

14.0 ESOS

The shareholders of LNG have on 14 February 2003 adopted an ESOS for the benefits of the full-time executives and full-time salaried Executive Directors of LNG and its subsidiaries. The ESOS was approved by the KLSE and SC on 13 January 2003 and 8 January 2003 respectively.

No option has been granted under the ESOS as at the date of this Prospectus. The ESOS Bye-Laws are as follows:

1. DEFINITIONS

1.1 Except where the context otherwise requires, the following expressions in these Bye-Laws shall have the following meanings:

“Alliance”	: Alliance Merchant Bank Berhad
“Board”	: The Board of Directors of LNG
“Bye-Laws”	: The Bye-Laws governing the Scheme, as amended from time to time
“CDS”	: Central Depository System
“Central Depositories Act”	: The Malaysian Securities Industry (Central Depositories) Act, 1991
“Deposited Security(ies)”	: A security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense
“Depositor”	: A holder of a Securities Account
“Duration of the Scheme”	: The duration of the Scheme shall be five (5) years from the commencement of the Scheme as defined in Bye-Law 19 hereof unless extended in accordance with Bye-Law 19 hereof or terminated in accordance with Bye-Law 20 hereof
“Effective Date”	: The date the scheme comes into effect as determined in the manner specified in Bye-Law 19.1 hereof
“Eligible Employee”	: An employee (including an Executive Director) of the LNG Group who meets the criteria of eligibility for participation in the Scheme as set out in Bye-Law 4 hereof
“ESOS”	: Employees’ Share Option Scheme
“Executive Director”	: A Director on the board of any member of the LNG Group holding office in an executive capacity and on the payroll of such member and who satisfies the criteria set out in Bye-Law 4 hereof
“Grantee”	: An Eligible Employee who has accepted an Offer in the manner indicated in Bye-Law 8 hereof
“KLSE”	: Kuala Lumpur Stock Exchange
“LNG” or “Company”	: LNG Resources Berhad

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“LNG Group” or “Group”	: LNG and its non-dormant Subsidiaries, collectively
“LNG Share(s)”	: Ordinary share(s) of 10 sen each in the capital of the Company
“Listing Date”	: The date on which LNG’s entire issued and paid-up share capital of 90,000,020 of 10 sen each is listed and quoted on the MESDAQ Market
“Market Day”	: Any day between Mondays and Fridays, both days inclusive, which is not a market holiday or public holiday
“Maximum Allowable Allotment”	: The maximum number of new LNG Shares in respect of which Offers may be made to Eligible Employees, as provided in Bye-Law 6 hereof
“MCD”	: Malaysian Central Depository Sdn Bhd
“MESDAQ Market”	: MESDAQ Market of the KLSE
“Offer”	: An offer made in writing by the Option Committee to an Eligible Employee in the manner indicated in Bye-Law 5 hereof
“Offer Date”	: The date on which an Offer is made by the Option Committee to an Eligible Employee to participate in the Scheme in accordance with the Bye-Laws
“Option”	: The rights of a Grantee to subscribe for new LNG Shares pursuant to the contract constituted by acceptance by an Eligible Employee, in the manner as set out in Bye-Law 8 hereof, of an Offer made to such Eligible Employee pursuant to Bye-Law 5 hereof
“Option Certificate”	: A certificate issued by the Company pursuant to Bye-Law 8.1 hereof
“Option Committee”	: The committee to be appointed by the Board to implement and administer the Scheme
“Option Period”	: A period commencing from the Offer Date for each Eligible Employee and expiring on a date which the Option Committee may in its discretion decide provided that no Option Period shall extend beyond the Duration of the Scheme
“Option Price”	: In respect of each Option, the price per share at which a Grantee shall be entitled to subscribe for new LNG Shares by exercising his Option as set out in Bye-Law 7 hereof
“Record of Depositors”	: A record of Depositors established by the MCD under the Rules of the MCD
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“SC”	: Securities Commission, Malaysia

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“Scheme”	: The LNG Resources Berhad Employees’ Share Option Scheme for Eligible Employees to subscribe for new LNG Shares on the terms as set out herein
“Securities Account”	: An account established by MCD for a Depositor for the recording of Deposited Securities and for dealings in such securities by the Depositor
“Subsidiary(ies)”	: A subsidiary company of LNG as defined in Section 5 of the Companies Act, 1965

- 1.2 In these Bye-Laws, unless the context requires otherwise, words denoting the singular shall include the plural and words denoting the masculine gender shall include the feminine and neuter gender.
- 1.3 The headings in these Bye-Laws are for convenience only and shall not be taken into account in the interpretation of these Bye-Laws.
- 1.4 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 next market day.

2. NAME OF SCHEME

This Scheme will be named the “LNG Resources Berhad Employees’ Share Option Scheme”.

3. MAXIMUM NUMBER OF SHARES ALLOWABLE UNDER THE SCHEME

- 3.1 Subject to Bye-Law 3.2, the maximum number of new LNG Shares which may be available under the Scheme shall not exceed in aggregate thirty per cent (30%) of the total issued and paid-up share capital of the Company at any one time.
- 3.2 Notwithstanding the provision of Bye-Law 3.1 nor any other provisions herein contained, in the event the maximum number of new LNG Shares comprised in the Options granted under the Scheme exceeds the aggregate of thirty per cent (30%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own shares in accordance with the provisions of Section 67A of the Act and thereby diminishing its issued and paid-up capital, and/or reducing its share capital pursuant to Section 64 of the Act, then such Options granted prior to the adjustment of the issued and paid-up capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme.

However, no further Offer shall be made to any Eligible Employees as long as the aggregate shares comprised in the number of Options offered exceeds thirty per cent (30%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up capital, and/or reducing its share capital.

- 3.3 The Company will during the Option Period keep available sufficient authorised and unissued Shares to satisfy all Options, which may be exercised, in whole or in part during the Option Period.

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4. ELIGIBILITY

- 4.1 Subject to the discretion of the Option Committee, any employee (including an Executive Director) of the LNG Group shall be eligible to participate in the Scheme if, as at the Offer Date, the employee:
- (i) has attained the age of eighteen (18) years; and
 - (ii) is confirmed and employed full-time and is on the payroll of a company within the LNG Group.
- 4.2 Eligibility, however, does not confer on an Eligible Employee a claim or right to participate in the Scheme unless an Offer has been made in writing by the Option Committee to the Eligible Employee under Bye-Law 5.

5. OFFER

- 5.1 The Option Committee may at its discretion at any time and from time to time within the Duration of the Scheme as it shall deem fit make an Offer to any Eligible Employee whom the Option Committee may in its discretion select to subscribe during the Option Period for new LNG Shares in accordance with the terms of the Scheme.
- 5.2 Nothing herein shall prevent the Option Committee from making more than one (1) Offer to any Eligible Employee provided always that, the total aggregate number of new LNG Shares comprised in the Offers shall not be less than one hundred (100) new LNG Shares but not more than the Maximum Allowable Allotment as set out in Bye-Law 6 hereof and shall always be in multiples of one hundred (100) LNG Shares. In any case, any eligible Executive Director's maximum entitlement shall be based on one sitting only irrespective of his sittings on more than one (1) board within the Group.
- 5.3 Each Offer shall be made in writing by the Option Committee and shall state the number of new LNG Shares which the Eligible Employee shall be entitled to subscribe, the price at which the Eligible Employee is entitled to subscribe for each new LNG Share and the closing date for acceptance of the Offer.
- 5.4 No Option shall be granted to any Executive Director of the Company unless specific grant of Options to that Executive Director shall have previously been approved by the shareholders of the Company in a general meeting.
- 5.5 With the exception to Bye-Law 10.1, the Offer shall automatically lapse and be null and void in the event the Eligible Employee ceased to be employed by the LNG Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Employee in the manner set out in Bye-Law 8 hereof.
- 5.6 Subject to Bye-Law 10.1 (v), the Offer shall automatically lapse and be null and void in the event of death of the Eligible Employee.

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6. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT

- 6.1 Subject to Byc-Law 3.1 hereof, the allocation to the eligible Executive Directors and senior management, in aggregate, shall not exceed fifty per cent (50%) of the total LNG Shares available under the Scheme and the allocation shall be equitable throughout the various categories of Eligible Employees. In addition, not more than twenty-five per cent (25%) of the new LNG Shares available under the Scheme should be allocated to any individual Eligible Employee.
- 6.2 Subject to any adjustments which may be made under Bye-Law 14 hereof, the maximum number of new LNG Shares that may be offered and allotted to an Eligible Employee shall be determined at the discretion of the Option Committee taking into consideration the performance, seniority and years of service of the Eligible Employee and no maximum allowable allotment to each Eligible Employee shall be fixed, subject always to Bye-Law 3 hereof and the provisions of the Listing Requirements of the KLSE for the MESDAQ Market on ESOS relating to allocations to Eligible Employees.

In the circumstances where the maximum allowable allotment as provided in the Listing Requirements of the KLSE for the MESDAQ Market on ESOS is amended by the KLSE, from time to time, the Option Committee shall have the discretion to make the necessary adjustments so that the number of new LNG Shares comprised in an Option that may be offered to any one of the Eligible Employees shall be in accordance with the provisions of the Listing Requirements of the KLSE for the MESDAQ Market prevailing during the Option Period.

7. OPTION PRICE

The Option Price for:

- (i) any Option granted prior to or on the Listing Date shall be at the initial public offer price; or
- (ii) any Option granted after the Listing Date shall be based on the five (5)-day weighted average market price of LNG Shares immediately preceding the Offer Date of the Option with a discount of not more than 10% if deemed appropriate.

8. ACCEPTANCE OF THE OFFER

- 8.1 The Offer to participate in the Scheme shall be valid for acceptance for a period of thirty (30) days from the Offer Date or such longer period as may be determined by the Option Committee on a case to case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to the Option Committee in the form prescribed by the Option Committee from time to time. Within thirty (30) days from receipt of such notice and payment, the Company shall issue to the Eligible Employee a certificate confirming the grant to the Option and the number of new LNG Shares comprised therein ("Option Certificate"). In the event that the Eligible Employee fails to accept the Offer within the prescribed period and in the manner aforesaid, the Offer shall automatically lapse PROVIDED THAT the Option Committee shall not be precluded from making a new Offer to the Eligible Employee subsequently.

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- 8.2 Acceptance of the Offer by an Eligible Employee shall be accompanied by the payment of Ringgit Malaysia One (RM 1.00) as non-refundable consideration for Option.
- 8.3 An Option shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.
- 8.4 The Option may be cancelled at the discretion of the Grantee by notice in writing to the Option Committee.

9. EXERCISE OF OPTIONS

- 9.1 Subject to Bye-Law 9.2 hereof, an Option may be exercised by the Grantee by notice in writing to the Company in the prescribed form from time to time during the Option Period in respect of all or any part of the new LNG Shares comprised in the Option, provided that where an Option is exercised in respect of a part of the new LNG Shares comprised therein, the number of new LNG Shares of which such Option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).
- 9.2 Subject to Bye-Law 14 hereof, the Option Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new LNG Shares and/or such percentage of the total new LNG Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its discretion including amending/varying any terms and conditions imposed earlier.

The partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of the new LNG Shares comprised in the Option.

Any new LNG Shares comprised in an Option not subscribed for in any year following the date on which the Option was granted, may be subscribed for in any subsequent year until and including the last year of the Option Period.

- 9.3 Every such written notice referred to in Bye-Law 9.1 hereof must be in the form prescribed by the Option Committee from time to time and accompanied by a remittance (calculated in accordance with the provisions of Bye-Law 7 hereof) for the full amount of the subscription monies for the new LNG Shares in respect of which notice is given. Within ten (10) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee, the Company shall allot such new LNG Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Articles of Association of the Company, the Central Depositories Act and the Rules of the MCD; and if applicable, return the Option Certificate to the Grantee with an endorsement thereon stating the balance new LNG Shares comprised therein.

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- 9.4 A Grantee who exercises his Option shall provide the Option Committee with his CDS account number or the CDS account number of his Authorised Nominee, as the case may be, in the notice referred to in Bye-Law 9.1. The new LNG Shares to be issued pursuant to the exercise of an Option will be credited into the CDS account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS account will be issued and despatched to the Grantee or the Grantee's Authorised Nominee with a copy to the Grantee, as the case may be, within ten (10) Market Days from the date of receipt by the Company of the written notice of the exercise of the Option together with the requisite remittance. No physical share certificate(s) will be issued.
- 9.5 No Options shall be exercisable after the expiry of the Option Period.
- 9.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the Option Committee may, in its discretion, suspend and/or cancel the right of the Grantee to exercise his Option pending the outcome of such disciplinary proceedings. The Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee and the outcome of such disciplinary proceedings PROVIDED ALWAYS THAT in the event that such Grantee shall subsequently be found to be not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the rights of such Grantee to exercise his Option PROVIDED THAT such reinstatement is within the Duration of the Scheme in accordance with Bye-Law 19 hereof.
- 9.7 The Board, the Option Committee, the Company and/or any officer of the Company shall not under any circumstances be held liable for any costs, losses, expenses and/or damages whatsoever or howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing the new LNG Shares or in procuring the KLSE to list the new LNG Shares for which the Grantee is entitled to subscribe.
- 9.8 Subject to the discretion of the Option Committee, failure by the Grantee to comply with the procedure for an exercise of an Option as stipulated in Bye-Laws 9.1 to 9.5 herein will invalidate the purported exercise of such Option by an Eligible Employee.
- 9.9 Every Option shall be subject to the condition that no new LNG Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

10. TERMINATION OF THE OPTION

- 10.1 In the event of the cessation of employment of a Grantee with the LNG Group for whatever reason prior to the exercise of his Options or prior to full exercise of his Options, such Option shall cease immediately on the date of such cessation without any claim against the Company PROVIDED ALWAYS THAT subject to the written approval of the Option Committee in its discretion, if such cessation occurs by reason of:-
- (i) retirement on attaining the retirement age under the LNG Group's retirement policy;
 - (ii) retirement before attaining the normal retirement age but with the consent of the Board;

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- (iii) redundancy or any voluntary separation scheme;
- (iv) ill-health, injury, physical or mental disability; or
- (v) any other circumstances which are acceptable to the Option Committee,

such Option shall remain exercisable during the Option Period.

- 10.2 Subject to Bye-Law 10.1 above, upon the resignation of the Grantee from his employment with the LNG Group, his remaining unexercised Options shall cease with immediate effect on the date of such cessation.
- 10.3 An Option shall immediately become void and of no further effect upon the Grantee being adjudicated a bankrupt.
- 10.4 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.
- 10.5 Where a Grantee dies before the expiry of the Option Period and at the time of his death held unexercised Options, such Options shall cease immediately on the date of such death without any claim against the Company PROVIDED ALWAYS THAT, subject to the written approval of the Option Committee in its discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death provided that such exercise shall be within the Option Period and shall not be later than twelve (12) months after the date of his death.

11. TAKEOVER

Notwithstanding Bye-Law 9 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities:

- (i) in the event a takeover offer being made to the shareholders of the Company by a general offer or otherwise and such offer becoming or being declared unconditional, then notwithstanding Bye-Law 9 hereof, the Grantee shall be entitled, within three (3) months of the date on which such offer becomes or is declared unconditional, to exercise in full or in part any Option as yet unexercised within the Option Period, after which the Option shall automatically lapse and be null and void; and
- (ii) in the event a person becomes entitled or bound to exercise rights of compulsory acquisition of LNG Shares under the provisions of the Companies Act, 1965 or the Securities Commission Act, 1993 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("Specific Date"), then notwithstanding Bye-Law 9 hereof, the Option shall remain exercisable by the Grantee until the expiry of the Specific Date. In the foregoing circumstance if the Grantee fails to exercise his Option or elects to exercise only part of his Option by the Specific Date, then the Option, or as the case may be the Option in relation to the balance thereof, shall automatically lapse after the Specific Date and be null and void.

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12. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

Notwithstanding Bye-Law 9 hereof and subject to the discretion of the Option Committee, in the event of 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 176 of the Companies Act, 1965 or its amalgamation with any other company or companies under Section 178 of the Companies Act, 1965, then notwithstanding Bye-Law 9 hereof, a Grantee may be entitled to exercise all or any part of his Option or Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period.

13. RETENTION PERIOD

The new LNG Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option or Options will not be subject to any retention period. However, the Grantees are encouraged to hold the LNG Shares as a long-term investment and not for any speculative purpose and/or realisation or immediate gains.

14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issues, reduction, subdivisions or consolidation of capital or otherwise howsoever taking place:

- (i) the Option Price; and/ or
- (ii) the number of new LNG Shares comprised in the Option so far as unexercised

shall be adjusted in such manner as the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, confirm in writing to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:-

- (a) no adjustment to the Option Price shall be made which would result in the new LNG Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new LNG Shares;
- (b) upon any adjustment being made pursuant to this Bye-Law hereof, the Option Committee shall within ten (10) Market Days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new LNG Shares thereafter to be issued on the exercise of the Option; and

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- (c) all participants are given the same proportion of the issued and paid-up share capital of the Company as they were previously entitled to, by ensuring the capital outlay to be incurred by option holders in exercising their options remains unaffected. Where it is not practicable to ensure that all participants are given the same proportion of the issued and paid-up share capital of the Company as they were previously entitled to, the Company will seek a waiver from the SC and KLSE from complying with the requirement.

14.2 The provisions of this Bye-Law shall not apply where the alteration in the capital structure of the Company arises from:

- (i) an issue of new LNG Shares or other securities convertible into or securities with rights to acquire or subscribe for LNG Shares, and in any such case, in consideration or part consideration for an acquisition of any other securities, assets or business;
- (ii) a special issue of new LNG Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation;
- (iii) a private placement or restricted issue of new LNG Shares by the Company;
- (iv) a share buy-back arrangement by the Company;
- (v) an issue of new LNG Shares arising from the exercise of any conversion rights attached to securities convertible to new LNG Shares or upon exercise of any other rights including Warrants (if any) issued or to be issued by the Company; and
- (vi) an issue of new LNG Shares upon the exercise of Options pursuant to the Scheme.

15. QUOTATION OF SHARES

The new LNG Shares to be allotted and issued to the Grantee will not be listed or quoted on the KLSE until the Option is exercised in accordance with Bye-Law 9 above whereupon the Company shall make the necessary application to the KLSE for the listing of and quotation for such new LNG Shares and use its best endeavours to obtain permission for the dealing therein.

16. RANKING OF NEW LNG SHARES

The new LNG Shares to be allotted upon any exercise of any Options granted shall, upon allotment and issue, rank *pari passu* in all respects with the existing LNG Shares save and except that the new LNG Shares so allotted will not be entitled to any dividends, rights, allotments and/ or other distributions made or paid to shareholders of the Company the entitlement date thereof precedes the date of allotment of the said shares. For the purpose hereof, entitlement date means the date as at the close of business on which shareholders must be registered in order to participate in any dividends, rights, allotments and/ or other distributions.

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17. ADMINISTRATION

The Scheme shall be administered by the Option Committee consisting of such persons appointed by the Board. The Option Committee shall administer the Scheme in such manner as it shall in its discretion deem fit. For the purpose of administering the Scheme, the Option Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the Option Committee may in its discretion deem fit necessary and/or expedient for the implementation of the Scheme.

The Board shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the Option Committee.

18. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

Subject to the approvals of any relevant authorities, the Board shall have the power at any time and from time to time by resolution to amend and/or modify all or any of the provisions of the Scheme PROVIDED THAT no such amendment and/or modification shall be made which would either materially prejudice the rights then accrued to any Grantee without the Grantee's prior consent or alter to the advantage of any Grantee in respect of any provisions of the Scheme without the prior approval of the Company's shareholders in a general meeting.

Where an amendment and/or modification is made to the Bye-Laws of the Scheme, the Company shall submit to the SC and KLSE a confirmation letter that the amendment and/or modification does not contravene any of the provision of the guidelines on ESOS as stipulated under the Listing Requirements of the KLSE for the MESDAQ Market.

19. EFFECTIVE DATE AND DURATION OF THE SCHEME

19.1 The Scheme shall commence from the date the advising merchant bank for the Scheme submits the final copy of the Bye-Laws of the Scheme and confirms in writing to the SC and KLSE that the Company has:

- (i) fulfilled the SC's and KLSE's conditions of approval for the Scheme and that the Bye-Laws do not contravene the guidelines on ESOS as stipulated under the Listing Requirements of the KLSE for the MESDAQ Market; and
- (ii) obtained other relevant approvals for the ESOS and has fulfilled any conditions imposed therein;

and shall be in force for a period of five (5) years from the date of commencement ("the Initial Period") subject however to any extension or renewal for a further period of five (5) years commencing from the day after the date of expiry of the original five (5) year period as may be approved by:

- (a) SC;
- (b) KLSE;
- (c) shareholders of the Company in a general meeting; and
- (d) any other relevant authority whose approval is necessary in respect of the Scheme.

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- 19.2 No further Options will be granted upon the expiry of the Initial Period unless the Company in a general meeting agrees to continue with the Scheme with or without variations and PROVIDED FURTHER THAT the prior approvals of the SC, KLSE and/or any other relevant authorities have been obtained for such continuance.
- 19.3 If the existing Scheme is not extended, the Company may establish a new scheme after the expiry date of the existing Scheme subject to the approval of the SC and KLSE.

20. TERMINATION OF THE SCHEME

- 20.1 Notwithstanding the provisions of Bye-Law 19, the Scheme may be terminated by the Company at any time during the Duration of the Scheme provided the following approval(s)/consent(s) are obtained:-
- (i) the approval of the SC for the termination of the Scheme;
 - (ii) the approval of the KLSE for the termination of the Scheme;
 - (iii) the consent of the shareholders at a general meeting wherein at least a majority of the shareholders present voted in favour of the termination; and
 - (iv) the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.
- 20.2 In seeking the above approvals/ consents for the termination of the Scheme, the Company must provide sufficient information on the following matters:
- (i) reasons for termination;
 - (ii) whether or not the termination of the Scheme would be in the best interest of the Company; and
 - (iii) any other information that would justify termination of the Scheme.

21. DISPUTES

In the event of any dispute or difference between the Option Committee and an Eligible Employee or Grantee, as to any matter or thing of any nature arising hereunder, the Option Committee shall determine such dispute or difference by a written decision (without any obligation to give any reasons therefor) given to the Eligible Employee or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Employee or Grantee, as the case may be, shall dispute the decision by written notice to the Option Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the external auditors of the Company for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the external auditors are unable to reach a decision in respect of the dispute, such dispute shall be referred to a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

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22. COMPENSATION

- 22.1 An Eligible Employee or Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 22.2 No Eligible Employee or Grantee or legal or personal representatives shall bring any claim, action or proceeding against the Company or the Option Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these Bye-Laws, as may be amended from time to time in accordance with Bye-Law 18 hereof.

23. TRANSFERS FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (i) an employee or an Executive Director who was employed in:
- (a) a corporation which is related to the Company pursuant to Section 6 of the Companies Act, 1965 (but excluding any subsidiaries of the Company); or
 - (b) a corporation which is an associated company of the Company; or
 - (c) a corporation in which the Company is an associated company; or
 - (d) a corporation which is a subsidiary of the first mentioned corporation referred to in Bye-Law 23(i)(c) above

and is subsequently transferred from such corporation to any company within the Group; or

- (ii) an employee or an Executive Director who was in the employment of a corporation referred to in Bye-Law 23(i) above which subsequently becomes a member of the Group as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group;

(the corporation in Bye-Laws 23(i) and 23(ii) above are hereinafter referred to as the "Previous Company"), such an employee or Executive Director of the Previous Company (the "Affected Employee") will, if the Affected Employee satisfies all the conditions of these Bye-Laws, be eligible to participate in the Scheme PROVIDED THAT the Affected Employee:

- (i) may be entitled to exercise all such unexercised or partially exercised option(s) which were granted to him under the ESOS (if any) which he was participating (hereinafter referred to as "Previous Company ESOS") whilst the Affected Employee was in the employment of the Previous Company, if the same is provided for under the Bye-Laws of such Previous Company ESOS but he shall not, upon such transfer or restructuring or other exercise as the case may be, be eligible to participate for further options of such Previous Company ESOS; and
- (ii) will only be eligible to participate in the Scheme for its remaining duration; and

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- (iii) if the Affected Employee has participated in the Previous Company ESOS, the number of such new LNG Shares to be offered to such Affected Employee under the Scheme shall be subject to the discretion of the Option Committee.

24. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment with a company in the Group which was subsequently divested wholly or in part from the Group which resulted in a subsequent holding of fifty percent (50%) or less by the Group, then such Grantee:

- (i) may be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a period of three (3) months from the date of such divestment and within the Option Period, failing which the right of such employee to subscribe for the number of new LNG Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiry of the said three (3) months period and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Options under the Scheme.

25. COSTS AND EXPENSES

All costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue and allotment of the new LNG Shares upon the exercise of any Option shall be borne by the Company.

26. NOT A TERM OF EMPLOYMENT

This Scheme does not form part nor shall it in any way be construed as part of the terms and conditions of employment of any employee.

27. ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between this Scheme and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall at all times prevail.

28. INSPECTION OF THE AUDITED ACCOUNTS

All Grantees are entitled to inspect the latest audited financial statements of the Company during normal office hours on any working day at the Registered Office of the Company.

15.0 ADDITIONAL INFORMATION

15.1 Share Capital

- (i) No shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one (1) class of shares in the Company, namely ordinary shares of 10 sen each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Sections 4.1 and 4.3 of this Prospectus, no shares or debentures of the Company or its subsidiaries have been issued or proposed to be issued as fully or partly paid-up, in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.
- (iv) Other than the 3,500,000 Public Issue shares offered to the eligible directors and employees of the LNG Group as disclosed in Section 4.1(iii) of this Prospectus and the approved ESOS as disclosed in Section 14 of this Prospectus:
 - (a) no person or employee of the Group has been or is entitled to be given an option to purchase or subscribe for any shares or debentures of the Company or its subsidiaries; and
 - (b) there is no other scheme involving the employees of the Group in the shares of the Company or its subsidiaries.
- (v) The Company and its subsidiaries have no outstanding convertible debt securities.

15.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association.

Terms defined in the Company's Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

(i) Transfer of Shares

The provisions of the Articles of Association of the Company in respect of the arrangements for the transfer of shares and restrictions on their free transferability are as follows:

Article 24

The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

15.0 ADDITIONAL INFORMATION (Cont'd)

Article 24A

Subject to the provisions of the Act, the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act") and the Rules, the transfer of all other shares of the Company not so deposited with the Central Depository (not being Deposited Securities) shall be in the manner provided in the Act (including the applicable sections of Table "A" in the Fourth Schedule to the Act) to the extent that the same is not inconsistent with these Articles.

Article 25

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole, thirty (30) days in any year. Eighteen (18) market days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and purpose or purposes for which the Register is being closed.

Article 26

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

(ii) Remuneration of Directors

The provisions in the Articles of Association of the Company dealing with the remuneration of the Directors are as follows:

Article 90

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine (or failing agreement, equally). PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (b) salaries payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover.
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

15.0 ADDITIONAL INFORMATION (Cont'd)

Article 91

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determine by the Board of Directors provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

(iii) Voting and Borrowing Powers of Directors

The provisions in the Articles of Association of the Company in respect of the powers of Directors, in particular the voting powers of Directors in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:

Article 93

The business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by these Articles required to be exercised by the Company in general meeting, subject nevertheless, to any of these Articles, to the provisions of the Act, and to such resolutions, not being inconsistent with these Articles or the provisions of the Act as may be prescribed by the Company in general meeting but no resolution made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such resolution had not been made.

Article 94

The Directors shall not without the prior approval of the Company in general meeting: -

- (a) carry into effect any proposal or execute any transaction for the acquisition of any undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's main undertaking or property;
- (b) exercise any power of the Company to issue shares unless otherwise permitted under the Act;
- (c) subject to Sections 132E and 132F of the Act, enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director, to acquire from or dispose to such a Director or person, any non-cash assets of the requisite value.

15.0 ADDITIONAL INFORMATION (Cont'd)

Article 95

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related corporation as may be thought fit.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 96

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

(iv) Changes in Capital and Variations of Class Rights

The provisions in the Articles of Associations of the Company as to the changes in capital or variation of class rights which are no less stringent than these required by law are as follows:

Article 3

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors subject to any ordinary resolution of the Company, may determine.

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions: -

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;

15.0 ADDITIONAL INFORMATION (Cont'd)

- (b) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the share;
- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members of the Company in general meetings;
- (e) every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares unless: -
 - (i) the Members in general meeting have approved of the specific allotment to be made to such Director; and
 - (ii) he holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities.

Article 5

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders in relation to receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the rights to vote at any meeting convened:-

- (a) where any resolution or proposal is to be submitted to the meeting:
 - (i) for the purpose of reducing the share capital of the Company, disposing of the whole of the property, business or undertaking of the Company or winding up of the Company; or
 - (ii) which affects rights attached to the preference shares;
- (b) when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months; or
- (c) during the winding up of the Company.

The rights attaching to shares of a class other than ordinary shares shall be expressly set out in these Articles.

15.0 ADDITIONAL INFORMATION (Cont'd)

Article 6

Notwithstanding Article 7 hereof, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder's rights may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 7

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 46

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 50

The Company may by ordinary resolution: -

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares of any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and

15.0 ADDITIONAL INFORMATION (Cont'd)

- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 51

Subject to and in accordance with the provisions of the Act and such other relevant law, regulation or guideline for the time being in force, the Company is allowed and shall have power, to the fullest extent permitted, to purchase any of its own shares and other securities and thereafter, the Directors may resolve and shall have the fullest power to deal with such purchased shares or other securities in accordance with the provisions of the Act and such other relevant law, regulation or guideline.

Article 52

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorization, and consent required by law.

15.3 Directors and Substantial Shareholders

- (i) The names, addresses and occupations of the Directors are set out in the Corporate Directory Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) The Promoters have not received any amounts or benefits paid or given by the Company and/or the subsidiaries other than by the virtue of their directorships and/or by virtue of their employment by the Company within the two (2) years preceding the date of this Prospectus.
- (iv) Based on the Register of Directors' Shareholdings as at 16 June 2003 (being the latest practicable date prior to the printing of this Prospectus), the Directors' beneficial interests, direct and indirect, in the shares of the Company before and after the Public Issue and upon full exercise of ESOS options, are as follows:

Directors	<u>Before the Public Issue</u>				<u>After the Public Issue[^]</u>				<u>Upon full exercise of ESOS options[#]</u>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Low Chee Thean	32,594,510	42.61	-	-	32,751,610	36.39	-	-	*37,751,610	32.27	-	-
Ng Boon Kcong	7,669,310	10.03	-	-	7,826,410	8.70	-	-	*12,826,410	10.96	-	-
Aaron Sim	-	-	-	-	-	-	-	-	-	-	-	-
Kwee Lein	-	-	-	-	-	-	-	-	-	-	-	-
Lok Choon Hong	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

The ESOS options are proposed to be granted to eligible directors and employees on and/or after the date of listing of LNG on the MESDAQ Market.

* Based on the maximum allocation of ESOS options to eligible directors.

[^] Assuming full subscription of the shares offered to eligible directors and employees of the LNG Group under the Public Issue.

15.0 ADDITIONAL INFORMATION (Cont'd)

- (v) Based on the Register of Substantial Shareholdings as at 16 June 2003 (being the latest practicable date prior to the printing of this Prospectus), the substantial shareholders and their respective direct and indirect interests in the shares of the Company before and after the Public Issue are tabulated below:

Substantial shareholders	<u>Before the Public Issue</u>				<u>After the Public Issue[^]</u>			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Low Chee Thean	32,594,510	42.61	-	-	32,751,610	36.39	-	-
Ng Boon Keong	7,669,310	10.03	-	-	7,826,410	8.70	-	-
Koh Soo Guan	6,831,200	8.93	-	-	7,051,200	7.83	-	-
Tee Yong Ngo	5,464,900	7.14	-	-	5,684,900	6.32	-	-
Liew Swee Song	4,472,400	5.85	-	-	4,472,400	4.97	-	-

Note:

[^] Assuming full subscription of the shares offered to eligible directors and employees of the LNG Group under the Public Issue.

- (vi) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any businesses or companies carrying on a similar trade as the Company and its subsidiaries.
- (vii) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the promotion of or in any material assets which have been acquired or proposed to be acquired or material assets disposed of or proposed to be disposed of by or leased to or proposed to be leased to the Company or any of its subsidiaries, within the two (2) years preceding the date of this Prospectus.
- (viii) Save as disclosed in Section 7 of this Prospectus, none of the Directors or substantial shareholders of the Company has any interest in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries, taken as a whole.

15.4 Material Litigation

As at 16 June 2003, the Company and its subsidiaries are not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company or its subsidiaries.

15.0 ADDITIONAL INFORMATION (Cont'd)

15.5 Material Contracts

Save as disclosed below, there are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within two (2) years immediately preceding the date of this Prospectus:

- (a) Sale and Purchase Agreement dated 20 January 2003 between LNG and the shareholders of EPI for the acquisition by LNG of 594,878 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of EPI for a purchase consideration of RM8,472,089 to be satisfied by the issuance of 75,093,000 new ordinary shares of 10 sen each in LNG;
- (b) Sale and Purchase Agreement dated 20 January 2003 between LNG and Shinichi Kanno for the acquisition by LNG of 100,000 ordinary shares of RM1.00 each representing the 10% of the issued and paid-up share capital of GCP for a purchase consideration of RM158,765 to be satisfied by the issuance of 1,407,000 new ordinary shares of 10 sen each in LNG;
- (c) Sale and Purchase Agreement dated 20 January 2003 between LNG and EPI for the acquisition by LNG of 100,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of AMT, 900,000 ordinary shares of RM1.00 each representing 90% of the issued and paid-up share capital of GCP, 400,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of VPI and 30,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of FFI for a total cash consideration of RM3,424,609.37;
- (d) Underwriting Agreement dated 18 June 2003 between LNG and Alliance for the underwriting of the 2,000,000 new ordinary shares of 10 sen each at an issue price of 35 sen per share for an underwriting commission of 3.0% of the said issue price;
- (e) Placement Agreement dated 18 June 2003 between LNG and Alliance whereby Alliance agreed to act as Placement Agent for the placement of the 8,000,000 new ordinary shares of 10 sen each for a placement fee of 1.75% of the issue price of 35 sen per share ; and
- (f) Sponsorship Agreement dated 18 June 2003 between LNG and Alliance to appoint Alliance as the Sponsor for the Company for a period of one (1) year after listing for a sponsor fee of RM50,000.

15.6 Material Agreements

Save as disclosed below, there are no material agreements which have been entered into by the Company and its subsidiaries in the ordinary course of business within two (2) years immediately preceding the date of this Prospectus:

- (a) Two (2) Equipment All Risks insurance with Overseas Assurance Corporation (Malaysia) Berhad by EPI for the period from 6 December 2002 to 31 December 2003 to cover against accidental loss or damages on the machinery located at its factory. The total amount insured under the both the policies is RM2,365,000;
- (b) Equipment All Risks insurance with American Home Assurance Company - Malaysia by EPI for the period from 23 August 2002 to 22 August 2003 to cover against accidental loss or damages on the machinery located at its factory. The total amount insured is RM500,000;
- (c) Fire and Lightning insurance with Overseas Assurance Corporation (Malaysia) Berhad by FFI for the period from 1 April 2003 to 31 December 2003 to cover against losses and damages arising from fire and lightning on building. The total amount insured is RM800,000;

15.0 ADDITIONAL INFORMATION (Cont'd)

- (d) Fire and Lightning insurance with AmAssurance Berhad by VPI for the period from 23 May 2003 to 31 December 2003 to cover against losses and damages arising from fire and lightning on building including permanent fixtures and fittings. The total amount insured is RM700,000;
- (e) Equipment All Risks insurance with Overseas Assurance Corporation (Malaysia) Berhad by GCP for the period from 1 December 2002 to 31 December 2003 to cover against accidental loss or damages on the machinery located at its factory. The total amount insured is RM1,200,000;
- (f) Fire insurance with Overseas Assurance Corporation (Malaysia) Berhad by EPI for the period from 6 December 2002 to 31 December 2003 to cover against losses and damages arising from fire on stocks-in-trade located at its factory. The total amount insured is RM2.0 million; and
- (g) Fire insurance with Overseas Assurance Corporation (Malaysia) Berhad by GCP for the period from 6 December 2002 to 31 December 2003 to cover against losses and damages arising from fire on stocks-in-trade located at its factory. The total amount insured is RM1.0 million.

15.7 Directors' Service Agreement

As at the date of this Prospectus, none of the Directors has entered into any service agreement with the Group.

15.8 Public Take-Overs

During the last financial year and the current financial year, there were no:

- (i) Public take-over offers by third parties in respect of the Company's shares; and
- (ii) Public take-over offers by the Company in respect of other companies' shares.

15.9 General

- (i) The time of opening of the Application Lists is set out in Section 16 of this Prospectus.
- (ii) Save as disclosed in Section 3 (ix) of this Prospectus, the Directors of LNG are not aware of any other persons who are able to, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiaries.
- (iii) Save for the ESOS as disclosed in Section 14 of this Prospectus and the Public Issue shares offered to the eligible employees of the LNG Group as disclosed in Section 4.1(iii) of this Prospectus, there are no other scheme involving the employees in the capital of the Company and its subsidiaries.

15.0 ADDITIONAL INFORMATION *(Cont'd)*

15.10 Consents

The written consents of the Adviser/Underwriter/Placement Agent, Principal Bankers, Issuing House, Registrar, Solicitors and Company Secretary to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Valuers to the inclusion in this Prospectus of their name and Valuers' Letter on the landed properties in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consents of the Auditors and Reporting Accountants to the inclusion of their name, Accountants' Report and their letters relating to the consolidated profit forecast for the financial year ending 31 December 2003 and the proforma consolidated balance sheets as at 31 December 2002 in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

15.11 Responsibility

This Prospectus has been seen and approved by the Directors and Promoters of the Company and they collectively and individually accept full responsibility for the accuracy of all information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

15.12 Documents for Inspection

Copies of the following documents are available for inspection at the registered office of the Company at 1-10 (1st Floor) Jalan Arab, 84000 Muar, Johor Darul Takzim, during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of LNG;
- (ii) The Reporting Accountants' letter relating to the consolidated profit forecast for the financial year ending 31 December 2003 as included in Section 9.6 of this Prospectus;
- (iii) The Reporting Accountants' letter relating to the proforma consolidated balance sheets as included in Section 9.11 of this Prospectus;
- (iv) The Accountants' Report and Directors' Report as included in Sections 11 and 13 respectively in this Prospectus;
- (v) The Valuation Certificate as included in Section 12 of this Prospectus;
- (vi) The Bye-Laws of the ESOS as included in Section 14 of this Prospectus;
- (vii) The material contracts referred to in Sections 15.5 of this Prospectus;
- (viii) The material agreements referred to in Section 15.6 of this Prospectus;
- (ix) The letters of consent referred to in Section 15.10 of this Prospectus; and
- (x) The audited financial statements of LNG and its subsidiaries for the five (5) financial years ended 31 December 2002.