

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.

This Circular has been reviewed by Hong Leong Investment Bank Berhad, being the Principal Adviser to Hiap Huat Holdings Berhad for the Proposed ESOS (as defined below).

Bursa Malaysia Securities Berhad 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.



HIAP HUAT HOLDINGS BERHAD

(Registration No. 200901038858 (881993-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ESTABLISHMENT OF AN EMPLOYEE SHARE OPTION SCHEME OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF HIAP HUAT HOLDINGS BERHAD (“HIAP HUAT”) (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF HIAP HUAT AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Notice of Extraordinary General Meeting (“**EGM**”) and the Proxy Form are enclosed in this Circular. As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and deposit the Proxy Form in accordance with the instructions contained therein with the Share Registrar of Hiap Huat, Boardroom.com Sdn Bhd, at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not later than 48 hours before the time set for the EGM or any adjournment thereof. You are not precluded from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for : Saturday, 22 May 2021 at 10.00 a.m.
lodging the Proxy Form

Date and time of the : Monday, 24 May 2021 at 10.00 a.m. or immediately upon the conclusion or
EGM adjournment of the 11th Annual General Meeting of Hiap Huat which will be held at the same venue on the same day at 9.00 a.m., whichever is later, or at any adjournment of the EGM

Venue of the EGM : Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor

This Circular is dated 30 April 2021

DEFINITIONS

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

“Board”	: Board of Directors of our Company
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“By-Laws”	: By-laws governing the Proposed ESOS
“Circular”	: This circular dated 30 April 2021 in relation to the Proposed ESOS
“EGM”	: Extraordinary general meeting
“Eligible Persons”	: Collectively, the directors (including non-executive directors) and employees of our Group (excluding dormant subsidiaries) who are eligible to participate in the Proposed ESOS in accordance with the By-Laws
“EPS”	: Earnings per Share
“ESOS Award”	: An award of the Options to the Eligible Persons under the Proposed ESOS
“ESOS Committee”	: A committee comprising directors and/or officers of our Company to be appointed and authorised by our Board in accordance with the By-Laws
“ESOS Grantee”	: An Eligible Person who has accepted the ESOS Award
“Group”	: Collectively, Hiap Huat and our subsidiaries
“Hiap Huat” or the “Company”	: Hiap Huat Holdings Berhad
“HLIB”	: Hong Leong Investment Bank Berhad
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities
“LPD”	: 31 March 2021, being the latest practicable date prior to the printing of this Circular
“MFRS”	: Malaysian Financial Reporting Standards
“NA”	: Net assets
“Option Price”	: The price at which an ESOS Grantee shall be entitled to subscribe for each new Share upon the exercise of an Option
“Options”	: The rights of the ESOS Grantee to subscribe for new Shares under the Proposed ESOS at a pre-determined subscription price
“Proposed ESOS”	: Proposed establishment of an employee share option scheme of up to 30% of the total number of issued shares of our Company (excluding treasury shares) at any point in time for the Eligible Persons
“RM”	: Ringgit Malaysia
“Shares”	: Ordinary shares in our Company
“VWAMP”	: Volume weighted average market price

DEFINITIONS (CONT'D)

All references to “**our Company**” in this Circular are to Hiap Huat, references to “**our Group**” are to our Company and our subsidiaries, collectively, and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires, shall include our subsidiaries.

All references to “**you**” in this Circular are to our shareholders.

Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to an enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference to the time of day in this Circular is a reference to Malaysian time.

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NOTICE OF EGM**ENCLOSED****PROXY FORM****ENCLOSED**



HIAP HUAT HOLDINGS BERHAD

(Registration No. 200901038858 (881993-M))
(Incorporated in Malaysia)

Registered Office:

Level 5, Block B
Dataran PHB, Saujana Resort
Section U2
40150 Shah Alam
Selangor

30 April 2021

Board of Directors:

Zulkifly Bin Zakaria	<i>(Independent Non-Executive Chairman / Senior Independent Non-Executive Director)</i>
Dato' Chan Say Hwa	<i>(Group Managing Director)</i>
Datin Chow Pui Ling	<i>(Executive Director)</i>
Soo Kit Lin	<i>(Executive Director)</i>
Lee Yew Weng	<i>(Independent Non-Executive Director)</i>
Woo Yew Tim	<i>(Independent Non-Executive Director)</i>

To: Our shareholders

Dear Sir/Madam,

PROPOSED ESOS

1. INTRODUCTION

On 15 March 2021, HLIB announced, on behalf of our Board, that we proposed to undertake the Proposed ESOS.

On 5 April 2021, HLIB announced, on behalf of our Board, that Bursa Securities had, on the same date, resolved to approve the listing of and quotation for such number of new Shares representing up to 30% of the total number of issued shares of our Company (excluding treasury shares) to be issued under the Proposed ESOS on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 6(i) of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT OUR 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, BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS entails the establishment of an employee share option scheme of up to 30% of the total number of issued shares of our Company (excluding treasury shares) at any point in time throughout the duration of the Proposed ESOS for the Eligible Persons in accordance with the By-Laws. The Proposed ESOS will be administered by the ESOS Committee.

The Proposed ESOS is intended to allow Hiap Huat to award Options to the selected Eligible Persons, subject to the terms and conditions of the By-Laws.

The ESOS Award, once accepted by the ESOS Grantee, will vest in the ESOS Grantee if the vesting conditions stipulated in the said ESOS Award have been satisfied on the vesting date(s), including the following:

- (i) the said ESOS Grantee has not been adjudicated a bankrupt;
- (ii) the said ESOS Grantee remains an employee or a director of our Group (excluding dormant subsidiaries) (as the case may be) and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated as at the vesting date(s); and
- (iii) any other conditions as may be determined by the ESOS Committee in accordance with the By-Laws.

The Option Price shall be based on the 5-day VWAMP of our Shares immediately preceding the date of the ESOS Award, 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.

2.1 Maximum number of new Shares available under the Proposed ESOS

The maximum number of new Shares which may be issued under the Proposed ESOS, and any other employee share scheme of our Company which may be implemented from time to time by us, shall not exceed 30% of the total number of issued shares of our Company (excluding treasury shares) at any point in time throughout the duration of the Proposed ESOS.

2.2 Basis of allocation and maximum allowable allocation

The allocation of Shares to be made available for the ESOS Award under the Proposed ESOS shall be determined at the discretion of the ESOS Committee.

The aggregate number of Shares that may be allocated to any class or grade of Eligible Persons under the Proposed ESOS shall be determined at the absolute discretion of the ESOS Committee, after taking into consideration, among others, the designation, seniority, length of service and contribution to the performance of our Group (excluding dormant subsidiaries), and any other criteria which the ESOS Committee deems relevant.

Notwithstanding the above, not more than 10% of the total number of new Shares to be made 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 more of the total number of issued shares of our Company (excluding treasury shares).

The aggregate maximum allocation to the directors and senior management of our Group (excluding dormant subsidiaries) shall not be more than 75% of the total number of Shares to be made available under the Proposed ESOS, after taking into consideration the number of directors and senior management of our Group (excluding dormant subsidiaries) who are eligible to participate in the Proposed ESOS, as well as the maximum number of Shares that may be awarded to each director and senior management based on, among others, their position, seniority and length of service.

The ESOS Committee shall have the discretion in determining whether:

- (i) to stagger the ESOS Awards over the duration of the Proposed ESOS where the allocation available shall be awarded in 1 single ESOS Award, or several separate and independent ESOS Awards; and
- (ii) the number of Shares comprised in each ESOS Award as well as whether the ESOS Awards are subject to any vesting period and if so, the vesting date(s), vesting condition(s) and performance target(s) to be achieved for each ESOS Award.

For the avoidance of doubt, no performance target has been set for the allocation of the Options at this juncture.

No Eligible Person shall participate in the deliberation or discussion of his/her allocation under the Proposed ESOS.

2.3 Eligibility

Any Eligible Person who fulfils the following criteria shall be eligible to participate in the Proposed ESOS if, as at the date of the ESOS Award:

- (i) such person is at least 18 years of age;
- (ii) such person is neither an undischarged bankrupt nor subject to any bankruptcy proceedings; and
- (iii) in respect of a person who is an executive director or employee of our Group (excluding dormant subsidiaries), such person fulfils the following criteria as at the date of the ESOS Award:
 - (a) he/she has been employed on a full time basis or is serving in a specific designation under an employment contract with, and is on the payroll of, our Group (excluding dormant subsidiaries);
 - (b) his/her employment has been confirmed in writing; and
 - (c) he/she falls within any other eligibility criteria as may be determined by the ESOS Committee from time to time.

Where a specific allocation of Options is proposed to be made pursuant to an ESOS Award to our director, major shareholder or chief executive, or a person connected with such director, major shareholder or chief executive, the specific allocation of Shares to be comprised in any ESOS Award to the said person must be approved by our shareholders in a general meeting.

2.4 Duration

The Proposed ESOS shall be in force for a duration of 5 years commencing from the effective date of implementation of the Proposed ESOS, which shall be a date following the full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed ESOS.

The Proposed ESOS may be extended for a further period of up to 5 years immediately from the expiry of the first 5 years at the discretion of our Board upon the recommendation of the ESOS Committee. Any extension of the Proposed ESOS shall not, in aggregate with the initial term, exceed 10 years from the effective date of implementation of the Proposed ESOS, or such longer period as may be allowed by Bursa Securities and/or the relevant authorities.

On the expiry of the Proposed ESOS, any ESOS Award which has yet to be vested (whether fully or partially) shall be deemed terminated and be null and void. The Proposed ESOS may be terminated by the ESOS Committee at any time before the date of expiry, provided that we make an announcement immediately to Bursa Securities.

2.5 Retention period

The new Shares to be allotted and issued to the Eligible Persons pursuant to the Proposed ESOS will not be subjected to any retention period unless the ESOS Committee stipulates otherwise upon granting of the ESOS Award. However, we encourage the Eligible Persons to hold the Shares allotted and issued to them pursuant to the Proposed ESOS as a long-term investment and not for realisation of immediate gain.

Pursuant to Rule 8.22 of the Listing Requirements, an Eligible Person who is a non-executive director of our Company shall not sell, transfer or assign the new Shares obtained through the exercise of the Options offered to him/her within 1 year from the date of offer of such Options.

2.6 Ranking of the new Shares to be issued pursuant to the Proposed ESOS

The new Shares to be issued pursuant to the Proposed ESOS shall, upon allotment and issuance, rank equally in all respects with the then existing Shares in issue, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new Shares to be issued pursuant to the Proposed ESOS.

Holders of the Options will not be entitled to any voting rights or to participate in any form of distribution other than on winding-up, compromise or arrangement of our Company and/or offer of further securities in our Company until and unless such holders exercise their Options into new Shares.

2.7 Listing of and quotation for the new Shares

The approval of Bursa Securities has been obtained vide its letter dated 5 April 2021 for the listing of and quotation for such number of new Shares representing up to 30% of the total number of issued shares of our Company (excluding treasury shares) to be issued under the Proposed ESOS on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 6(i) of this Circular.

3. UTILISATION OF PROCEEDS

We will receive proceeds from the exercise of the Options by the ESOS Grantees under the Proposed ESOS. However, the amount of proceeds to be received cannot be determined at this juncture as it will depend on, among others, the number of Options granted and exercised at the relevant point in time and the Option Price. The net proceeds from the exercise of the Options will be used for our working capital requirements to finance our day-to-day operations such as, among others, the procurement of raw materials and supplies (such as waste petrochemicals and waste petroleum), staff remuneration, marketing expenses in promoting our products and services in the local and overseas market as well as utilities (such as water, electricity and gas) and office sundry expenses. Such proceeds are expected to be utilised within a period of 12 months, as and when the proceeds are received throughout the duration of the Proposed ESOS.

Pending the use of proceeds from the exercise of the Options, the proceeds will be placed in interest bearing deposits with financial institutions and/or short term money market financial instruments as our Board deems fit.

The estimated expenses for the Proposed ESOS are approximately RM100,000, which would be funded via internally generated funds.

4. RATIONALE FOR THE PROPOSED ESOS

The Proposed ESOS is intended to provide an opportunity for the directors (including non-executive directors) and employees of our Group (excluding dormant subsidiaries) to participate in our equity so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of our Group.

The Proposed ESOS serves to:

- (i) reward and retain the Eligible Persons whose talents are vital to our Group;
- (ii) provide incentive for the Eligible Persons to participate more actively in our operations and future growth;
- (iii) motivate the Eligible Persons to improve their performance standards and maintain high level contributions through greater levels of commitment, dedication and loyalty to our Group; and
- (iv) attract skilled and experienced individuals to join us so as to contribute to our continued growth and profitability.

The Proposed ESOS is extended to our non-executive directors to recognise their services and contributions to our growth and development as well as to reward them for their contributions in our governance and operational performance.

We have not undertaken any other equity fund raising exercises in the past 12 months prior to the date of this announcement.

5. EFFECTS OF THE PROPOSED ESOS

5.1 Issued share capital

The Proposed ESOS is not expected to have any immediate effect on our issued share capital. Our issued share capital will increase progressively as and when new Shares are issued arising from the exercise of the Options under the Proposed ESOS.

For illustrative purposes, the pro forma effects of the Proposed ESOS on our issued share capital as at the LPD are as follows:

	No. of Shares (‘000)	Share capital (RM’000)
As at the LPD	⁽¹⁾ 329,188	41,093
New Shares to be issued assuming full exercise of the Options ⁽²⁾	98,756	⁽³⁾ 10,863
Enlarged issued share capital	427,944	51,956

Notes:

- (1) Excluding 4,113,000 treasury shares held by our Company as at the LPD.
- (2) Represents the maximum number of new Shares which may be issued pursuant to the Proposed ESOS, based on 30% of our prevailing total number of issued shares (excluding treasury shares) as at the LPD.
- (3) Assuming the Option Price of RM0.11, being a discount of not more than 10% to the 5-day VWAMP of the Shares up to and including the LPD of RM0.1215.

5.2 Substantial shareholders’ shareholdings

The Proposed ESOS is not expected to have any immediate effect on the shareholdings of our substantial shareholders until such time the new Shares are issued arising from the exercise of the Options at the relevant point in time.

5.3 NA and gearing

Save for the potential impact of MFRS 2 as set out in Section 5.4 of this Circular, the Proposed ESOS is not expected to have an immediate effect on our NA, NA per Share and gearing until such time the Options are exercised. The effects will depend on the Proposed ESOS, the number of new Shares to be issued pursuant to the exercise of Options and the Option Price.

The Proposed ESOS is also not expected to have any immediate effect on our gearing level until such time when new Shares are issued pursuant to the exercise of Options under the Proposed ESOS. The effect on the gearing will depend on the change in our NA, which in turn will depend on the actual number of new Shares to be issued under the Proposed ESOS as well as the Option Price payable upon the exercise of the Options.

For illustrative purposes, upon exercise of the Options under the Proposed ESOS, our NA per Share will increase if the exercise price is higher than our existing NA per Share and will decrease if the exercise price is lower than our existing NA per Share, at the point of exercise of the Options.

5.4 Earnings and EPS

The Proposed ESOS is not expected to have any immediate effect on our earnings and EPS. In accordance with MFRS 2, the costs arising from the ESOS Award are required to be measured at the date on which the ESOS Award is granted and recognised as an expense in our statement of profit or loss and other comprehensive income over the vesting period of the ESOS Award, which will have an effect on our future earnings.

The potential effect of the Proposed ESOS on our earnings and EPS in the future, as a result of the recognition of the expense, cannot be determined at this juncture as it will depend on the number of Shares comprised in the ESOS Award and various factors that affect the fair value of the Options. The fair value would in turn depend on, among others, the market price and volatility of the Shares.

For clarification, the potential cost of the ESOS Award does not represent a cash outflow as it is only an accounting treatment.

5.5 Convertible securities

We do not have any outstanding convertible securities as at the LPD.

6. APPROVALS REQUIRED

The Proposed ESOS is conditional upon approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for such number of Shares representing up to 30% of the total number of issued shares of our Company (excluding treasury shares) to be issued under the Proposed ESOS on the ACE Market of Bursa Securities, which was obtained vide its letter dated 5 April 2021, subject to the following conditions:

Conditions imposed	Status of compliance
HLIB is required to submit a 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; and	To be complied
Hiap Huat 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) our shareholders for the Proposed ESOS at our forthcoming EGM; and
- (iii) any other relevant authorities/parties, if required.

7. CONDITIONALITY OF THE PROPOSED ESOS

On 30 December 2019, our Board announced that Hiap Huat Chemicals Sdn Bhd (“**HHCSB**”), our wholly-owned subsidiary, had on even date entered into a sale and purchase agreement with Central Spectrum (M) Sdn Bhd for the proposed acquisition by HHCSB of a parcel of leasehold land with an on-going development project located at Pulau Indah Industrial Park, Selangor for a cash consideration of RM11,965,932 (“**Proposed Acquisition**”). As at the LPD, the completion of the Proposed Acquisition is pending the transfer of the individual title to the land and the full settlement of the purchase consideration by HHCSB.

Save for the Proposed ESOS and the Proposed Acquisition, there is no other intended corporate exercise/scheme which has been announced by our Company but not yet completed before the printing of this Circular.

The Proposed ESOS is not conditional upon the Proposed Acquisition and any other corporate exercise/scheme undertaken or to be undertaken by our Company.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

All our directors are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations, as well as allocations to persons connected with them (if any), under the Proposed ESOS. As such, our interested directors have abstained and will continue to abstain from deliberating and voting at all relevant Board meetings on their respective allocations, as well as allocations to persons connected with them (if any), under the Proposed ESOS.

Our interested directors will abstain and have undertaken to ensure that persons connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to their respective allocations as well as allocations to persons connected with them (if any), under the Proposed ESOS at our forthcoming EGM.

As at the LPD, the direct and indirect shareholdings of our directors and Eligible Persons who are persons connected with them in our Company are as follows:

	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
<u>Directors</u>				
Zulkifly Bin Zakaria	-	-	-	-
Dato' Chan Say Hwa	69,026,460	21.0	⁽²⁾ 3,363,220	1.0
Datin Chow Pui Ling	3,363,220	1.0	⁽³⁾ 69,026,460	21.0
Soo Kit Lin	66,608,460	20.2	-	-
Lee Yew Weng	1,000	*	-	-
Woo Yew Tim	-	-	-	-
<u>Eligible Persons who are persons connected with our directors</u>				
Chow How Fai	2,065,600	0.6	-	-
Chow Chiat Wee	1,992,800	0.6	-	-

Notes:

* Negligible.

(1) Excluding treasury shares.

(2) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Datin Chow Pui Ling.

(3) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Dato' Chan Say Hwa.

Save as disclosed above, none of our directors, major shareholders and/or chief executive, and/or persons connected with them have any interest, direct or indirect, in the Proposed ESOS.

9. DIRECTORS' RECOMMENDATION

Our Board, after having considered all aspects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of our Company. Accordingly, our Board recommends that you vote in favour of the resolution in relation to the Proposed ESOS to be tabled at our forthcoming EGM.

Where the resolutions are not related to their respective allocations or allocation to the persons connected with them, our Board (save for our interested directors who have abstained from expressing an opinion in respect of their respective allocations as well as allocation to persons connected with them (if any) under the Proposed ESOS) recommends that you vote in favour of the resolutions in relation to the proposed allocations pursuant to the Proposed ESOS at our forthcoming EGM.

10. ESTIMATED TIME FRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed ESOS is expected to be implemented by the 2nd quarter of 2021.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of our Shares for the past 12 months from April 2020 to March 2021 are as follows:

	High (RM)	Low (RM)
<u>2020</u>		
April	0.090	0.055
May	0.100	0.075
June	0.125	0.080
July	0.120	0.095
August	0.130	0.100
September	0.130	0.100
October	0.115	0.090
November	0.115	0.100
December	0.125	0.105

	High (RM)	Low (RM)
<u>2021</u>		
January	0.115	0.100
February	0.150	0.100
March	0.150	0.115

The last transacted market price of our Shares immediately before the announcement of the Proposed ESOS on 15 March 2021 RM0.135

The last transacted market price of our Shares as at the LPD RM0.120

(Source: Bloomberg)

12. EGM

Our forthcoming EGM, the notice of which is enclosed in this Circular, will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, on Monday, 24 May 2021 at 10.00 a.m. or immediately upon the conclusion or adjournment of our 11th Annual General Meeting which will be held at the same venue on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof to consider and, if thought fit, passing with or without modifications the ordinary resolution to give effect to the Proposed ESOS.

If you are unable to attend and vote at our forthcoming EGM, please complete and return the Proxy Form, which is attached in this Circular, in accordance with the instructions contained therein and forward it to our Share Registrar, Boardroom.com Sdn Bhd, at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for the EGM or at any adjournment thereof. The lodging of the Proxy Form does not preclude you from participating and voting at our forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,
For and on behalf of the Board of
HIAP HUAT HOLDINGS BERHAD

ZULKIFLY BIN ZAKARIA
Independent Non-Executive Chairman /
Senior Independent Non-Executive Director

DRAFT BY-LAWS

HIAP HUAT HOLDINGS BERHAD
(Registration No. 200901038858 (881993-M))

THE BY-LAWS OF THE EMPLOYEE SHARE OPTION SCHEME OF HIAP HUAT HOLDINGS BERHAD

1. DEFINITIONS

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

“Act”	:	The Companies Act 2016
“Award Date”	:	The date of the letter or electronic mail of which an ESOS Award is offered by the ESOS Committee to the Eligible Persons to participate in the Scheme
“Board”	:	The Board of Directors of the Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“By-Laws”	:	These rules, terms and conditions contained in these by-laws governing the Scheme, as amended from time to time in accordance with By-Law 25
“CDS”	:	Central Depository System
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
“Company” or “Hiap Huat”	:	Hiap Huat Holdings Berhad
“Constitution”	:	The Constitution of the Company, as amended from time to time
“Date of Acceptance”	:	The date on which the ESOS Committee shall receive the written notice accepting an ESOS Award from an Eligible Person in accordance with By-Law 7.1
“Date of Expiry”	:	The last day of the Duration of the Scheme as defined in By-Law 22.2
“Director”	:	A director within the meaning of Section 2 of the Act, which for the avoidance of doubt, excludes an alternate director
“Disciplinary Proceedings”	:	Proceedings instituted by any company in the Group against any ESOS Grantee or Eligible Person for any alleged misbehaviour, misconduct and/or any other acts of such ESOS Grantee or Eligible Person deemed to be unacceptable by the said company whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such ESOS Grantee or Eligible Person
“Duration of the Scheme”	:	The duration of the Scheme as defined in By-Law 22.1 and includes any extension thereof in accordance with By-Law 22.2

DRAFT BY-LAWS (CONT'D)

“Effective Date”	:	The date on which the Scheme comes into force as provided in By-Law 22.1
“Eligible Person(s)”	:	collectively: (a) an Employee; (b) an Executive Director; or (c) a Non-Executive Director, who fulfils the conditions and criteria of eligibility stipulated in By-Law 4
“Employee”	:	Any person in the employment of the Group including Directors of the subsidiaries of Hiap Huat (excluding dormant subsidiaries)
“Entitlement Date”	:	The date (and as at the close of business) on which shareholders’ name must appear in Hiap Huat’s record of depositors maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions
“ESOS” or “Scheme”	:	The Hiap Huat employee share option scheme for the benefit of the Eligible Persons to subscribe for new Shares according to the terms of these By-Laws
“ESOS Award”	:	An award of ESOS Options made in writing by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in By-Law 6
“ESOS Committee”	:	The committee comprising such number of the Directors and/or senior management personnel of the Group identified from time to time as may be appointed and duly authorised by the Board pursuant to By-Law 2.1 to implement and administer the ESOS in accordance with these By-Laws
“ESOS Grantee”	:	An Eligible Person who has accepted an ESOS Award in the manner provided in By-Law 7
“ESOS Options” or “Options”	:	The right of an ESOS Grantee to subscribe for new Shares at the Option Price pursuant to an ESOS Award in the manner provided in By-Law 9
“ESOS Vesting Date(s)”	:	The date or dates on which all or some of the Options is/are vested pursuant to an ESOS Award as stipulated by the ESOS Committee in accordance with By-Law 7.4
“Executive Director”	:	A Director who, on the Award Date, is on the payroll of the Group and is involved in the day-to-day management of any company within the Group

DRAFT BY-LAWS (CONT'D)

"Group"	: The Company and its subsidiary company(ies) as defined in Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)) and which are not dormant. Subject to the foregoing, the expression "subsidiary company(ies)" shall for the purposes hereof include subsidiaries which are existing as at the Effective Date and such subsidiaries which the ESOS Committee may, from time to time, determine at its discretion, and subsidiaries which are incorporated or acquired at any time during the Duration of the Scheme but excludes:
	(i) subsidiaries which have been divested in the manner provided in By-Law 20; and
	(ii) subsidiaries which are dormant
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"Market Day"	: A day on which Bursa Securities is open for trading of securities
"Maximum Allowable Allocation"	: The maximum aggregate number of new Shares in respect of the ESOS Award that can be offered and allotted to an Eligible Person in accordance with the provisions of By-Law 5.2
"Non-Executive Director"	: A Director who, on the Award Date, is not involved in an executive capacity within any company of the Group
"Offer Period"	: A period of thirty (30) days from the Award Date or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion during which an ESOS Award is valid for acceptance as stipulated in By-Law 6.3
"Option Period"	: The period commencing from the ESOS Vesting Date and expiring on a date on which the Options terminates, expires or lapses and/or otherwise ceases to be of any force and effect in accordance with these By-Laws and as set out in the ESOS Award
"Option Price"	: The price at which an ESOS Grantee shall be entitled to subscribe for each new Share upon the exercise of an ESOS Option, as initially determined in accordance with the provisions of By-Law 10 and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 18
"Performance Targets"	: The performance targets determined and prescribed by the ESOS Committee, which are to be achieved by the ESOS Grantee and/or the Group (and/or such business units within the Group as determined by the ESOS Committee), during such period as specified in the ESOS Award
"Persons Connected"	: Shall have the meaning given in Rule 1.01 of the Listing Requirements
"Principal Adviser"	: Shall have the meaning as that assigned to "Adviser" in Rule 1.01 of the Listing Requirements
"RM"	: Ringgit Malaysia
"Rules of Bursa Depository"	: The Rules of Bursa Depository, as issued pursuant to SICDA
"Shares"	: Ordinary shares in the Company

DRAFT BY-LAWS (CONT'D)

“SICDA” : Securities Industry (Central Depositories) Act 1991

“Vesting Conditions” : The conditions determined by the ESOS Committee and stipulated in the ESOS Award which must be fulfilled for the Options under the ESOS Award in By-Laws 7.4

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

DRAFT BY-LAWS (CONT'D)

2. ADMINISTRATION

- 2.1 The Scheme shall be administered by the ESOS Committee consisting of such number of Directors and/or senior management personnel of the Group as shall be appointed and duly authorised by the Board from time to time. The Board shall have the power to determine all matters pertaining to the ESOS Committee, including, without limitation, setting the terms of reference for the ESOS Committee, determining its composition, duties, powers and limitations. The Board is also entitled, at any time and from time to time to rescind the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee, to change the terms of appointment of the members of the ESOS Committee, to determine and change the terms of reference for the ESOS Committee, and to assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws.
- 2.2 The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it, subject only to these By-Laws as may be amended from time to time. The ESOS Committee may meet together for the despatch of business, to adjourn or otherwise regulate its meetings as it thinks fit.
- 2.3 Without limiting the generality of By-Laws 2.1 and 2.2, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in the ESOS Award subject to By-Laws 6.5, enter into or execute all transactions, agreements, deeds, documents and arrangements, construe and interpret the Scheme and ESOS Award granted under it, to define the terms and to recommend to the Board to establish, amend, waive (not inconsistent with the Scheme) and revoke rules and regulations relating to the Scheme and its administration, to give effect to the provisions of the Scheme, to enhance the benefit of the ESOS Award to the ESOS Grantee, to determine all questions of policy and expediency that may arise in the administration of the Scheme and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an ESOS Award in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective. Any decisions of the ESOS Committee which are made in accordance with these By-Laws shall be final, binding and conclusive.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of Shares which may be made available under the Scheme, and any other employee share schemes of the Company which may be implemented from time to time by the Company, shall not in aggregate exceed thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme.
- 3.2 Notwithstanding the provision of By-Law 3.1 above and any other provision herein contained, in the event the maximum number of new Shares granted under the Scheme exceeds in aggregate the aforesaid thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing or cancelling its own Shares in accordance with the provisions of Section 127 of the Act or undertaking any other corporate proposal and thereby reducing its issued share capital, then such ESOS Award granted prior to the variation of the issued share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme as if that purchase or cancellation or reduction had not occurred. However, in such a situation, the ESOS Committee shall not make any further offer on the ESOS Award unless the total number of new Shares under the subsisting ESOS Award including new Shares that have been issued under the Scheme falls below thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme.

DRAFT BY-LAWS (CONT'D)

4. ELIGIBILITY

4.1 Any Eligible Person who fulfils the following criteria shall be eligible to participate in the ESOS and qualify for consideration and/or selection by the ESOS Committee:

- (a) in respect of an Employee and Executive Director, the Employee and Executive Director must fulfil the following criteria as at the Award Date:
 - (i) such person is at least eighteen (18) years of age;
 - (ii) such person is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) he/she has been employed on a full time basis or is serving in a specific designation under an employment contract with, and is on the payroll of, any company in the Group;
 - (iv) his/her employment has been confirmed in writing; and
 - (v) he/she falls within any other eligibility criteria as may be determined by the ESOS Committee from time to time;
- (b) in respect of a Non-Executive Director, the Non-Executive Director must fulfil the following criteria as at the Award Date:
 - (i) such person is at least eighteen (18) years of age;
 - (ii) such person is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) he/she has been appointed as a Non-Executive Director; and
 - (iv) he/she falls within any other eligibility criteria as may be determined by the ESOS Committee from time to time,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the Board on or prior to the Effective Date. For the avoidance of doubt, the ESOS Committee may determine any other eligibility criteria and/or waive any of the conditions of eligibility as set out in this By-Law 4.1, for purposes of selecting an Eligible Person at any time and from time to time, in the ESOS Committee's discretion, whose decision shall be final and binding.

4.2 Where a specific allocation of Options is proposed to be made pursuant to an ESOS Award to the Director, a major shareholder or the chief executive of the Company, or a Person Connected with such Director, major shareholder or the chief executive of the Company, such specific allocation to the said person requires prior shareholders' approval in a general meeting provided always that the Director, major shareholder and/or the chief executive of the Company and/or the Person Connected with them shall not have voted on the resolution approving the said allocation of Options to be made thereunder and any such allocation is not prohibited or disallowed by the relevant authorities or by any laws or regulation.

4.3 Without prejudice to the generality of the foregoing and subject to the ESOS Committee's discretion otherwise, any ESOS Award made by the ESOS Committee shall become void, of no force and effect and cease to be capable of acceptance by the Eligible Persons upon any of the following events occurring (prior to such ESOS Award being accepted by the Eligible Person selected by the ESOS Committee to whom an ESOS Award was made in accordance with By-Laws 7 ("**Selected Executive**")):

DRAFT BY-LAWS (CONT'D)

- (i) the death of the Selected Executive;
 - (ii) the Selected Executive having received a letter of termination or ceasing to be an employee of the Group, for any reason whatsoever;
 - (iii) the Selected Executive giving notice of his or her resignation from service/employment;
 - (iv) the company within the Group which employs the Selected Executive ceasing to be part of the Group for any reason or becomes dormant;
 - (v) the Selected Executive is subject to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of service); or
 - (vi) the Selected Executive is adjudicated a bankrupt.
- 4.4 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the ESOS Award. In the event that any Eligible Persons are a member of the ESOS Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocations under the ESOS.
- 4.5 No Employee of a dormant company within the Group shall be eligible to participate in the Scheme.
- 4.6 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Award unless an ESOS Award has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the ESOS Award in accordance with By-Laws 7 hereof.
- 4.7 Subject to these By-Laws and any applicable law, the ESOS Committee shall have the discretion, at any time and from time to time, to extend the benefit of this Scheme to any Eligible Person who is seconded to a corporation which is not within the Group but which is a corporation associated with the Group or a subsidiary of a corporation associated with the Group, and deem such Eligible Person (whether seconded before or after the coming into force of these By-Laws) to be an Employee and such a corporation to be within the Group for the purposes of such Eligible Person being seconded from the Group to that corporation.
- 5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION**
- 5.1 Subject to By-Laws 3.1 and 5.2, and any adjustments which may be made under By-Law 18, the ESOS Committee shall be entitled in its absolute discretion to determine the aggregate maximum number of Shares that may be allocated between the ESOS, and to any class/grade of Eligible Person.
- 5.2 Not more than ten percent (10%) of the total number of Shares to be made available under the ESOS at the point in time when an ESOS Award is offered shall be allocated to any Eligible Person who, either singly or collectively through a Person Connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any) ("**Maximum Allowable Allocation**").
- 5.3 Subject to By-Law 5.2, the aggregate number of Shares that may be allocated to any class or grade of Eligible Person under the ESOS shall be determined at the absolute discretion of the ESOS Committee, after taking into consideration, among others:

DRAFT BY-LAWS (CONT'D)

- (i) the Eligible Person's performance, designation, seniority (denoted by employee job grade), length of service and contribution to the performance of the Group;
- (ii) in the case of an Eligible Person who is a Director, the Eligible Person's contribution towards the growth of the Group and positions held in various board committees of the Company; and
- (iii) any other criteria which the ESOS Committee deems relevant.

At the time the ESOS Award is offered, the ESOS Committee shall set out the basis of allocation of the ESOS Award(s) made to the Eligible Person(s) having the further particulars as set out in By-Law 6.4.

- 5.4 The aggregate maximum allocation to the Directors and senior management of the Group shall not be more than seventy-five percent (75%) of the total number of Shares to be made available under the ESOS, after taking into consideration the number of Directors and senior management of the Group (excluding dormant subsidiaries) who are eligible to participate in the ESOS, as well as the maximum number of Shares that may be awarded to each Director and senior management based on, among others, their position, seniority and length of service.
- 5.5 The ESOS Committee may make more than one (1) ESOS Award to an Eligible Person provided that the aggregate number of Options and/or Shares so awarded to an Eligible Person throughout the entire Duration of the Scheme does not exceed the Maximum Allowable Allocation of such Eligible Person as referred to in By-Law 5.2.
- 5.6 The Company shall ensure that allocation of new Shares pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of Shares which have been disclosed to the Employees and the Directors. A statement by the Audit Committee of the Company verifying such allocations shall be included in the annual report of the Company.
- 5.7 The ESOS Committee shall have the discretion in determining:
 - (i) to stagger the ESOS Awards over the duration of the Proposed ESOS where the allocation available shall be awarded in one (1) single ESOS Award, or several separate and independent ESOS Awards; and
 - (ii) where the allocation is awarded in several separate and independent ESOS Awards, the number of Shares comprised in each ESOS Awards as well as whether the ESOS Awards are subject to any vesting period and if so, the vesting date(s) and vesting condition(s) and Performance Target(s) to be achieved for each ESOS Award.
- 5.8 No Eligible Person shall participate in the deliberation or discussion of their respective allocations under the ESOS.

6. ESOS AWARD

- 6.1 The ESOS Committee may at its discretion at any time and from time to time as it deems fit during the Duration of the Scheme, make an ESOS Award in writing for acceptance in accordance with By-Law 7 below to an Eligible Person, based on the criteria for allotment set out in By-Law 5 above and otherwise in accordance with the terms of this Scheme.
- 6.2 The actual number of ESOS Options which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee subject to any adjustments that may be made under By-Laws 18 but shall not be more than the Maximum Allowable Allocation of such Eligible Person. The number of ESOS Options so offered which may be exercised in respect of all or any part of the Shares shall not be less than one hundred (100) Shares and shall be in multiples of one hundred (100) Shares (or in any other denomination as prescribed by Bursa Securities as a board lot).

DRAFT BY-LAWS (CONT'D)

- 6.3 An ESOS Award shall be valid for acceptance for a period of thirty (30) days from the Award Date or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion ("**Offer Period**").
- 6.4 The ESOS Committee shall state the following particulars in the letter of offer of an ESOS Award:
- (i) the number of ESOS Options that are subject of the ESOS Award;
 - (ii) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the vesting and exercise of the ESOS Options;
 - (iii) the date of the ESOS Award;
 - (iv) the Option Period;
 - (v) the Option Price;
 - (vi) the Offer Period as mentioned in By-Law 6.3;
 - (vii) the Vesting Conditions;
 - (viii) the ESOS Vesting Date(s);
 - (ix) the basis of the allocation of the ESOS Award(s) made having regard to the Eligible Person(s)' annual appraised performance, class or grade of employment, Maximum Allowable Allocation and such other consideration that the ESOS Committee may in its sole and absolute discretion deem fit; and
 - (x) any other information deemed necessary by the ESOS Committee.
- 6.5 Without prejudice to By-Law 2, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 6.4 above, the following provisions shall apply:
- (i) As soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of offer, stating the correct particulars referred to in By-Law 6.4 above;
 - (ii) In the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of offer shall remain as the Option Price as per the original letter of offer; and
 - (iii) In the event that the error relates to the Option Price, the Option Price stated in the supplemental letter of offer shall be the Option Price applicable as at the date of the original letter of offer, save and except with respect to any ESOS Option which has already been exercised as at the date of issue of the supplemental letter of offer.
- 6.6 When an ESOS Award is made pursuant to these By-Laws, the ESOS Committee shall ensure that the Company makes an announcement of the following to Bursa Securities on the date of the ESOS Award:
- (i) the date of ESOS Award;
 - (ii) the Option Price;
 - (iii) the number of Options or Shares offered;
 - (iv) the market price of its Shares on the date of the ESOS Award;

DRAFT BY-LAWS (CONT'D)

- (v) the number of Options or Shares to each Director, if any; and
- (vi) the vesting period of the Options or Shares offered.

6.7 The Company shall keep and maintain at its expense a register of options granted as required under Section 129 of the Act.

7. ACCEPTANCE OF ESOS AWARD

7.1 An ESOS Award shall be accepted by the Eligible Person within the Offer Period by way of a written notice of acceptance addressed to the ESOS Committee accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the ESOS Award (regardless of the number of Shares comprised therein). The date of receipt by the ESOS Committee of such written notice and the payment shall constitute the Date of Acceptance.

7.2 The ESOS Committee shall within thirty (30) days of the Date of Acceptance issue to the ESOS Grantee an option certificate in such form as may be determined by the ESOS Committee.

7.3 If the ESOS Award is not accepted in the manner set out in By-Law 7.1 above, such ESOS Award shall upon the expiry of the Offer Period automatically lapse and be null and void and of no further force and effect. The new Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons or for future ESOS Award.

7.4 The Options or such part thereof as may be satisfied in the ESOS Award will only vest with the ESOS Grantee on the ESOS Vesting Date(s) if as at the ESOS Vesting Date(s) the Vesting Conditions (if any) are fully and duly satisfied, including the following:

- (i) the said ESOS Grantee has not been adjudicated a bankrupt;
- (ii) the said ESOS Grantee remains an Employee or a Director (excluding dormant subsidiaries) (as the case may be) and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated; and
- (iii) any other conditions as may be determined by the ESOS Committee in accordance with the By-Laws.

7.5 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, among others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition if the ESOS Committee decides that a changed Performance Target would be a fairer measure of performance. If the ESOS Committee determines, in its discretion, that the Vesting Condition and/or any other condition applicable to that ESOS Award has not been satisfied (whether fully or partially), that ESOS Award shall lapse and be of no value.

8. CANCELLATION OF ESOS AWARD

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

DRAFT BY-LAWS (CONT'D)

9. EXERCISE OF ESOS OPTIONS

- 9.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 9.2 Subject to By-Laws 4.7, 14, 19, 20, 21 and 22, an ESOS Grantee shall be allowed to exercise the ESOS Options granted to him or her (subject to By-Law 9.4 during the Duration of the Scheme) as provided in these By-Laws whilst he/she is in the employment with the Group or during his/her tenure as Director and within the Option Period.
- 9.3 An ESOS Grantee shall exercise the Options granted to him/her in whole or in part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary, in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 18 which results in the number of Shares comprised in an Option not being in multiples of one hundred (100) Shares, then the requirement that an Option shall be exercised in multiples of one hundred (100) Shares shall not be applicable for the ESOS Grantee's final exercise of the balance Option and such balance Option has to be executed in a single application.
- 9.4 An ESOS Grantee shall exercise his/her ESOS Options vested in him/her in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the letter of offer. The procedure for the exercise of ESOS Options to be complied with by an ESOS Grantee shall be determined by the ESOS Committee from time to time. Any ESOS Option including vested Options which remains unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.5 Subject to By-Law 9.4, an ESOS Grantee shall exercise his/her ESOS Options by issuing the Notice of Exercise, stating the number of ESOS Options to be exercised and number of Shares to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the Option Price in relation to the number of Shares in respect of which the Notice of Exercise is given provided that the number of new Shares stated therein shall not exceed the amount granted to such ESOS Grantee and be subject to By-Laws 9.2 and 9.3 above. The ESOS Committee may, pursuant to By-Law 25 hereof, at any time and from time to time, before or after the ESOS Award is awarded, limit the times and exercise, and the exercise of the ESOS Option to a maximum number of new Shares and/or such percentage of total new Shares comprised in the ESOS Award during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by an ESOS Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the ESOS Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.
- 9.6 The ESOS Grantee shall provide all information as required in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, SICDA and the Rules of Bursa Depository, the Company shall allot and issue the relevant number of Shares to the ESOS Grantee, despatch the notice of allotment to the ESOS Grantee stating the number of Shares so credited, and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the ESOS Grantee or his/her authorised nominee, as the case may be. No physical share certificates will be issued to the ESOS Grantee or his authorised nominee (as the case may be).

DRAFT BY-LAWS (CONT'D)

- 9.7 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect to the ESOS Grantee, to suspend the right of any ESOS Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such ESOS Grantee or are found to have had no basis or justification) to exercise his/her ESOS Options pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the ESOS Grantee's right to exercise his/her ESOS Options and/or have new ESOS Options vested in him/her having regard to the nature of the charges made or brought against such ESOS Grantee, provided always that:
- (i) in the event such ESOS Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such ESOS Grantee to exercise his/her Option;
 - (ii) in the event the Disciplinary Proceedings result in a recommendation for the dismissal or termination of service of such ESOS Grantee, all unexercised and partially exercised ESOS Options of the ESOS Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the ESOS Grantee, upon pronouncement of the dismissal or termination of service of such ESOS Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the ESOS Grantee in any other forum;
 - (iii) in the event the ESOS Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the ESOS Grantee may continue to exercise his/her ESOS Options and/or have new ESOS Options vested in him / her and if so, to impose such terms and conditions as it deems appropriate, on such exercise and/or vesting of his/her ESOS Options; and
 - (iv) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the ESOS Options of such ESOS Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or 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 these By-Laws. Any ESOS Award that has lapsed and become null and void pursuant to this By-Law 9.7 may, at the discretion of the ESOS Committee, be re-allocated to other Eligible Persons.

- 9.8 The Group, the Board (including Directors that had resigned but were a member of the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by an ESOS Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any ESOS Award.
- 9.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number or any other information provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the ESOS Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the ESOS Grantee shall be deemed not to have exercised his/her Option.

DRAFT BY-LAWS (CONT'D)

- 9.10 Every ESOS Award shall subject to the condition that no new Shares shall be issued pursuant to the ESOS Award if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Duration of the Scheme or such period as may be extended.

10. OPTION PRICE

- 10.1 The Option Price of each new Share upon the exercise of an ESOS Option shall, subject always to the provisions of By-Law 18 hereof and the Listing Requirements, be the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding the date of the ESOS Award less a potential discount of not more than ten percent (10%) therefrom or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time, as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive.
- 10.2 The Option Price shall be stipulated in each option certificate.

11. NON-TRANSFERABILITY

- 11.1 An ESOS Award is personal to the ESOS Grantee and subject to the provisions of By-Laws 11.2, 11.3, 14.2, 14.3 and 14.4, is exercisable only by the ESOS Grantee personally during his/her lifetime whilst he/she is in the employment of any company within the Group.
- 11.2 An ESOS Award shall not be transferred, assigned, disposed of or subject to any encumbrances by the ESOS Grantee. Any attempt to transfer, assign, dispose or encumber any ESOS Award shall result in the automatic cancellation of the ESOS Award.
- 11.3 Notwithstanding this By-Law 11, in the event an ESOS Grantee is transferred to another company within the Group which has its own share issuance scheme, the ESOS Grantee shall be entitled to continue to exercise all unexercised ESOS Award(s) granted under this Scheme, in accordance with these By-Laws, but such ESOS Grantee shall not upon such transfer taking effect be eligible to participate for further ESOS Award under this Scheme.

12. RIGHTS ATTACHING TO SHARES UNDER ESOS AWARD

- 12.1 The new Shares to be allotted and issued under the Scheme will be subject to the provisions of the Constitution and will, upon allotment and issue, rank equally in all respects with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the allotment and issue of new shares are made on or prior to the Entitlement Date of such dividends, rights, allotments and/or other distributions.
- 12.2 The ESOS Award shall not carry any rights to vote at any general meeting of the Company. For the avoidance of doubt, the ESOS Grantee shall not in any event be entitled to any dividends, rights, allotments or other distributions on his/her unexercised ESOS Options.

13. RESTRICTION ON DEALING/RETENTION PERIOD

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

DRAFT BY-LAWS (CONT'D)

An Eligible Person who is a Non-Executive Director of the Company shall not sell, transfer or assign the new Shares obtained through the exercise of the ESOS Award offered to him/her within one (1) year from the Award Date.

14. TERMINATION OF THE ESOS AWARD

14.1 Prior to the full vesting of any ESOS Award and/or the allotment or satisfaction by any other means of an ESOS Award in the manner as provided for under these By-Laws, such ESOS Award that remains unvested or unexercised or unsatisfied shall be automatically terminated and ceased or be deemed to cease to be valid without any claim against the Group in the following circumstances:

- (i) termination or cessation of employment of the ESOS Grantee with the Group by reason of resignation or for any reason whatsoever, in which event the termination of ESOS Award shall be effective on the ESOS Grantee's last day of employment;
- (ii) bankruptcy of the ESOS Grantee, in which event the termination of ESOS Award shall be effective on the date a receiving order is made against the ESOS Grantee by a court of competent jurisdiction;
- (iii) upon the happening of any other event which results in the ESOS Grantee being deprived of the beneficial ownership of the ESOS Award;
- (iv) in accordance with By-Law 21; or
- (v) termination of the Scheme pursuant to By-Law 22.4, in which event the termination of the ESOS Award shall be effective on the Termination Date (as defined below) pursuant to By-Law 22.4.

Upon the termination of the ESOS Award(s) pursuant to By-Laws 14.1(i), (ii), (iii), (iv) or (v) above, the ESOS Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any ESOS Award(s) or right to exercise his/or her ESOS Option(s) or his/her ESOS Award(s) ceasing to be valid.

14.2 Notwithstanding By-Law 14.1(i) above, the ESOS Committee may at its discretion allow vested Option to remain exercisable during the Option Period and/or as the case may be, for all or any part of any unvested ESOS Award as may be proportionate to the duration of service provided by such ESOS Grantee to vest in accordance with the provisions of these By-Laws, and at the times or period at or within which such ESOS Award may vest (provided that no ESOS Award shall vest after the ESOS Vesting Date(s) has passed) and in such other manner and on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

- (a) ill-health, injury, physical or mental disability;
- (b) retirement at or after attaining the normal retirement age, or retirement before attaining the normal retirement age with the consent of his/her employer;
- (c) redundancy or retrenchment pursuant to the acceptance by that ESOS Grantee of a voluntary separation scheme offered by a company within the Group; or
- (d) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion.

DRAFT BY-LAWS (CONT'D)

- 14.3 In the event where an ESOS Grantee dies before the Date of Expiry and at the time of his / her death held unexercised vested Options, such vested Options may be exercised by the legal or personal representative(s) of the ESOS Grantee after the date of his / her death no later than twenty four (24) months after the death of the ESOS Grantee unless otherwise approved by the ESOS Committee. Such exercise by the legal or personal representative(s) of the ESOS Grantee after his / her death shall always be subject to any restriction in the ESOS Award (unless otherwise approved by the ESOS Committee) and provided further that no vested Option shall be exercised after the Date of Expiry. All vested Options remaining unexercised after the Date of Expiry shall automatically lapse and become null and void.
- 14.4 In the event where an ESOS Grantee dies before the Date of Expiry and at the time of his death held unvested Options or unvested Shares, then the ESOS Committee may, in its discretion determine whether the ESOS Award then held by such ESOS Grantee, to the extent not yet vested, shall lapse or that all or any part of such ESOS Award shall be preserved. If the ESOS Committee determines that the ESOS Award shall lapse, then such ESOS Award shall lapse without any claim whatsoever against the Company. If the ESOS Committee determines that all or any part of the ESOS Award shall be preserved, the ESOS Committee shall decide as soon as reasonably practicable following such event either to vest some or all of the Options and/or new Shares which are the subject of the ESOS Award or to preserve all or part of any ESOS Award and/or each ESOS Vesting Date (if any) and subject to the provisions of the ESOS Award. In exercising its discretion, the ESOS Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that ESOS Grantee and the extent to which the Vesting Conditions (if any) has/have been satisfied.
- 14.5 Any ESOS Award that has lapsed and become null and void pursuant to this By-Law 14 may at the discretion of the ESOS Committee be re-allocated to other Eligible Persons.

15. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

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

16. SCHEME NOT A TERM OF EMPLOYMENT

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

17. TAXES

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

DRAFT BY-LAWS (CONT'D)**18. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS**

- 18.1 In the event of any alteration in the share capital of the Company during the Duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of shares or reduction or any other variation of share capital or otherwise howsoever, the ESOS Committee may, in its discretion, determine whether:
- (a) the Option Price and/or
 - (b) the number of unexercised or unvested ESOS Options; and
 - (c) the Option Price and/or number of ESOS Options in respect of which future ESOS Award may be granted under the ESOS,
- shall be adjusted, and if so, the manner in which such adjustments should be made.
- 18.2 The provisions of this By-Law 18 shall not apply where the alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of Shares pursuant to the exercise of ESOS Options under the Scheme;
 - (ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business;
 - (iii) an issue of securities via a private placement;
 - (iv) any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;
 - (v) a restricted issue of securities;
 - (vi) an issue of new Shares arising from the exercise/conversion of warrants, convertible loan stocks or other instruments of the Company; or
 - (vii) a purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to the Section 127 of the Act.
- 18.3 Save as expressly provided for herein, the external auditors or Principal Adviser (which must be a principal adviser under the Principal Adviser Guidelines issued by the Securities Commission Malaysia) selected by the Directors (acting as experts and not as arbitrators) shall confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of such external auditors or Principal Adviser shall be final, binding and conclusive.
- 18.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of Part III of the Act, By-Law 18.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 18.1 is applicable, but By-Law 18.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 18.1 is not applicable as described in By-Law 18.2.
- 18.5 Any adjustment pursuant to By-Law 18.1 shall be made according to the following terms:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or

DRAFT BY-LAWS (CONT'D)

- (ii) in the case of a consolidation or subdivision of Shares or reduction of share capital, on the next Market Day immediately following the date on which the consolidation, subdivision or reduction becomes effective or such other period as may be prescribed by Bursa Securities.

18.6 Upon any adjustment required to be made pursuant to this By-Law 18, the Company shall notify the ESOS Grantee (or his or her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth the Option Price or number of ESOS Options which are the subject of the adjusted ESOS Award.

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

18.7 In respect of the ESOS Options, any adjustment pursuant to this By-Law 18 shall be made in accordance with the following formulae below (as applicable), pursuant to By-Law 18.6:

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

$$\frac{\text{Total number of issued Shares before the consolidation, subdivision or conversion}}{\text{Total number of issued Shares after the consolidation, subdivision or conversion}}$$

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

$$\frac{\text{Total number of issued Shares after the consolidation, subdivision or conversion}}{\text{Total number of issued Shares before the consolidation, subdivision or conversion}}$$

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

- (b) If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves of the Company, in respect of ESOS Options, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

Where:

A = The aggregate number of issued Shares immediately before such bonus issue or capitalisation of profits or reserves of the Company; and

B = The aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully issued by way of bonus issue or capitalisation of profits or reserves 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 immediately following the Entitlement Date for such issue.

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

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

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

and in respect of the case referred to in By-Law 18.7(c)(ii) hereof, the number of Shares relating to the ESOS Options shall be adjusted by multiplying the existing number of Shares relating to the ESOS Options by the following fraction:

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

Where:

- C = The current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation or (where appropriate) any relevant date as may be determined by the Company in consultation with the Principal Adviser;
- D = (aa) In the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 18.7(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 18.7(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) In the case of any other transaction falling within By-Law 18.7(c) hereof, the fair market value as determined (with the concurrence of the auditor) by the external auditors or Principal Adviser of that portion of the Capital Distribution attributable to one (1) Share; and
- D* = The value of the rights attributable to one (1) Share (as defined below).

DRAFT BY-LAWS (CONT'D)

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

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

Where:

- C = C as in By-Law 18.7(c) hereof;
- E = The subscription price for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or subscribe for security convertible into one (1) additional Share or rights to acquire or subscribe for additional Shares.

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

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

Where:

- C = C as in By-Law 18.7(c) hereof;
- E* = The subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = The number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 18.7(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new Shares (not falling under By-Law 18.7(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company.

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

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

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 18.7(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer of invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

DRAFT BY-LAWS (CONT'D)

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

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 18.7(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of Shares relating to the ESOS Options shall be adjusted by multiplying the existing number of Shares relating to the ESOS Options by the following fraction:

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

Where:

- B = B as in By-Law 18.7 (b) above;
- C = C as in By-Law 18.7 (c) above;
- G = The aggregate number of issued Shares on the Entitlement Date;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H* = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation, as the case may be; and
- I* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares.

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 18.7(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for ordinary shares as provided in By-Law 18.7(c)(iii) above, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

DRAFT BY-LAWS (CONT'D)

Where:

- C = C as in By-Law 18.7(c) above;
- G = G as in By-Law 18.7(d) above;
- H* = H* as in By-Law 18.7(d) above;
- I* = I* as in By-Law 18.7(d) above;
- J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders; and
- K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share.

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 18.7(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.7(c)(iii) above, and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

Where:

- B = B as in By-Law 18.7(b) above;
- C = C as in By-Law 18.7(c) above;
- G = G as in By-Law 18.7(d) above;
- H* = H* as in By-Law 18.7(d) above;
- I* = I* as in By-Law 18.7(d) above;
- J = J as in By-Law 18.7(e) above; and
- K = K as in By-Law 18.7(e) above.

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

DRAFT BY-LAWS (CONT'D)

For the purpose of By-Law 18.7(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the weighted average of the last traded prices for the five (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 the relevant authorities.

- 18.8 If an event occurs that is not set out in By-Law 18.7 or if application of any of the formula to an event results in a manifest error or does not, in the opinion of the ESOS Committee, achieve the desired result of preventing the dilution or enlargement of the Eligible Person's rights, the ESOS Committee may agree to an adjustment subject to the provision of By-Law 18.7 provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the ESOS Committee.
- 18.9 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Option Price, the number of Options and/or new Shares (as the case may be) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.
- 18.10 Any adjustment to the Option Price shall be rounded up to the nearest of RM0.01.
- 18.11 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 18, the number of Shares comprised in an ESOS Award shall automatically be rounded down to the nearest whole number.
- 18.12 Upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the ESOS Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of Shares thereafter to be issued on the exercise of the ESOS Options.

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

In the event of:

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

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any vested ESOS Options and/or the vesting of any unvested ESOS Award by the ESOS Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:

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

DRAFT BY-LAWS (CONT'D)

Upon the compromise or arrangement becoming effective, all Options remaining unexercised and all unvested ESOS Award shall cease to be capable of vesting and automatically lapse and become null and void.

20. DIVESTMENT FROM THE GROUP

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

- (a) shall:
 - (i) not be entitled to continue to exercise all such unexercised vested ESOS Options held by him/her; and
 - (ii) cease to be capable of being vested with any unvested ESOS Options under the Scheme,

from the date of completion of such divestment unless the ESOS Committee at its discretion permits such exercise of the unexercised vested ESOS Options or the vesting of the unvested ESOS Options including its allocation thereof. For the avoidance of doubt, save and except to the extent permitted by the ESOS Committee, all existing ESOS Award shall automatically lapse and be null and void and of no further force and effect; and

- (b) shall not be eligible to participate for further ESOS Award under the Scheme as from the date of completion of such divestment.

20.2 For the purposes of By-Law 20.1, a company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the ESOS Committee at its absolute discretion.

21. WINDING UP

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

22. DURATION OF THE SCHEME

22.1 The Scheme is conditional upon:

- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (ii) approval from Bursa Securities for the listing of and quotation for such number of Shares representing up to thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) on the ACE Market of Bursa Securities;
- (iii) approval of the shareholders of the Company for the Scheme being obtained;

DRAFT BY-LAWS (CONT'D)

- (iv) receipt of the approval(s) of any other relevant authorities (where applicable); and
- (v) fulfilment or waiver (as the case may be) of all applicable conditions attached to the above approvals (if any).

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

- 22.2 The Duration of the Scheme, or the duration of the ESOS, may be extended for a further period of up to five (5) years immediately from the expiry of the Duration of the Scheme ("**Date of Expiry**") at the discretion of the Board upon the recommendation of the ESOS Committee, without having to obtain approval of the Company's shareholders. Any extension of the Scheme shall not, in aggregate with the initial term, exceed ten (10) years from the Effective Date, or such longer period as may be allowed by the relevant authorities.
- 22.3 On the expiry of the Scheme, any ESOS Award which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void and of no further force and effect.
- 22.4 The Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry, provided that the Company makes an announcement immediately to Bursa Securities.

23. SUBSEQUENT EMPLOYEE SHARE SCHEMES

The Company may, in addition to the Scheme, implement more than one (1) employees' share scheme provided that the aggregate number of Shares available under all the employee share schemes implemented by the Company is not more than thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time or any other limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

24. COMPENSATION

- 24.1 This Scheme shall afford the ESOS Grantee no additional right to compensation or damages in the event of the cessation of his employment or appointment for any reason whatsoever.
- 24.2 Participation in this Scheme by an Eligible Person is a matter entirely separate from his terms and conditions of employment and participation in this Scheme shall in no respects whatever affect in any way an ESOS Grantee's terms and conditions of employment. In particular (but without limiting the generality of the foregoing words) any ESOS Grantee who ceases to hold office or leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, dismissal without just cause or excuse, or other breach of contract or by way of compensation for loss of office or otherwise howsoever.
- 24.3 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company or any corporation of the Group or any members of the ESOS Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group.
- 24.4 No ESOS Grantee or his / her legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising including but not limited to:

DRAFT BY-LAWS (CONT'D)

- (a) the suspension of his / her rights to exercise his / her Vested Options; or
- (b) his / her Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 25.

24.5 Neither the Scheme nor ESOS Award granted under the Scheme shall impose on the Company or the ESOS Committee or any of its members any liability whatsoever in connection with:

- (a) the lapse of any ESOS Award pursuant to any provision of the Scheme;
- (b) the failure or refusal by the ESOS Committee to exercise, or the exercise by the ESOS Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of the ESOS Committee made pursuant to any provision of the Scheme.

25. MODIFICATION / VARIATION TO THE SCHEME

25.1 The ESOS Committee may at any time and from time to time recommend to the Board any amendments and/or modifications to all or any of the provisions of the Scheme and these By-Laws and the power to amend and/or modify all or any of the provisions of the Scheme and these By-Laws shall rest with the Board provided that no amendment and/or modifications shall alter adversely the rights attaching to any ESOS Award granted prior to such amendment and/or modifications, nor alter such rights to the advantage of any ESOS Grantee without the prior approval of the shareholders of the Company as set out in By-Law 25.2. The ESOS Committee shall within ten (10) Market Days of any amendment and/or modification made pursuant to this By-Law notify the ESOS Grantee in writing of any amendment and/or modification made pursuant to this By-Law. The Company is required to submit to Bursa Securities a confirmation letter that the amendment and/or modification does not contravene any of the provisions of the Listing Requirements on employees' share option scheme and the rules issued by Bursa Depository no later than five (5) Market Days after the effective date of the said amendment and/or modification is made.

25.2 No such addition or amendment, modification and/or deletion of these By-Laws shall be made which will:

- (a) prejudice any rights then accrued to any ESOS Grantee without the prior consent or sanction of the majority of the ESOS Grantees at a meeting called for such purpose. The quorum for such meetings of ESOS Grantees shall be two (2);
- (b) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting;
- (c) increase the maximum number of new Shares which may be made available under the Scheme provided under By-Law 3.1; and
- (d) alter any matter which are required to be contained in the By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or ESOS Grantee,

unless allowed otherwise by the provisions of the Listing Requirements.

26. DISPUTES

Any dispute or difference of any nature arising hereunder shall be referred to the decision of the ESOS Committee. The said decision shall be final and binding on the parties unless the Eligible Person or ESOS Grantee, as the case may be, shall dispute the same by notice to the ESOS Committee within fourteen (14) days of the receipt of the decision of the ESOS Committee, in which case, such dispute or difference shall be referred to the decision of an approved company auditor as defined under Section 263 of the Act (acting as expert and not as arbitrator), whose decision shall be final and binding in all respects and whose costs shall be borne by the party against whom the decision is given on appeal.

DRAFT BY-LAWS (CONT'D)

27. COSTS AND EXPENSES

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

28. CONSTITUTION

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

29. NOTICE

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

30. SEVERABILITY

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

31. GOVERNING LAW

The Scheme, the By-Laws, and all ESOS Award made and granted and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia. The ESOS Grantee, by accepting the ESOS Award in accordance with the By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and it collectively and individually accepts full responsibility for the accuracy of the information given in this Circular and confirms that, after having made all reasonable enquiries and to the best of its knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

HLIB, being our 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.

HLIB has confirmed that no conflict of interest exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed ESOS.

3. MATERIAL COMMITMENTS

Save as disclosed below, our Board is not aware of any other material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits or net assets of our Group as at the LPD:

	RM'000
Approved and contracted for:	
- Purchase of leasehold industrial land	9,573
- Purchase of equipment	4,364
	13,937

4. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits or net assets of our Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our EGM:

- (i) our Constitution;
- (ii) our audited consolidated financial statements for the past 2 financial years ended 31 December 2019 and 31 December 2020;

FURTHER INFORMATION (CONT'D)

- (iii) the letter of consent and conflict of interest referred to in Section 2 of this Appendix; and
- (iv) the draft By-Laws as set out in Appendix I of this Circular.

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HIAP HUAT HOLDINGS BERHAD

(Registration No. 200901038858 (881993-M))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Hiap Huat Holdings Berhad ("**Hiap Huat**" or the "**Company**") will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Monday, 24 May 2021 at 10.00 a.m. or immediately upon the conclusion or adjournment of the 11th Annual General Meeting of Hiap Huat which will be held at the same venue on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof to consider and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEE SHARE OPTION SCHEME OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF HIAP HUAT (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF HIAP HUAT AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED ESOS")

"THAT subject to the approvals of the relevant authorities and/or parties (where applicable) being obtained, approval be and is hereby given to the Board of Directors of Hiap Huat ("**Board**") to:

- (i) establish, implement and administer the Proposed ESOS, for the benefit of the eligible directors and employees of Hiap Huat and its subsidiaries (excluding dormant subsidiaries) who fulfil the eligibility criteria for participation in the Proposed ESOS (collectively, the "**Eligible Persons**"), under which awards comprising such number of options to subscribe for ordinary shares in Hiap Huat ("**Shares**") ("**Options**") shall be made, which shall be administered by a committee to be appointed by the Board ("**ESOS Committee**") in accordance with the by-laws of the Proposed ESOS ("**By-Laws**"), a draft of which is set out in Appendix I of the Circular to the shareholders of Hiap Huat dated 30 April 2021;
- (ii) allot and issue such number of new Shares from time to time to the Eligible Persons upon the exercise of the Options, provided that the aggregate number of Shares which may be awarded under the Proposed ESOS and any other employee share schemes which may be implemented from time to time by the Company, shall not exceed 30% of the total number of issued Shares (excluding treasury shares) at any point in time throughout the duration of the Proposed ESOS, and that such new Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares in issue, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of such new Shares;
- (iii) modify and/or amend the Proposed ESOS and/or the By-Laws from time to time, provided that such modifications and/or amendments are permitted and are effected in accordance with the provisions of the By-Laws relating to modifications and/or amendments; and
- (iv) do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreement, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate 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;

AND THAT the Board be and is hereby authorised and empowered to take all such steps and enter into all deeds, agreements, arrangements, undertakings, transfers and indemnities as it deems fit, necessary, expedient and/or appropriate and in the best interest of the Company in order to implement, finalise, complete and give full effect to the Proposed ESOS with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities as the Board deems fit, appropriate and in the best interest of the Company.”

ORDINARY RESOLUTIONS 2 TO 9

PROPOSED GRANTING OF OPTIONS TO THE DIRECTORS OF HIAP HUAT AND PERSONS CONNECTED WITH THEM

“**THAT** subject to the passing of Ordinary Resolution 1, and the approvals of all relevant authorities and/or parties (where applicable) being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee to offer and to grant, from time to time throughout the duration of the Proposed ESOS, such number of Options under the Proposed ESOS to the following directors of the Company and persons connected with them:

Ordinary Resolution	Directors
2	Zulkifly Bin Zakaria
3	Dato’ Chan Say Hwa
4	Datin Chow Pui Ling
5	Soo Kit Lin
6	Lee Yew Weng
7	Woo Yew Tim

Ordinary Resolution	Persons connected with Dato’ Chan Say Hwa and Datin Chow Pui Ling
8	Chow How Fai
9	Chow Chiat Wee

PROVIDED ALWAYS THAT:

- (i) not more than 10% of the total number of Shares to be made available under the Proposed ESOS shall be allocated to him/her if he/she, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued Shares (excluding treasury shares); and
- (ii) he/she must not participate in the deliberation or discussion of his/her own allocation, as well as that of the persons connected with him/her, under the Proposed ESOS,

and 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 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time;

AND THAT approval be and is hereby given to the Board to allot and issue such number of Shares arising from the exercise of the Options, from time to time, to the abovementioned persons.”

By Order of the Board

Tan Tong Lang (SSM PC No. 201908002253) (MAICSA 7045482)
Thien Lee Mee (SSM PC No. 201908002254) (LS0009760)
Company Secretaries

Selangor
30 April 2021

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not, be a member of the Company. Where a member/shareholder appoints more than one proxy to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”), it may appoint one or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each Omnibus Account it holds.
4. Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.
6. The Proxy Form must be deposited at the Share Registrar Office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for holding the meeting or any adjourned thereof.
7. For the purposes of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Record of Depositors as at 17 May 2021. Only a depositor whose name appears on the Record of Depositors shall be entitled to attend, speak and vote at the meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out above will be put to vote by way of poll.

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the EGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the EGM:

- (i) Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the EGM in person.
- (ii) Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the EGM on their behalf by submitting the proxy form with predetermined voting instruction.
- (iii) Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the EGM in person.
- (iv) Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the EGM in person.
- (v) In the interest of the public health including the well-being of the members of the Company, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the EGM in person.
- (vi) Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the meeting in person.
- (vii) Members or proxies are advised to observe/maintain social distancing throughout the meeting.
- (viii) NO door gift will be provided to the members or proxies.

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's and Company's website at www.hiaphuat.com for the latest updates on the status of the said meeting.

No. of Shares Held	CDS Account No.

PROXY FORM

(Before completing this form, please refer to the notes below)

I / We (Full name in block letters) _____

NRIC No. / Passport No. / Registration No. _____

of _____

being a member / members of Hiap Huat Holdings Berhad ("**Company**"), hereby appoint _____

_____ NRIC No. / Passport No. _____

of _____

and / or _____ NRIC No. / Passport No. _____

of _____

or failing him/her, the Chairman of the Extraordinary General Meeting ("**EGM**") as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the EGM of the Company to be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor, on Monday, 24 May 2021 at 10.00 a.m., or immediately upon the conclusion or adjournment of the 11th Annual General Meeting of the Company which will be held at the same venue on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof in the manner as indicated below:

NO.	RESOLUTIONS		FOR	AGAINST
1.	Proposed ESOS	Ordinary Resolution 1		
2.	Proposed granting of Options to Zulkifly Bin Zakaria	Ordinary Resolution 2		
3.	Proposed granting of Options to Dato' Chan Say Hwa	Ordinary Resolution 3		
4.	Proposed granting of Options to Datin Chow Pui Ling	Ordinary Resolution 4		
5.	Proposed granting of Options to Soo Kit Lin	Ordinary Resolution 5		
6.	Proposed granting of Options to Lee Yew Weng	Ordinary Resolution 6		
7.	Proposed granting of Options to Woo Yew Tim	Ordinary Resolution 7		
8.	Proposed granting of Options to Chow How Fai	Ordinary Resolution 8		
9.	Proposed granting of Options to Chow Chiat Wee	Ordinary Resolution 9		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____ 2021

Signature: _____

(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:

First Proxy

No. of shares: _____

Percentage: _____

Second Proxy

No. of shares: _____

Percentage: _____

Notes:

- A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not, be a member of the Company. Where a member/shareholder appoints more than one proxy to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint one or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each Omnibus Account it holds.
- Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.
- The Proxy Form must be deposited at the Share Registrar Office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- For the purposes of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Record of Depositors as at 17 May 2021. Only a depositor whose name appears on the Record of Depositors shall be entitled to attend, speak and vote at the meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
- Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out above will be put to vote by way of poll.



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AFFIX
STAMP

The Share Registrar
HIAP HUAT HOLDINGS BERHAD
(Registration No. 200901038858 (881993-M))

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

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