

**15 BY-LAWS FOR ESOS**

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**1. NAME OF SCHEME**

This Scheme shall be called the “Grand-Flo Solution Berhad Employee Share Option Scheme”.

**2. OBJECTIVES OF SCHEME**

The objectives of the Scheme are:-

- (a) To provide an opportunity for Employees to participate as shareholders of the Company;
- (b) To reward and retain Employees whose services are vital to the continued growth of the Group; and
- (c) To motivate Employees towards better performance through greater loyalty to the Group.

**3. DEFINITIONS AND INTERPRETATION**

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:-

- “Act” - The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
- “Available Balance” - The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in By-Law 4.2 and after deducting all Options which have been offered and accepted
- “Board” - The Board of Directors of the Company
- “Bursa Securities” - Bursa Malaysia Securities Berhad
- “By-Laws” - The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 22)
- “CDS” - Central Depository System
- “CDS Account” - An account established by Bursa Malaysia Depository Sdn. Bhd. (*formerly known as Malaysian Central Depository Sdn Bhd*) for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
- “Company” or “Grand-Flo” - Grand-Flo Solution Berhad
- “Date of Expiry” - The last day of the duration of the Scheme as defined in By-Law 19.1
- “Date of Offer” - The date on which an Offer is made by the Option Committee to an Eligible Employee in the manner provided in By-Law 7

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- “Effective Date”
- the date of the date of full compliance with all relevant requirements pursuant to the Listing Requirements, including but not limited to the following:-
    - (a) submission of the final copy of the By-Laws of the Scheme to Bursa Securities;
    - (b) receipt of approval-in-principle for the listing of the shares to be issued under the Scheme from Bursa Securities;
    - (c) procurement of shareholders’ approval for the Scheme;
    - (d) receipt of approval of any other relevant authorities, where applicable; and
    - (e) fulfilment of all conditions attached to the above approvals, if any.
- “Eligible Employee”
- An Employee who is designated in writing by the Option Committee to be an Eligible Employee described in By-Law 5, and falling within any of the categories of Employees set out in By-Law 6
- “Employee”
- A natural person who is employed by and on the payroll of any company in the Group. Employees include Executive Directors
- “Entitlement Date”
- The date as at the close of business on which shareholders’ names must appear on Grand-Flo’s Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
- “Executive Director”
- A natural person who holds a directorship in a full time executive capacity in any company in the Group and is involved in the day to day management and on the payroll of such company or any other company in the Group
- “Foreign Employee”
- : An employee or Executive Director of the Group who is not a Malaysian citizen
- “Grand-Flo Shares”
- Ordinary shares of RM0.10 each in the Company
- “Grantee”
- An Eligible Employee who has accepted an Offer in the manner provided in By-Law 8
- “Group”
- The Company and its subsidiaries as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17.2

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- “Listing Requirements” - The Listing Requirements of Bursa Securities for the MESDAQ Market
- “Market Day” - Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
- “Maximum Entitlement” - The maximum number of Options that can be offered to an Eligible Employee as stipulated in By-Law 6.1
- “Offer” - A written offer made by the Option Committee to an Eligible Employee in the manner provided in By-Law 7
- “Option” - The right of a Grantee to subscribe for one (1) new Grand-Flo Share pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the Option Committee pursuant to By-Law 7
- “Option Committee” - A committee comprising directors and/or Senior Management personnel appointed by the Board to administer the Scheme
- “Option Period” - The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in By-Law 19.1. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended
- “Scheme” - The scheme for the granting of Options to Eligible Employees to subscribe for new Grand-Flo Shares upon the terms as herein set out, such scheme to be known as the “Grand-Flo Employee Share Option Scheme”
- Senior Management - Any employee of the Group who falls within the grading of senior management as determined by the Option Committee from time to time
- “Subscription Price” - The price at which a Grantee shall be entitled to subscribe for each Grand-Flo Share as calculated in accordance with the provisions of By-Law 11

- 3.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.

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**4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 Each Option shall be exercisable into one (1) new Grand-Flo Share in accordance with the provisions of these By-Laws.
- 4.2 The aggregate number of Options exercised and Options offered and to be offered under the Scheme shall not exceed five per centum (5%) of the issued and paid-up ordinary share capital of the Company at any one time during the duration of the Scheme as provided in By-Law 19.1, and further, the following shall be complied with:-
- (a) Not more than fifty per centum (50%) of the total number of Grand-Flo Shares available under the Scheme shall be allocated, in aggregate, to directors and Senior Management; and
  - (b) Not more than ten per centum (10%) of the total number of Grand-Flo Shares available under the Scheme shall be allocated to Eligible Employee who either singly or collectively through persons connected with the Eligible Employee holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company.
- 4.3 Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Grand-Flo Shares comprised in the Options granted under the Scheme exceeds the aggregate of five per centum (5%) of the issued and paid-up ordinary share capital of the Company as a result of the Company purchasing its own Grand-Flo Shares pursuant to Section 67A of the Act and thereby diminishing the issued and paid-up capital of the Company, the Options granted shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers.
- 4.4 The Company will keep available sufficient unissued Grand-Flo Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

**5. ELIGIBILITY**

- 5.1 Only Employees who fulfill the following conditions shall be eligible to participate in the Scheme:-
- (a) An Employee must be at least eighteen (18) years of age on the Date of Offer;
  - (b) An Employee must fall under one of the categories of Employees listed in By-Law 6.1 or such other categories and meeting such criteria that the Board may from time to time decide;
  - (c) An Employee must have been confirmed on the Date of Offer;
  - (d) If an Employee is not a Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (a) to (c) above, also fulfil the following conditions:-
    - (i) The Employee's contribution must be deemed by the Option Committee to be vital to the Group;
    - (ii) Where the Employee is of executive status, the Employee has served the Group on a full time basis for at least one (1) year as at the Date of Offer; and

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(iii) Where the Employee is of non-executive status, the Employee has served the Group on a full time basis for more than three (3) years as at the Date of Offer.

Provided always that the selection of any Employee for participation in the Scheme shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding.

- 5.2 No Employee shall participate at any time in more than one (1) employee share option scheme currently implemented by any company within the Group.
- 5.3 Subject to By-Laws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Employees are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Option Committee may determine.
- 5.4 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5 Executive directors who represent the Government or Government institutions or agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible for the Scheme.
- 5.6 In addition to the above criteria of eligibility as set out in this By-Law, any Foreign Employee of the Group who is serving on a full-time capacity and whose contribution is vital to the Group may be considered for participation in the Scheme, provided that no Foreign Employee who is serving under an employment contract may be considered for participation in the Scheme unless the employment contract is for a duration of at least two (2) years or such other period as may be required by the relevant authorities.
- 5.7 Allocation for any Eligible Employee who is serving under an employment contract may only be considered where, the contract is for a duration of at least two (2) years. In this regard, any remaining unexercised Options can be exercised on expiry of the employment contract if the remaining duration of the contract is less than five (5) years from the date on which the Options are granted.

**6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT**

- 6.1 The categories of Employees who are eligible to participate in the Scheme and their Maximum Entitlements are as follows:-

Category of Employee	Maximum Entitlement (No. of Options)
Executive Director	250,000
General Manager	200,000
Manager/Assistant Manager	150,000
Executive	100,000
Supervisor/Technician Head	50,000

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- 6.2 (a) In determining the number of Options to be offered to an Eligible Employee under the Scheme, the seniority and performance of the Employee and his length of service and contribution in the Group as at the Date of Offer shall be taken into consideration, subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options.
- (b) In the event that an Eligible Employee is moved to a higher category, his Maximum Entitlement shall be increased in accordance with the scale provided in By-Law 6.1 upon his confirmation in the higher category.
- (c) In the event that an Eligible Employee is moved to a lower category, the following provisions shall apply:-
- (i) His Maximum Entitlement shall be reduced in accordance with the scale provided in By-Law 6.1;
- (ii) In the event that the total number of Grand-Flo Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Grand-Flo Shares in respect of Options which have already been accepted by him; and
- (iii) In the event that the total number of Grand-Flo Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
- 6.3 Notwithstanding By-Law 6.1, the number of Options to be offered to each Eligible Employee shall, subject to each Eligible Employee's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance and length of service of each Eligible Employee. The Option Committee shall not be obliged in any way to offer to an Eligible Employee all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding.
- 6.4 The Option Committee may at its discretion introduce additional categories of Employees which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.5 The Option Committee may make more than one (1) Offer to an Eligible Employee provided that the aggregate number of Options offered to an Eligible Employee throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

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**7. OFFER**

- 7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Employee, subject to the Eligible Employee's Maximum Entitlement under By-Law 6.1 hereof.
- 7.2 The Option Committee shall state the following particulars in the letter of Offer:-
- (a) The number of Options that are being offered to the Eligible Employee;
  - (b) The number of Grand-Flo Shares which the Eligible Employee shall be entitled to subscribe for upon the exercise of the Options being offered;
  - (c) The Option Period;
  - (d) The Subscription Price; and
  - (e) The Offer Period as defined in By-Law 7.3.
- 7.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer ("Offer Period").
- 7.4 No Offer shall be made to any Executive Director of Grand-Flo unless such Offer and the related allotment of Grand-Flo Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.5 Without prejudice to By-Law 21, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.2, the following provisions shall apply:-
- (a) Within 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 7.2;
  - (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
  - (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 7.6 After each adjustment following an alteration of the share capital of the Company as stipulated in By-Law 15.1, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within two (2) months from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

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- 8.1 An Offer shall be accepted by an Eligible Employee within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 8.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the Eligible Employee, and the Eligible Employee shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

**9. NON-TRANSFERABILITY**

- 9.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 and 14.3, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 9.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

**10. EXERCISE OF OPTIONS**

- 10.1 Subject to By-Laws 14.2, 14.3, 16 and 17 and provided that no Option shall be exercisable by any Eligible Employee within one (1) year from the date Grand-Flo Shares are first quoted on Bursa Securities, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, on the last working day of each calendar month or such other period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment of the Group, and within the Option Period subject to the following limits:-

<b>Maximum Percentage of Options Exercisable in Each Year Commencing From Date of Offer (On a Per Offer Basis)</b>					
<b>Number of Options Accepted Per Offer</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Less than or equal to 10,000	50%	50%	-	-	-
10,001 to 50,000	30%	30%	40%	-	-
50,001 to 100,000	25%	25%	25%	25%	-
Above 100,000	20%	20%	20%	20%	20%

*Note:- The above percentages of Options shall be rounded up to the nearest 100 Options.*

- 10.2 Subject to the discretion of the Option Committee, where a Grantee is serving under an employment contract and the remaining duration of the contract is less than five (5) years from the Date of Offer, he may exercise any remaining unexercised Options upon the expiry of the contract but before the Date of Expiry of the Scheme.



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- 10.3 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any balance of Options not exercised within six (6) months preceding the Date of Expiry shall be capable of being exercised in full subject to the approval of the Option Committee. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of By-Laws 10.1 and 10.2 are subject to the provisions of this By-Law 10.3.
- 10.4 A Grantee shall exercise his Options on the last working day of each calendar month or such other period that may be stipulated by the Option Committee, by notice in writing to the Company stating the number of Options exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 10.5 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Grand-Flo Shares relating thereto and the Grantee's individual/nominee CDS Account number. The Options shall be exercised in multiples of and not less than one hundred (100) Options. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him, during the Option Period.
- 10.6 Every notice to exercise Options shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Kuala Lumpur, for the full amount of the subscription money in relation to the number of Grand-Flo Shares in respect of which the notice is given.
- 10.7 Within ten (10) 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 Articles of Association of the Company, the Company shall allot the relevant number of Grand-Flo Shares to the Grantee. The said Grand-Flo Shares will be credited directly into the CDS Account of the Grantee or his financier, as the case may be, and a notice of allotment stating the number of Grand-Flo Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made for the quotation of such Grand-Flo Shares.
- 10.8 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Grand-Flo Shares or in procuring Bursa Securities to list and quote the Grand-Flo Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

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**11. SUBSCRIPTION PRICE**

The Subscription Price of each Grand-Flo Share comprised in any Option shall, subject always to the provisions of By-Law 15 hereof, be as follows:-

- (a) In respect of any Offer which is made in conjunction with the Company's listing on the MESDAQ Market of Bursa Securities, the initial public offer price; and
- (b) In respect of any Offer which is made subsequent to the Company's listing on the MESDAQ Market of Bursa Securities:-
  - (i) the weighted average market price of the Grand-Flo Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%); and
  - (ii) the price so determined shall not be less than the par value of the Grand-Flo Shares;

or at a subscription price in accordance with any guidelines, rules and regulations of the relevant authorities governing the Scheme at the time of the Offer.

**12. RIGHTS ATTACHING TO SHARES**

The new Grand-Flo Shares to be allotted upon the exercise of any Options will, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Grand-Flo Shares of the Company, except that the new Grand-Flo Shares will not be entitled to any dividends, rights, allotments or other distributions, the Entitlement Date of which is prior to the date of allotment of the said Grand-Flo Shares. The new Grand-Flo Shares will be subject to all the provisions of the Articles of Association of the Company.

**13. HOLDING OF SHARES**

The Company encourages Grantees to hold the Grand-Flo Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the Grand-Flo Shares subscribed for by the Grantee at any time after such Grand-Flo Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Grand-Flo Shares are intended for him to hold as an investment rather than for realisation to yield a quick profit.

**14. TERMINATION OF EMPLOYMENT**

14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-

- (a) Termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee notifies his employer of his resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or

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- (c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the Option.

Upon the termination of Options pursuant to Bye Law 14.1(a), (b) or (c) above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

- 14.2 Notwithstanding By-Law 14.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:-

- (a) Retirement on attaining the normal retirement age of fifty-five (55) years; or
- (b) Retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or
- (c) Ill-health, injury, physical or mental disability; or
- (d) Redundancy; or
- (e) Transfer to any company outside the Group at the direction of the Company; or
- (f) Any other circumstance acceptable to the Option Committee.

- 14.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee.

The exercise of Options in the proportions set out in By-Law 10.1 hereof shall not apply to an exercise of the Options of a deceased Grantee by his personal or legal representative. The proportion exercisable is at the discretion of the Option Committee.

**15. ALTERATION OF CAPITAL**

- 15.1 Subject to By-Law 15.3 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Grand-Flo Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

- (a) The number of Options granted to each Grantee; and/or
- (b) The Subscription Price

as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment PROVIDED that such adjustments shall ensure that the capital outlay to be incurred by a Grantee in exercising his Options remains unaffected.

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- 15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-
- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall the Subscription Price be reduced to an amount which is below the par value of the Grand-Flo Shares; and
  - (b) In determining a Grantee's entitlement to subscribe for Grand-Flo Shares, any fractional entitlements will be disregarded.
- 15.3 By-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
- (a) An issue of Grand-Flo Shares pursuant to the exercise of Options under the Scheme; or
  - (b) An issue of securities as consideration for an acquisition; or
  - (c) An issue of securities as a private placement; or
  - (d) An issue of securities as a special issue approved by the relevant governmental authorities; or
  - (e) A restricted issue of securities; or
  - (f) An issue of Grand-Flo Shares arising from the exercise of any conversion rights in respect of securities convertible into new Grand-Flo Shares including but not limited to warrants and convertible loan stocks; or
  - (g) An issue of further Options to Eligible Employees under these By-Laws; or
  - (h) A purchase by the Company of its own Grand-Flo Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply:-
    - (i) If the number of Grand-Flo Shares in respect of Options granted by the Company as at the date of designation of the Grand-Flo Shares so purchased as treasury Grand-Flo Shares or cancellation of such Grand-Flo Shares is greater than 10% of the issued capital of the Company after such designation or cancellation, the Option Committee shall not make any further Offers; and
    - (ii) If the number of Grand-Flo Shares in respect of Options granted by the Company as at the date of designation of the Grand-Flo Shares so purchased as treasury Grand-Flo Shares or cancellation of such Grand-Flo Shares is less than 10% of the issued capital of the Company after such designation or cancellation, the Option Committee may make further Offers only until the total number of Options granted by the Company is equivalent to 10% of the issued capital of the Company after such designation or cancellation.
- 15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 15.1 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 15.1 is applicable, but By-Law 15.1 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 15.1 is not applicable as described in By-Law 15.3.

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15.5 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:-

- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) In the case of a consolidation or subdivision of Grand-Flo Shares or reduction of capital, on the Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.

Upon any adjustment being made, the Option Committee shall give notice in writing within a period of two (2) months, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments other than on a bonus issue must be confirmed in writing by the Company's external auditors to be in their opinion fair and reasonable. Nevertheless, for the avoidance of doubt, by virtue of By-Law 26, the decision of the Board shall be final and binding in all respects.

15.6 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor stating the opinion of such auditor, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 8 of the Act. Nevertheless, for the avoidance of doubt, by virtue of By-Law 26, the decision of the Board shall be final and binding in all respects.

**16. TAKE-OVERS AND MERGERS**

16.1 In the event of an offer being made for Grand-Flo Shares under the Securities Commission Act, 1993 and the Malaysian Code on Take-Over and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-

- (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
- (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Grand-Flo Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.

**15 BY-LAWS FOR ESOS (Cont'd)**

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- 16.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.
- 16.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply in respect of By-Laws 16.1(a), 16.1(b) and 16.2 above.

**17. DIVESTMENT FROM GROUP**

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-
- (a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment within a period of one (1) year from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of By-Law 10.4. In this instance, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
  - (b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.
- 17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

**18. WINDING UP**

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

**19. DURATION, TERMINATION AND EXTENSION OF SCHEME**

- 19.1 The Scheme shall come into force on the Effective Date. The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 19.3 below. The date of expiry of the Scheme shall be at the end of the five (5) years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended (“Date of Expiry”).
- 19.2 Offers can only be made during the duration of the Scheme before the Date of Expiry.

**15 BY-LAWS FOR ESOS (Cont'd)**

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- 19.3 The Scheme may be extended for a further period of up to five (5) years at the discretion of the Board upon the recommendation of the Option Committee. Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme PROVIDED THAT the Company shall serve appropriate notices on each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.
- 19.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.
- 19.5 Notwithstanding the provision of By-Law 19.1 above, the Scheme may be terminated by the Company prior to the expiry of its duration PROVIDED always THAT prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:-
- (i) that the approval from the Company's shareholders at a general meeting had been obtained; and
  - (ii) that the written consent from all Grantees who have yet to exercise their Options, either in part or in whole, have been obtained.

In this event, the following provisions shall apply:-

- (a) No further Offers shall be made by the Option Committee from the date of such resolution;
- (b) All Offers which have yet to be accepted by Eligible Employees shall automatically lapse on the date of such resolution; and
- (c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the date of such resolution.

**20. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEME**

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employee share option scheme after the Date of Expiry or after the termination of the Scheme pursuant to By-Law 19.5 herein.

**21. ADMINISTRATION**

- 21.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 21.2 Without limiting the generality of By-Law 21.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.

**15 BY-LAWS FOR ESOS (Cont'd)**

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21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

**22. AMENDMENT**

The Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:-

- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (b) Alter to the advantage of any Eligible Employee to whom the Option Committee has made an Offer, the provisions of the By-Laws 4.2, 5.1, 6.1, 8.1, 11, 12 and 19.1 of the Scheme without the prior approval of the Company's shareholders in general meeting; or
- (c) Increase the number of Grand-Flo Shares available under the Scheme beyond the maximum imposed by By-Law 4.2.

**23. INSPECTION OF ACCOUNTS**

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company during normal business hours.

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

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

**25. NO COMPENSATION FOR TERMINATION**

No Employee shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws.

**26. DISPUTES**

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Directors of the Company who are also in the Option Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.



**15 BY-LAWS FOR ESOS (Cont'd)**

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**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 allotment and issue of Grand-Flo Shares pursuant to the exercise of Options, shall be borne by the Company.

**28. ARTICLES OF ASSOCIATION**

In the event of a conflict between any of the provisions of these By-Laws and the Articles of Association of the Company, the Articles of Association shall prevail.

**29. LISTING REQUIREMENTS**

In the event any of the provisions of these By-Laws are not in compliance with the Listing Requirements, such provisions of these By-Laws which are non-compliant shall be deemed severed from these By-Laws and have no effect, and the relevant provisions of the Listing Requirements shall apply instead.

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