12. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.



**PEKAT GROUP BERHAD**  
(Registration No. 201901011563 (1320891-U))  
(Incorporated in Malaysia)

**PROXY FORM**

Number of Ordinary Shares Held	CDS Account No.

Contact No.	Email Address

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
of \_\_\_\_\_  
[Full name in block, NRIC/Passport/Company No.]

being member(s) of Pekat Group Berhad (Registration No. 201901011563 (1320891-U)), hereby appoint:

**\* First Proxy "A"**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%
Address			

and

**\* Second Proxy "B"**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting\*, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of another Extraordinary General Meeting which is scheduled to be held on a virtual basis on the same day at 10:00 a.m., whichever is later, and to vote as indicated below:

Description of Resolutions	Ordinary Resolution	For	Against
Proposed ESOS	1		
Proposed Allocation to Kok Kong Chin	2		
Proposed Allocation to Chin Soo Mau	3		
Proposed Allocation to Tai Yee Chee	4		
Proposed Allocation to Ong Keng Siew	5		
Proposed Allocation to Yeong Siew Lee	6		
Proposed Allocation to Datin Shelina Binti Razaly Wahi	7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote on the resolutions or abstain from voting as he thinks fit.

\*Delete if not applicable.



Signed this                      day of

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Signature\*  
**Member**

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, one of whom shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**Notes:**

1. The Extraordinary General Meeting (“EGM”) will be conducted on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at <https://sshshb.net.my/> from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia and online remote voting through the Remote Participation and Voting (“RPV”) facilities via Securities Services e-Portal at <https://sshshb.net.my/> provided by Securities Services (Holdings) Sdn. Bhd.
2. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM via RPV facilities within Securities Services e-Portal at <https://sshshb.net.my/>. Please read the Administrative Guide for the EGM of the Company for details on the registration process and procedures for RPV to participate remotely at the EGM of the Company. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshshb.com.my](mailto:eservices@sshshb.com.my) during the EGM.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxies in relation to a meeting, provided that the member specifies the proportion of the member’s shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“SICDA”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company’s Share Registrar at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
  - (ii) By electronic form

The Proxy Form can be electronically lodged via **Securities Services e-Portal** at <https://sshshb.net.my/>. Kindly refer to the Administrative Guide for further information on the procedure for electronic submission of Proxy Form.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (8) above not later than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (9) above . The certificate of appointment should be executed in the following manner:
  - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (i) at least two (2) authorised officers, of whom one (1) shall be a director; or
    - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 3 October 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM or appoint proxies to attend and vote in his stead.
12. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.





Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Share Registrar  
**PEKAT GROUP BERHAD**  
201901011563 (1320891-U)

LEVEL 7, MENARA MILENIUM  
JALAN DAMANLELA, PUSAT BANDAR DAMANSARA  
DAMANSARA HEIGHTS, 50490 KUALA LUMPUR  
WILAYAH PERSEKUTUAN

1st fold here