

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") 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 M&A Securities Sdn Bhd, who is the Sponsor and Principal Adviser to Pekat Group Berhad ("Pekat" or the "Company") for the Proposed Variation (as defined herein).



PEKAT GROUP BERHAD

(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING OF PEKAT ("PROPOSED VARIATION")

PART B

PROPOSED PROVISION OF CORPORATE GUARANTEES TO MFP SOLAR SDN BHD AND UP SOLAR SDN BHD, ASSOCIATED COMPANIES OF PEKAT TEKNOLOGI SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF PEKAT ("PROPOSED PROVISION OF CORPORATE GUARANTEES")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M&A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions in respect of the above proposals will be tabled at an Extraordinary General Meeting ("EGM") of Pekat. The Notice of the EGM together with the Proxy Form are enclosed together with this Circular. Details of the Company's EGM which will be held on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia are set out below:

Date and time of the EGM : **Thursday, 9 June 2022 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held on the same day at 10.00 a.m., whichever is later**

Last date and time for lodging the Proxy Form : Tuesday, 7 June 2022 at 11.00 a.m.

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

This Circular is dated 23 May 2022

DEFINITIONS

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

“Act”	: Companies Act 2016
“Board”	: Board of Directors of Pekat
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Circular”	: This circular to shareholders of Pekat dated 23 May 2022
“Cubic Space Office”	: 3 units of 3-storey semi-detached factories located at Lot 3A, 5 and 6, Cubic Space, 6, Jalan Teknologi ¾, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor
“EGM”	: Extraordinary general meeting
“ELP”	: Earthing and lightning protection
“FYE”	: Financial year ended 31 December
“IPO”	: Initial public offering exercise in conjunction with the listing of and quotation for Pekat’s entire share capital on the ACE Market of Bursa Securities. The IPO was completed on 23 June 2021
“IPO Proceeds”	: Gross proceeds of RM44.37 million raised from the IPO
“IPO Prospectus”	: The prospectus in relation to the IPO dated 2 June 2021
“kWp”	: Kilowatt peak
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, as may be amended from time to time
“Lot 1”	: An office lot located at Lot 1, Cubic Space, 6, Jalan Teknologi ¾, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor
“LPD”	: 5 May 2022, being the latest practicable date prior to the printing of this Circular
“MFP Solar”	: MFP Solar Sdn Bhd (Registration No. 201901031134 (1340464-D)), a 45%-owned associated company of Pekat Teknologi
“MWp”	: Megawatt peak
“M&A Securities”	: M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
“OCBC Bank”	: OCBC Bank (Malaysia) Berhad (Registration No. 199401009721 (295400-W))
“Pekat” or “Company”	: Pekat Group Berhad (Registration No. 201901011563 (1320891-U))
“Pekat Group” or “Group”	: Pekat and its subsidiaries, collectively
“Pekat Share(s)” or “Share(s)”	: Ordinary share(s) in Pekat

DEFINITIONS (Cont'd)

"Pekat Solar"	: Pekat Solar Sdn Bhd (Registration No. 201001038864 (922788-W)), a wholly-owned subsidiary of Pekat Teknologi
"Pekat Teknologi"	: Pekat Teknologi Sdn Bhd (Registration No. 199901015679 (490579-A)), a wholly-owned subsidiary of Pekat
"Proposals"	: Proposed Variation and Proposed Provision of Corporate Guarantees, collectively
"Proposed Provision of Corporate Guarantees"	: Proposed provision of corporate guarantees to associated companies in the following manner: (i) Corporate guarantee by Pekat Teknologi of up to RM45.00 million for financing facilities to be obtained by MFP Solar; and (ii) Corporate guarantee by Pekat of up to RM12.00 million for financing facilities to be obtained by UP Solar
"Proposed Variation"	: Proposed variation to the utilisation of proceeds raised from the IPO
"PV"	: Photovoltaic
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"sq ft"	: Square foot
"UP Solar"	: UP Solar Sdn Bhd (Registration No. 202001043742 (1400064-D)) (formerly known as Unimech Solar Sdn Bhd), a 40%-owned associated company of Pekat Teknologi
"Warehouse"	: A storage facility located at Lot 6 & 8, Lingkar Sultan Hishamuddin, Kawasan 20, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated.

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. References to persons shall, where applicable, include corporations.

Certain figures included in this Circular have been subject to rounding adjustments.

Any reference to any act, law, ordinance, enactment or guideline in this Circular is a reference to that act, law, ordinance, enactment or guideline as amended or re-enacted from time to time.

References to "we", "us", "our" and "ourselves" are to our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of Pekat.

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

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY.

**Information
/Section of
Part A**

Summary

PART A: PROPOSED VARIATION

Summary / Section 2 : The Company raised total gross proceeds of RM44,373,760 from the IPO. As at the LPD, the Company has utilised RM26,005,575 of the IPO Proceeds whilst the balance proceeds is RM18,368,185.

Under the Proposed Variation, the Board proposes to reallocate RM18.00 million from the construction of new head office and operational facility to working capital. The details of the variation to the IPO proceeds are as follows:

Details	Original utilisation	Balance of proceeds as at the LPD	Proposed Variation	Revised utilisation	Revised timeframe for utilisation
	RM'000	RM'000	RM'000	RM'000	
Construction of new head office and operational facility	18,000	18,000	(18,000)	-	-
Working capital	12,674	368	18,000	18,368	Within 12 months
Repayment of bank borrowings	10,000	-	-	-	Fully utilised
Listing expenses	3,700	-	-	-	Fully utilised
TOTAL	44,374	18,368	-	18,368	

Please refer to Part A - Section 2 of this Circular for further details on the Proposed Variation.

Rationale / Section 3 : The reallocation of RM18.00 million from the construction of new head office and operational facility to working capital will further benefit the Group in the following manner:

- (i) The Group will be able to further expand its business via the increase in funds available for the purchase of project materials. In addition, the Group is further expected to achieve greater cost savings as it will be in a better negotiating position with its suppliers due to the larger volume of purchases expected; and
- (ii) Additional funds available will enable the Group to tender for additional projects as well as to execute additional projects concurrently.

EXECUTIVE SUMMARY (Cont'd)

Information / Section	Summary
Effects / Section 4	: The Proposed Variation will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing and earnings per share of the Pekat Group. The Proposed Variation is expected to contribute positively to the future earnings as the Pekat Group will be able to utilise the funds to finance its working capital requirements without incurring finance cost. Based on the prevailing interest rate of 6.82% per annum for the Group's borrowings, the Group is expected to derive interest savings of approximately RM1.23 million per annum.
Approvals required and conditionality / Section 5	: The Proposed Variation is subject to the approval of shareholders of Pekat at the forthcoming EGM to be convened. The Proposed Variation is not conditional upon any other corporate exercise/scheme being undertaken or proposed to be undertaken by the Company.
Directors' statement and recommendation / Section 9	: The Board, having considered amongst others, the rationale, terms, conditions and effects of the Proposed Variation, is of the opinion that the Proposed Variation is in the best interest of Pekat. Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Variation to be tabled at the forthcoming EGM.

Information /Section of Part B	Summary
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PART B: PROPOSED PROVISION OF CORPORATE GUARANTEES

Summary / Section 2	: The Company proposes to undertake the Proposed Provision of Corporate Guarantees in the following manner: (i) Corporate guarantee by Pekat Teknologi of up to RM45.00 million for financing facilities to be obtained by MFP Solar; and (ii) Corporate guarantee by Pekat of up to RM12.00 million for financing facilities to be obtained by UP Solar.
Rationale / Section 4	: The Proposed Provision of Corporate Guarantees is to ensure that MFP Solar and UP Solar have access to the required funding to undertake its solar PV projects. In addition, the Pekat Group is expected to derive project-based revenue from the design, supply and installation of the solar PV facilities as Pekat Solar has the first right-of-refusal. The Pekat Group will also derive recurrent revenue from operating and maintaining the solar PV facilities and share of recurring income upon sale of electricity to users and/or power grid, in the form of dividends as a minority shareholder. As at the LPD, no dividends have been declared by MFP Solar/UP Solar since its incorporation. Nevertheless, the Pekat Group is entitled to dividends to be declared by MFP Solar/UP Solar, if any. Based on the latest audited consolidated financial statements of the Pekat Group for the FYE 2021, the Pekat Group has recorded a share of profit amounting to RM342,589.50 from MFP Solar and a share of loss amounting to RM3,907.60 from UP Solar. The Board is of the opinion that utilising financing facilities is preferred after considering the following factors: (i) The financing of MFP Solar and UP Solar's capital expenditure requirements for solar PV projects without requiring its shareholders to inject additional equity, which may require a substantial amount of time and effort in order for each of the shareholders to raise sufficient funding on its own in an expedient manner; and (ii) Proposed Provision of Corporate Guarantees is in proportion to the shareholdings of Pekat Teknologi in MFP Solar and UP Solar, which is deemed as fair and reasonable.

EXECUTIVE SUMMARY (Cont'd)

Information /Section of Part B	Summary
Effects / Section 6	: The Proposed Provision of Corporate Guarantees will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing and earnings per share of the Pekat Group. The Proposed Provision of Corporate Guarantees is expected to contribute positively to the future earnings of the Pekat Group via revenue from the design, supply and installation of the solar PV facilities and operating and maintaining the solar PV facilities as well as a share of profit from its associated companies, MFP Solar and UP Solar.
Approvals required and conditionality / Section 7	: The Proposed Provision of Corporate Guarantees is subject to the approval from shareholders of Pekat at the forthcoming EGM to be convened. The Proposed Provision of Corporate Guarantees is not subject to the approval from any government authorities. The highest percentage ratio applicable to the Provision of Corporate Guarantees to MFP Solar and UP Solar is 37.70% and 10.05%, respectively, computed based on the quantum of the corporate guarantees over the consolidated net assets of the Pekat Group based on its latest audited consolidated financial statements for the FYE 2021. The Proposed Provision of Corporate Guarantees is not conditional upon any other corporate exercise/scheme being undertaken or proposed to be undertaken by the Company.
Directors' statement and recommendation / Section 11	: The Board, having considered amongst others, the rationale, terms, conditions and effects of the Proposed Provision of Corporate Guarantees, is of the opinion that the Proposed Provision of Corporate Guarantees is fair and reasonable and is in the best interest of Pekat and is not detrimental to Pekat and its shareholders. Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposed Provision of Corporate Guarantees to be tabled at the forthcoming EGM.

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PART A

**LETTER TO THE SHAREHOLDERS OF PEKAT IN RELATION TO THE PROPOSED
VARIATION**



PEKAT GROUP BERHAD

(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur

23 May 2022

Board of Directors

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

To: Shareholders of Pekat Group Berhad

Dear Sir/Madam,

PROPOSED VARIATION

1. INTRODUCTION

On 15 April 2022, M&A Securities had on behalf of the Board announced that the Company proposes to undertake the Proposed Variation.

Further details of the Proposed Variation are set in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR TOGETHER WITH THE APPENDIX IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSED VARIATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM.

SHAREHOLDERS OF PEKAT ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED VARIATION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED VARIATION

The Company raised total gross proceeds of RM44,373,760 from the IPO. As at the LPD, the Company has utilised RM26,005,575 of the IPO Proceeds whilst the balance proceeds is RM18,368,185.

Under the Proposed Variation, the Board proposes to reallocate RM18.00 million from the construction of new head office and operational facility to working capital.

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The details of the variation to the IPO proceeds are as follows:

Details of utilisation of proceeds	Original utilisation of proceeds raised as disclosed in the IPO Prospectus	Deviation	Amount utilised as at the LPD	Balance of proceeds as at the LPD	Proposed Variation to the balance of proceeds	Revised utilisation of proceeds after the Proposed Variation	Original timeframe for utilisation of proceeds from the date of listing (23 June 2021)	Revised timeframe for utilisation of proceeds (from the date of EGM for the Proposed Variation)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
	(A)	(B)	(C)	(A+B+C) = (D)	(E)	(D + E)		
Construction of new head office and operational facility ⁽ⁱ⁾	18,000	-	-	18,000*	(18,000)	-	March 2023	-
<u>Working capital⁽ⁱⁱ⁾</u>								
- Purchase of materials for projects	8,000	173	(8,173)	-	14,000	14,000	Within 12 months	Within 12 months
- Project costs and expenses	4,000	-	(4,000)	-	4,000	4,000	Within 12 months	Within 12 months
- Marketing expenses	500	-	(132)	368	-	368	Within 12 months	Within 12 months
- General overheads	174	-	(174)	-	-	-	Within 12 months	Within 12 months
Sub-total	12,674	173	(12,479)	368	18,000	18,368		
Repayment of bank borrowings	10,000	-	(10,000)	-	-	-	Within 3 months	Fully utilised
Listing expenses	3,700	(173)	(3,527)	-	-	-	Within 1 month	Fully utilised
TOTAL	44,374	-	(26,006)	18,368	-	18,368		

Notes:

- * Kindly refer to Section 4.10.1(i) of the IPO Prospectus for the original breakdown of construction costs.

(i) Construction of new head office and operational facility

Prior to November 2021, Pekat and its subsidiaries operates from and house their existing head office, warehouse, training centre and workshop in the Cubic Space Office with a total built-up area of 35,781 sq ft. The Cubic Space Office is rented by the Group for a monthly rental of RM81,000 per annum with a tenure of 1 year up to 31 March 2023.

As part of its future plans as disclosed in its IPO Prospectus, the Group had earmarked RM18.00 million from the IPO Proceeds to build a new head office integrated with a showcase, central monitoring station, training centre, workshop and warehouse on an industrial freehold land ("Elmina Land") measuring approximately 137,928 sq ft, with a net usable area of 114,252 sq ft. The proposed construction comprises the following:

- 31,353 sq ft for head office;
- 7,937 sq ft for showcase area;
- 6,227 sq ft for central monitoring station;
- 8,696 sq ft for training centre;
- 9,284 sq ft for workshop; and
- 50,755 sq ft for warehouse (floor space of 49,755 sq ft and total racking space of 16,085 sq ft).

The construction works for this new head office was targeted to be completed by March 2023 and thereafter, the Group planned to relocate its entire operations to this new head office. However, as at the LPD, the Group has yet to commence the construction works and has not incurred any construction costs. Therefore, the Group had decided not to relocate its operations.

Subsequent to the IPO, the Group had increased its workforce headcount from 164 (as stated in the IPO Prospectus) to 204 as at the LPD. As such, in order to increase its work area in the immediate term, the Group had entered into the following rental agreements:

- (a) On 14 October 2021, the Group rented an office lot located at Lot 1 with a total built-up area of approximately 16,816 sq ft for a monthly rental of RM36,000 per annum with a tenure of 3 years up to 31 October 2024; and
- (b) Currently, the Group rents the Warehouse with an effective storage area of 17,500 sq ft. The lease arrangement with the Warehouse is pay-per-use and the monthly rental is charged based on actual monthly usage by the Group.

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Based on the above, the total built-up area for its operations had increased to 70,097 sq ft. The detailed allocation of increase in built-up area is set out below:

Facilities	Purpose	Built-up area of Cubic Space Office (sq ft)	Additional built-up area (sq ft)	Total built-up (sq ft)	Proposed built-up area for new head office and operational facility (sq ft)	Deviation	Note
		(A)	(B)	(A + B) = (C)	(D)	(C – D)	
Head office	Office space	19,891	5,808	25,699	31,353	(5,654)	(a)
Showcase area	To feature the full range of business activities	200	-	200	7,937	(7,737)	(b)
Central monitoring station	To house application platforms (namely solar PV monitoring and energy management system, lightning risk assessment system and ELP monitoring system) which will be connected to the solar PV facilities	600	400	1,000	6,227	(5,227)	(c)
Training centre	To train the staff and customers on the proper and safe operation and maintenance of their solar PV facilities	690	5,804	6,494	8,696	(2,202)	(d)
Workshop	To carry out incoming product and equipment testing	2,600	600	3,200	9,284	(6,084)	(e)
Warehouse	To store products and accessories as well as goods and materials for solar division and ELP division	11,800	21,704	33,504	50,755	(17,251)	(f)
		35,781	34,316	70,097	114,252	(44,155)	

The rental of Lot 1 and the Warehouse have allowed the Group to continue to expand its headcount and increase its storage area. The management believes that such increase is sufficient based on the following:

(a) Head office

The head office contains office space for its employees. The renting of Lot 1 had increased to total built-up area to 25,699 sq ft and as such is sufficient to house all of its employees which require an office desk space.

(b) Showcase area

Currently, the Group has a show case area of 200 sq ft to display selected products from both its solar PV and ELP divisions. The new head office was targeted to have a total built-up area of 7,937 sq ft which will allow the Group to display a wider variety of products.

The Group had not allocated any increase in built-up area for its show case area in Lot 1. Nevertheless, in order to display a wider variety of products, the Group plans to convert the existing showcase area to include multiple digital display screens which will enable the Group to display its products digitally. The estimated cost of the conversion amounts to RM30,000, which includes the cost for the digital display screens (RM25,000) as well as fittings and equipment (RM5,000). The estimated cost shall be funded by the Group via its internally generated funds.

(c) Central monitoring

The Group had initially planned to set up a central monitoring station with a built-up area of 6,227 sq ft. With the rental of Lot 1, the enlarged built-up area for central monitoring activities increased to 1,000 sq ft. The management believes that the increased built-up area is sufficient as the Group has recently introduced new processes which allows its staff to undertake monitoring activities remotely (such as work-from-home) instead of physically being at the central monitoring station.

(d) Training centre

The rental of Lot 1 has increased the total training centre built-up area to 6,494 sq ft. The management believes that the increased built-up area is sufficient as the Group may also conduct staff training via a tele-conference set up in the event that the number of staff required for training exceeds the training centre's capacity.

(e) Workshop

The rental of Lot 1 has increased the total workshop built-up area to 3,200 sq ft. The management believes that the increased built-up area is sufficient as the Group may also store its tools and equipment and consumable items for the repair, maintenance and testing in the Warehouse.

(f) Warehouse

Currently, the Group has rented Lot 1 and Warehouse with an effective storage area of 21,704 sq ft. This has increased its total warehouse area to 33,504 sq ft. As at the LPD, the utilisation rate of the total warehouse area is 100.00%. In the event that the Group requires additional warehouse capacity, the Group may rent additional warehouses.

Based on the above, the Group has successfully addressed its office and operational space constraint which is necessary for the Group to further expand its business operations. As such, the Board proposes to defer the construction of the new head office and operational facility and to reallocate RM18.00 million for working capital requirements (as detailed in Section 2(ii) below). At this juncture, the Group has yet to decide on when the construction will be deferred to. As such, the construction is effectively put on hold.

The Group currently has no plans to dispose the Elmina Land and intends to pursue the construction of its new head office and operational facility at a later date.

When the Group intends to restart construction works, it will re-appoint the relevant consultants and contractors. At this juncture, the Group is not able to determine the estimated timeframe for any future construction works. The Group has yet to decide on the source of funding.

(ii) Working capital

Based on the audited consolidated financial statements for the FYE 2021, the Group recorded an increase in revenue of RM52.97 million or 42.19% to RM178.53 million in the FYE 2021 as compared to RM125.56 million in FYE 2020. The increase in revenue was mainly contributed from its solar PV division.

In addition, the Group has also recorded an order book of RM310.51 million as at the LPD, of which RM108.66 million has been billed as at the LPD and the remaining shall be carried out during 2022 and 2023.

In order to undertake additional projects under the solar PV division, the Board proposes to reallocate the RM18.00 million for working capital requirements. Additional information on the breakdown of the utilisation is as follows:

Details of utilisation	RM'000	%
(a) Purchase of materials for its projects such as solar PV modules, solar PV inverters and accessories	14,000	77.78
(b) Project costs and expenses such as tender bonds and/or performance bonds for its projects	4,000	22.22
	18,000	100.00

In accordance with Rule 8.24(2)(a) of the Listing Requirements, the Proposed Variation is deemed a material change to the use of the IPO Proceeds as the balance unutilised amounting to RM18.00 million represents 40.56% of the total IPO Proceeds. Accordingly, the approval of the shareholders of Pekat for the Proposed Variation is required to be obtained at the forthcoming EGM to be convened.

Pending utilisation, the proceeds have been placed in short-term money market instruments. Gains from such money market instruments are used as additional working capital for the Group which includes purchase of materials for projects, subcontractor costs and general overhead expenses. As at the LPD, the Group's cash and bank balances amounts to RM12.20 million.

3. RATIONALE FOR THE PROPOSED VARIATION

With the rental of Lot 1 and the Warehouse, the Group increased its total built-up area for its operations by 89%, from 35,781 sq ft to 67,597 sq ft. This has allowed the Group to expand its headcount which enabled the Group to continue to expand its business via the ability to secure additional orderbook and to carry out a higher volume of projects concurrently. The Group's unbilled orderbook as at the LPD amounts to RM201.85 million.

The reallocation of RM18.00 million from the construction of new head office and operational facility to working capital will further benefit the Group in the following manner:

- (i) The Group will be able to further expand its business via the increase in funds available for the purchase of project materials. In addition, the Group is further expected to achieve greater cost savings as it will be in a better negotiating position with its suppliers due to the larger volume of purchases expected; and
- (ii) Additional funds available will enable the Group to tender for additional projects as well as to execute additional projects concurrently.

4. EFFECTS OF THE PROPOSED VARIATION

The Proposed Variation will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing and earnings per share of the Pekat Group. The Proposed Variation is expected to contribute positively to the future earnings as the Pekat Group will be able to utilise the funds to finance its working capital requirements without incurring finance cost. Based on the prevailing interest rate of 6.82% per annum for the Group's borrowings, the Group is expected to derive interest savings of approximately RM1.23 million per annum.

5. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Variation is subject to the approval of the shareholders of Pekat at the forthcoming EGM to be convened.

The Proposed Variation is not conditional upon any other corporate exercise/scheme being undertaken or proposed to be undertaken by the Company.

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

None of the Directors and/or major shareholders, chief executive of Pekat and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Variation.

7. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approval from the shareholders of Pekat being obtained, the Proposed Variation is expected to be completed by the second quarter of 2022.

8. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for Proposals, there is no other outstanding corporate exercise, which has been announced but pending completion as at the LPD.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered amongst others, the rationale and effects of the Proposed Variation, is of the opinion that the Proposed Variation is in the best interest of Pekat. Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Variation to be tabled at the forthcoming EGM.

10. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on 9 June 2022 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held 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 resolution to give effect to the Proposed Variation.

If you decide to appoint proxy(ies) to attend, participate, speak and vote on your behalf at the EGM, you are requested to complete, sign and return the original Proxy Form in accordance with the instructions contained therein as soon as possible and in the event so as to arrive at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by electronic lodgement via TIIH Online at <https://tiih.online> not less than 48 hours before the time appointed for the EGM or at any adjournment thereof.

The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM, should you subsequently decide to do so.

11. FURTHER INFORMATION

You are advised to refer to the appendix set out in this Circular for further information.

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

CHIN SOO MAU
Managing Director & Chief Executive Officer

PART B

**LETTER TO THE SHAREHOLDERS OF PEKAT IN RELATION TO THE PROPOSED
PROVISION OF CORPORATE GUARANTEES**



PEKAT GROUP BERHAD

(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur

23 May 2022

Board of Directors

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

To: Shareholders of Pekat Group Berhad

Dear Sir/Madam,

PROPOSED PROVISION OF CORPORATE GUARANTEES

1. INTRODUCTION

On 15 April 2022, M&A Securities had on behalf of the Board announced that the Company proposes to undertake the Proposed Provision of Corporate Guarantees in the following manner:

- (i) Corporate guarantee by Pekat Teknologi of up to RM45.00 million for financing facilities to be obtained by MFP Solar; and
- (ii) Corporate guarantee by Pekat of up to RM12.00 million for financing facilities to be obtained by UP Solar.

Further details of the Proposed Provision of Corporate Guarantees are set in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR TOGETHER WITH THE APPENDIX IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSED PROVISION OF CORPORATE GUARANTEES AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM.

SHAREHOLDERS OF PEKAT ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED PROVISION OF CORPORATE GUARANTEES TO BE TABLED AT THE FORTHCOMING EGM.

2. BACKGROUND INFORMATION AND DETAILS OF THE PROPOSED PROVISION OF CORPORATE GUARANTEES

MFP Solar and UP Solar were incorporated to undertake solar PV investment business activities.

The business model of MFP Solar and UP Solar is to invest in solar PV facilities based on a build, own, operate and transfer model where the Pekat Group will be in charge of the technical aspects of the solar PV investment, such as the design, supply and installation, as well as operations and maintenance for all solar PV facilities invested by MFP Solar and UP Solar. The Pekat Group has the first right-of-refusal to carry out the design, supply and installation, as well as operations and maintenance for all solar PV facilities invested by MFP Solar and UP Solar.

The intention of MFP Solar is to invest in solar PV power plants with generating capacity of between 1.0 MWp and 10.0 MWp, whereas UP Solar shall invest in solar PV facilities with generating capacity of between 100 kWp to 1.0 MWp. MFP Solar and UP Solar will then enter into a power purchase agreement ("PPA") with customers. The target market of MFP Solar/UP Solar are mainly commercial and industrial buildings in Malaysia.

The business model for the build, own, operate and transfer of solar PV facilities includes the following:

- MFP Solar/UP Solar will finance the building and operations of the solar PV facilities via a combination of borrowings and capital investments from the respective shareholders of MFP Solar/UP Solar. MFP Solar/UP Solar envisages that up to 80% of the funding will be financed via borrowings to be drawn. In addition, the breakdown for funding shall depend on the individual contracts as well as the cash at hand available in MFP Solar/UP Solar.

The Pekat Group shall finance its portion of capital investments as shareholders of MFP Solar/UP Solar via its internally generated funds;

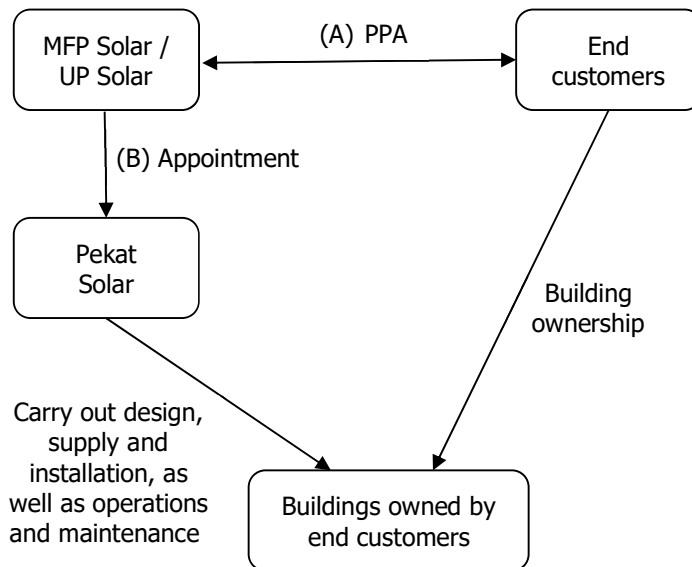
- Pekat Solar will have the first right-of-refusal to carry out the design, supply and installation of the solar PV facilities;
- Pekat Solar will also have the first right-of-refusal to operate and maintain the solar PV facilities. The operating and maintenance cost shall be funded by MFP Solar/UP Solar;
- the electricity generated from the solar PV facilities will be supplied fully to the customer at agreed prices. If there is excess electricity, it can be exported to the power grid;
- the PPA provides a minimum power supply guarantee to the respective customer; and

- the ownership of the solar PV facilities will be transferred to the customers for a nominal sum after the expiration of the PPA with the customers.

The operation and maintenance services provided by Pekat Solar will include the following:

- operations of the solar PV facilities to ensure continuous and safe performance at optimum generation rates;
- routine maintenance to ensure that the facilities are functioning properly, generating electricity at the required level and minimising the risk of unexpected breakdown;
- corrective maintenance to quickly rectify any breakdowns that may occur;
- remote monitoring of the solar PV facilities' performance, including the quantity of electricity generated and supplied to the energy user and/or power grid; and
- remote control of some aspects of the solar PV facilities' operations.

The business model for the build, own, operate and transfer of solar PV facilities is illustrated below:



Notes:

- (A) MFP Solar/UP Solar enters into a PPA with the end customers where the electricity generated from the solar PV facilities will be supplied fully to the end customers at the agreed price. The PPA commences upon the completion of the installation of the Solar PV facilities.

Upon the commencement of the PPA, MFP Solar/UP Solar shall generate revenue as the end customer shall pay MFP Solar/UP Solar for the electricity generated at the agreed price at the end of every month. The duration of the PPA is typically 15 - 20 years, which vary by projects.

- (B) Pekat Solar shall generate revenue as MFP Solar/UP Solar appoints Pekat Solar to carry out the design, supply and installation, as well as operations and maintenance of the solar PV facilities at the buildings owned by the end customers. The design, supply and installation, as well as operations and maintenance of the solar PV facilities shall be funded by MFP Solar/UP Solar. The project funding is via existing cash and borrowings to be obtained by MFP Solar/UP Solar.

As at the LPD, MFP Solar has secured 3 PPAs and have appointed Pekat Solar to undertake the design, supply and installation of these solar PV projects as follows:

Customer	Profile	Contract value*	Commencement /completion date
VAT Manufacturing (Malaysia) Sdn Bhd ("VAT Project")	A developer, manufacturer and supplier of high-end vacuum valves	RM3.8 million	January 2020 / August 2020
Perusahaan Otomobil Nasional Sdn Bhd ("Proton Project")	A Malaysian automotive company and automobile corporation active in automobile design, manufacturing, distribution and sales	RM33.8 million	September 2020 / September 2021
Indah Water Konsortium Sdn Bhd ("IWK Project")	A Malaysian wastewater and sanitation company. It is a government-owned company under the Minister of Finance Incorporated, which has the task of developing and maintaining a modern and efficient sewerage system for West Malaysia	RM18.1 million	As at the LPD, the installation for solar PV systems at IWK's sewerage treatment plants have commenced in September 2021 and are expected to be completed in third quarter of 2022

Note:

* Being the sum paid by MFP Solar to Pekat Solar for the design, supply and installation of Solar PV facilities at buildings owned by the customers. Contract value includes variation orders, if any.

MFP Solar has further appointed Pekat Solar to carry out the operation and maintenance of the above-mentioned projects by entering into separate contracts as follows:

Project	Contract value	Target commencement /completion date
VAT Project	RM1.7 million	March 2021 / March 2041
Proton Project	RM0.9 million	May 2021 / May 2036
IWK Project	RM2.0 million	N/A as the project is ongoing

As a shareholder of MFP Solar and UP Solar, the Pekat Group is responsible to contribute its portion of capital investments when MFP Solar/UP Solar carries out its solar PV facilities projects. Financing facilities have been secured from OCBC Bank by MFP Solar in July 2020 and UP Solar in March 2022 and is expected to be up to RM100.00 million (for MFP Solar) and RM30.00 million (for UP Solar). OCBC Bank has requested that Pekat seek approval from its shareholders for the Proposed Provision of Corporate Guarantees. The financing facilities from OCBC Bank are for specific projects. As at the LPD, the financing facilities secured from OCBC Bank are as follows:

Projects	Tenure	Financing value	Effective interest rates
VAT Project	10 years from 28 December 2020	RM3,000,000	3.45% per annum
Proton Project	10 years from 18 January 2021	RM26,000,000	3.45% per annum
IWK Project	10 years from 30 December 2021	RM14,400,000	3.45% per annum

The total funding required by MFP Solar/UP Solar depends on the individual contracts to be secured. The funding shall be funded via a combination of borrowings and capital investments from the respective shareholders of MFP Solar/UP Solar. As at the LPD, the management expects that the financing facilities amounting to RM100.0 million and RM30.0 million required by MFP Solar and UP Solar, respectively will be sufficient up to year 2024. As and when the requirement of MFP Solar/UP Solar for financing facilities exceeds this amount, MFP Solar/UP solar will apply to OCBC Bank for additional financing facilities.

The Proposed Provision of Corporate Guarantees to MFP Solar and UP Solar are deemed to be the provision of financial assistance pursuant to Rule 8.25(2)(c) of the Listing Requirements. Kindly refer to Section 7 for the details of the percentage ratios.

3. DETAILS OF MFP SOLAR AND UP SOLAR

3.1. MFP Solar

MFP Solar was incorporated under the Act on 29 August 2019 and commenced its business on 4 February 2020. Its principal place of business is in Malaysia. As at the LPD, the issued share capital of MFP Solar is RM12,000,000 comprising 12,000,000 ordinary shares. The principal activities of MFP Solar are build, own and operate solar PV power plants.

As at the LPD, the Directors of MFP Solar are Goh Chin San, Khoo Teng Keat, Goh Mei Jing, Oh Keng Jin and Tong Pau Liong.

As at the LPD, the shareholders and their shareholdings in MFP Solar are as follows:

Shareholders	No. of shares	%
Mega First C&I Solar Sdn Bhd	6,600,000	55.00
Pekat Teknologi	5,400,000	45.00
	12,000,000	100.00

Mega First C&I Solar Sdn Bhd is a wholly-owned subsidiary of Mega First Power Industries Sdn Bhd, a wholly-owned subsidiary of Mega First Corporation Berhad, a company listed on the Main Market of Bursa Securities.

MFP Solar derives 100% of its revenue (since incorporation) from Malaysia. Based on the audited accounts of MFP Solar for the FYE 2021, MFP Solar's profit after taxation is RM761,310 and the net assets as at 31 December 2021 is RM12,783,858.

As at the LPD, MFP Solar has 1 subsidiary, details of which is set out below:

Company	Date / Place of incorporation	Principal place of business	Effective equity interest %	Principal activities
Subsidiary of MFP Solar				
S & C Green Pace Sdn Bhd*	4 October 2018 / Malaysia	Malaysia	80%	Dormant

Note:

* The share capital of S & C Green Pace Sdn Bhd are RM1,000,000 comprising 1,000,000 ordinary shares.

As at the LPD, MFP Solar does not have any associate company.

3.2 UP Solar

UP Solar was incorporated under the Act on 31 December 2020 and has yet to commence its business. It is expected to commence its business in July 2022. Its principal place of business is in Malaysia. As at the LPD, the issued share capital of UP Solar is RM2,500,000 comprising 2,500,000 ordinary shares. The principal activities of UP Solar are build, own and operate solar PV facilities.

As at the LPD, the Directors of UP Solar are Lim Jun Li, Peh Kean Hock and Oh Keng Jin.

As at the LPD, the shareholders and their shareholdings in UP Solar are as follows:

Shareholders	No. of shares	%
Unimech Capital Sdn Bhd	750,000	30.00
Icontronic Technology Sdn Bhd	750,000	30.00
Pekat Teknologi	1,000,000	40.00
	2,500,000	100.00

Unimech Capital Sdn Bhd is a wholly-owned subsidiary of Unimech Group Berhad, a company listed on the Main Market of Bursa Securities; while Icontronic Technology Sdn Bhd is a 60%-owned subsidiary of Unimech Capital Sdn Bhd.

As at the LPD, UP Solar has yet to generate any revenue. Based on the audited accounts of UP Solar since incorporation up to 31 December 2021, UP Solar's loss after taxation is RM9,769 and the net assets as at 31 December 2021 is RM2,490,231.

As at the LPD, UP Solar does not have any subsidiary or associate company.

4 RATIONALE FOR THE PROPOSED PROVISION OF CORPORATE GUARANTEES

The Proposed Provision of Corporate Guarantees is to ensure that MFP Solar and UP Solar have access to the required funding to undertake its solar PV projects.

In addition, the Pekat Group is expected to derive project-based revenue from the design, supply and installation of the solar PV facilities as Pekat Solar has the first right-of-refusal. The Pekat Group will also derive recurrent revenue from operating and maintaining the solar PV facilities and share of recurring income upon sale of electricity to users and/or power grid, in the form of dividends as a minority shareholder. As at the LPD, no dividends have been declared by MFP Solar/UP Solar since its incorporation. Nevertheless, the Pekat Group is entitled to dividends to be declared by MFP Solar/UP Solar, if any.

Based on the latest audited consolidated financial statements of the Pekat Group for the FYE 2021, the Pekat Group has recorded a share of profit amounting to RM342,589.50 from MFP Solar and a share of loss amounting to RM3,907.60 from UP Solar.

The Board is of the opinion that utilising financing facilities is preferred after considering the following factors:

- (i) The financing of MFP Solar and UP Solar's capital expenditure requirements for solar PV projects without requiring its shareholders to inject additional equity, which may require a substantial amount of time and effort in order for each of the shareholders to raise sufficient funding on its own in an expedient manner; and
- (ii) Proposed Provision of Corporate Guarantees is in proportion to the shareholdings of Pekat Teknologi in MFP Solar and UP Solar, which is deemed as fair and reasonable.

5 RISK FACTORS

The corporate guarantees will be recognised as contingent liabilities in the Pekat Group's financial statements and may be called upon or claimed by OCBC Bank in any event of default by MFP Solar and UP Solar in respect of the financing facilities, which as a consequence, the Pekat Group will be required to repay the indebtedness of MFP Solar and UP Solar to OCBC Bank in proportion to Pekat Teknologi's shareholdings in MFP Solar and UP Solar. As such, in the event the corporate guarantees are called upon or claimed, it will have an adverse impact on the financial position of the Pekat Group.

Nevertheless, the Group will continuously monitor the cash flows of MFP Solar and UP Solar to ensure its ability to meet the debt obligations is not compromised.

6 EFFECTS OF THE PROPOSED PROVISION OF CORPORATE GUARANTEES

The Proposed Provision of Corporate Guarantees will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing and earnings per share of the Pekat Group. The Proposed Provision of Corporate Guarantees is expected to contribute positively to the future earnings of the Pekat Group via revenue from the design, supply and installation of the solar PV facilities and operating and maintaining the solar PV facilities as well as a share of profit from its associated companies, MFP Solar and UP Solar.

7 APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Provision of Corporate Guarantees is subject to the approval from shareholders of Pekat at the forthcoming EGM to be convened. The Proposed Provision of Corporate Guarantees is not subject to the approval from any governmental authorities.

The highest percentage ratio applicable to the Provision of Corporate Guarantees to MFP Solar and UP Solar is 37.70% and 10.05%, respectively, computed based on the quantum of the corporate guarantees over the consolidated net assets of the Pekat Group based on its latest audited consolidated financial statements for the FYE 2021.

The Proposed Provision of Corporate Guarantees is not conditional upon any other corporate exercise/scheme being undertaken or proposed to be undertaken by the Company.

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

None of the Directors and/or major shareholders, chief executive of Pekat and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Provision of Corporate Guarantees.

9 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approval from the shareholders of Pekat being obtained, the Proposed Provision of Corporate Guarantees is expected to be completed by the second quarter of 2022.

10 CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for Proposals, there is no other outstanding corporate exercise, which has been announced but pending completion as at the LPD.

11 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered amongst others, the rationale, terms, conditions and effects of the Proposed Provision of Corporate Guarantees, is of the opinion that the Proposed Provision of Corporate Guarantees is fair and reasonable and is in the best interest of Pekat and is not detrimental to Pekat and its shareholders. Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed Provision of Corporate Guarantees to be tabled at the forthcoming EGM.

12 EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on 9 June 2022 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Third Annual General Meeting of the Company which will be held 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 resolutions to give effect to the Proposed Provision of Corporate Guarantees.

If you decide to appoint proxy(ies) to attend, participate, speak and vote on your behalf at the EGM, you are requested to complete, sign and return the original Proxy Form in accordance with the instructions contained therein as soon as possible and in the event so as to arrive at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by electronic lodgement via TIIH Online at <https://tiih.online> not less than 48 hours before the time appointed for the EGM or at any adjournment thereof.

The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM, should you subsequently decide to do so.

13 FURTHER INFORMATION

You are advised to refer to the appendix set out in this Circular for further information.

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

CHIN SOO MAU
Managing Director & Chief Executive Officer

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**Consent**

M&A Securities has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

Conflict of interest

M&A Securities confirms that there is no conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser to Pekat in relation to the Proposals.

3. MATERIAL LITIGATION

As at the LPD, neither Pekat nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and to the best of the Board's knowledge and belief, there are no proceedings, pending or threatened against the Pekat Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Pekat Group.

4. MATERIAL COMMITMENTS

As at the LPD, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of the Pekat Group.

5. CONTINGENT LIABILITIES

Save as disclosed below and as at the LPD, there is no contingent liabilities, incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the ability of the Group to meet its obligations as and when they fall due.

Description	RM'000
Corporate guarantee given to licenced banks for credit facilities obtained by subsidiaries	45,258
Corporate guarantee given to licenced bank for credit facilities obtained by associated companies	15,129
	60,387

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of Pekat;
- (ii) The audited consolidated financial statements of Pekat Group for the past 2 FYEs 2020 and 2021; and
- (iii) Letter of consent and declaration of conflict of interest as referred to in Section 2 above.

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