

**12. SUMMARY OF THE FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN**

The following is a summary of the five (5)-year Business Plan prepared by Elsoft for the purpose of inclusion in this Prospectus.

**12.1 Background of the Group**

The Group's core business is in the research, design and development of test and burn-in systems and application specific embedded systems, which mainly provides cost effective ATE solutions to the semiconductor, optoelectronic and automation industries. The Group's key product i.e. test and burn-in systems are used by its customers who manufacture optoelectronic devices such as LED, image sensors and automotive lightings to test their products before launching into the market.

**12.2 Growth Objectives and Strategies**

Elssoft's growth strategies are focused on product development and market expansion that are congruent and complement with the Company's goals and objectives. The Elsoft Group aims to be a leading one-stop ATE system solution provider. In order to achieve the aforesaid objective, the Group will continuously invest in R&D for the advancement of its design and test solutions to stay ahead of its competitors.

The Group expects to expand its market share in the optoelectronic and semiconductor industries by continuously seeking new customers, increasing its range of test solution development and penetrating new segments of the industry.

**12.3 Human Resource Plan**

The Group believes that human resource forms the backbone of its organisation and intends to reinforce and build on the strength of its existing human resource capital. In this regard, the Group has outlined a human resource plan which will form the framework for the Group's manpower development strategies for the next five (5) years. Strong management, operations and technical resources are vital to a successfully managed organisation to ensure its long term future growth. To achieve the this end, the Group intends to continuously review and benchmark its remuneration packages against the market to attract and retain skilled personnel.

The Group will also continue to create and encourage an environment of continuous learning and improvement within the Group. This will be accomplished by drawing up year-long programs for in-house training sessions and external training courses to ensure continuing excellence in a challenging business environment.

**12.4 R&D Plan**

The Elsoft Group intends to continue its R&D efforts by, among others:-

- (i) developing and creating value to its customers through improvement in product design; and
- (ii) launching cost competitive solutions to the marketplace on a timely basis.

By setting the above R&D plan and through measures put in place to meet them, the Group hopes to continuously improve its technology capabilities and explore new avenues to provide higher value added services to customers, maintain the Group's leading edge position and to propel the future growth of the Group.

Further details on the five (5)-year Business Plan are set out in Section 4.7 of this Prospectus.

**13. BYE-LAWS OF THE ESOS****1. NAME OF SCHEME**

This Scheme shall be called the "Elsoft Research Berhad Employee Share Option Scheme".

**2. OBJECTIVES OF SCHEME**

The objectives of the Scheme are:-

- (i) to provide an opportunity for Directors and employees to participate as shareholders of the Company;
- (ii) to reward and retain Directors and employees whose services are vital to the continued growth of the Group; and
- (iii) to motivate Directors and employees towards better performance through greater loyalty to the Group.

**3. DEFINITIONS AND INTERPRETATION**

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

"Act"	- The Companies Act, 1965 as amended from time to time and includes every statutory modification or re-enactment thereof for the time being in force
"Board"	- The Board of Directors of the Company
"Bursa Depository"	- Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	- Bursa Malaysia Securities Berhad (635998-W)
"Bye-Laws"	- The rules, regulations, terms and conditions of the ESOS
"CDS"	- Central Depository System
"Company" or "Elsoft"	- Elsoft Research Berhad (617504-K)
"Date of Acceptance"	- The date whereupon the ESOS Committee shall receive the written notice from the Eligible Person accepting the Offer in accordance with Bye-Law 8.1
"Date of Offer"	- The date on which an Offer is made by the ESOS Committee to an Eligible Person in the manner provided in Bye-Law 7
"Director(s)"	- A natural person who holds a directorship in the Elsoft Group, whether in an executive or non-executive capacity
"Effective Date"	- The date on which the Scheme comes into force as provided in Bye-Law 19.1
"Eligible Person (s)"	- An Employee and Director who fulfils the condition of eligibility as stipulated in Bye-Law 5

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- "Employee(s)" - A natural person who is employed by and on the payroll of any company in the Group
- "ESOS" - Employee share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme
- "ESOS Committee" - A committee comprising of Director(s) and senior management personnel appointed by the Board to administer the Scheme
- "Grantee(s)" - An Eligible Person who has accepted an Offer in the manner provided in Bye-Law 8
- "Group" or "Elsoft Group" - The Company and its subsidiaries as defined in Section 5 of the Companies Act, 1965 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 Bye-Law 17.2
- "Listing Requirements" - Listing Requirements of the Bursa Securities for the MESDAQ Market including any amendments thereto that may be made from time to time
- "Market Day" - Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which the Bursa Securities is open for the trading of securities
- "Maximum Allowable Allotment" - The maximum number of Options that can be offered to an Eligible Person under the Scheme in the manner provided in Bye-Law 6
- "Offer" - An offer made in writing by the ESOS Committee to any Eligible Employee in the manner provided in Bye-Law 7
- "Offer Period" - The period stipulated in Bye-Law 7.3
- "Option(s)" - The contract constituted by an acceptance by an Eligible Person in the manner provided in Bye-Law 8 of an Offer made to such Eligible Person by the ESOS Committee pursuant to Bye-Law 7. Each Option shall entitle an Eligible Person to subscribe for one (1) Share upon its exercise
- "Option Period" - The period commencing from the Date of Offer and expiring five (5) years therefrom or upon the date of expiry of the Scheme as provided in Bye-Law 19.1, whichever is the earlier. In the event that the duration of the Scheme shall be extended or the Scheme shall be renewed, the date of expiry of the Scheme shall be the date of expiry as so extended or renewed

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- "Record Date" In relation to any of the transactions (including but not limited to any consolidation, subdivision, conversion or issue of Shares and capital distribution to shareholders) described in Bye-Law 15 shall mean the date as at the close of business on which persons must be registered as shareholders in order to participate in such transactions
- "Scheme" - The scheme for the grant of Options to Employees to subscribe for Shares upon the terms set out herein known as the "Elsoft Research Berhad Employee Share Option Scheme"
- "Share(s)" - Ordinary share(s) of RM0.10 each
- "Subscription Price" - The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of Bye-Law 11
- 3.2 For the purposes of these Bye-Laws, all references made to "Bursa Securities" and "Listing Requirements" shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of the Bye-Laws.
- 3.3 Headings are for ease of reference only and do not affect the meaning of a Bye-Law.
- 3.4 References to the provisions of statutes or Listing Requirements 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.
- 3.5 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.6 Words importing the singular number shall include the plural number and vice versa.
- 3.7 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee's absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reasons therefore except as may be required by the relevant authorities.

**4. TOTAL NUMBER OF OPTIONS AVAILABLE UNDER SCHEME**

- 4.1 The total number of Options offered under the Scheme shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme as provided in Bye-Law 19.1, unless the issued and paid-up share capital of the Company is diminished as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act ("**Share Buyback**"), in which event, the Options granted prior to the diminution of the issued and paid-up share capital shall remain valid and exercisable in accordance with the terms and conditions of the Scheme.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

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- 4.2 In the event of a Share Buyback, the following provisions shall apply:-
- (i) if the number of Options granted by the Company as at the date of cancellation of Shares so purchased is greater than fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme after such cancellation, the ESOS Committee shall not make any further Offers; and
  - (ii) if the number of Options granted by the Company as at the date of cancellation of Shares so purchased is less than fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme after such cancellation, the ESOS Committee may make further Offers only until the total number of Options granted by the Company is equivalent to fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme after such cancellation.
- 4.3 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

**5. ELIGIBILITY**

- 5.1 A natural person who is eligible to participate in the Scheme ("**Eligible Person**") is as follows:-
- (i) An Employee must be a Malaysian Citizen of at least eighteen (18) years of age on the Date of Offer. A Director must be at least eighteen (18) years of age on the Date of Offer and need not be a Malaysian;
  - (ii) An Employee must have been confirmed on the Date of Offer and falls within any other criteria that the ESOS Committee may from time to time determine at its discretion;
  - (iii) If an Employee is employed by a company acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Company upon such acquisition, the Eligible Person in the said company shall be taken into account stipulated in the paragraph (ii) above; and
  - (iv) If an Employee is serving under an employment contract, the contract should be for a duration of at least two (2) years, provided always that if such an Employee has previously been employed permanently for a continuous period of at least two (2) years, then there shall be no minimum contractual duration imposed.
- 5.2 Directors who represent the Government or Government institution/ agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible to participate in the Scheme.
- 5.3 No Employee or Director shall participate at any time in more than one (1) employee share option scheme by any company within the Group.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- 5.4 Eligibility under the Scheme does not confer an Employee a claim or right to participate in or any rights whatsoever under the Scheme and an Employee does not acquire or have any rights over or in connection with the Options or Shares unless an Offer has been made by the ESOS Committee to the Employee and the Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 5.5 Transfer of an Eligible Person within the Group shall be dealt with in the following manner:-
- (i) An Eligible Person who is eligible to participate in any of the other scheme and is subsequently transferred to Elsoft or any company within the Elsoft Group which does not have its own employee share option scheme may be eligible to participate in the Scheme, provided that he duly fulfils the criteria set out in Bye-Law 5.1 and provided further that he shall have exercised all Options granted to him under any of the other scheme or he shall have elected in writing to forego participation in any of the other scheme and surrendered all unexercised Options under any of the other scheme within the time frame stipulated by his employer and thereafter all the unexercised Options surrendered by him under any of the other scheme shall become null and void.
  - (ii) An Eligible Person who is subsequently transferred to any company within the Elsoft Group which has its own employee share options scheme is subject to the following:-
    - (a) if the said Eligible Person has already exercised all of the Options granted to him under the Scheme, he may be eligible to participate in any of the other scheme subject to the Bye-Laws of the other scheme;
    - (b) If the said Eligible Person has exercised part of or has not exercised any Option granted to him under the Scheme, he shall be entitled to either:-
      - (aa) Elect in writing to continue to participate in the Scheme, in which event he shall not be eligible to participate in any of the other scheme until he shall have exercised all Options granted to him under the Scheme; or
      - (bb) Elect in writing to participate in the other schemes if he is eligible for the same, in which event he shall cease to be eligible to participate in the Scheme and shall surrender all unexercised Options under the Scheme and notwithstanding anything to the contrary herein contained, all the unexercised Options granted to him under the Scheme shall become null and void.
- If no election is made by the said Eligible Person in writing, within the timeframe stipulated by such employer of the said Eligible Person, then he shall be deemed to have elected to continue to participate in the Scheme and to forego participation in the other schemes until he shall have exercised all Options granted to him under the Scheme.
- 5.6 Employees of dormant companies within the Group are not eligible to participate in the Scheme.
- 5.7 An employee who during the duration of the Scheme becomes an Eligible Person may be eligible to a grant of an Option under the Scheme if decided by the ESOS Committee.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- 5.8 The grant of Options under Bye-Law 5.7 shall be from the balance of the Options available under the Scheme subject to the provisions of Bye-Laws 4.1 and 6.1. The ESOS Committee has the discretion not to make additional grant in the event the balance of the Options is inadequate to make a meaningful additional allotment.

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

- 6.1 Subject to Bye-Law 4.1, the basis of allocation of the number of Shares which may be comprised in an Option and the Maximum Allowable Allotment shall be entirely at the discretion of the ESOS Committee. However, the ESOS Committee will ensure that there should be equitable allocation to the various grades of Eligible Persons, such that:-
- (i) not more than fifty percent (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under the Scheme should be allocated, in aggregate, to Directors and senior management.
  - (ii) not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the Shares available under the Scheme should be allocated to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person (as defined in the Listing Requirements), holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company.
- 6.2 Notwithstanding Bye-Law 6.1, the number of Options to be offered to each Eligible Person shall, subject to each Employee's Maximum Allowable Allotment, be at the discretion of the ESOS Committee. In exercising its discretion, the ESOS Committee shall take into consideration the seniority, performance and length of service of each Eligible Person and any other considerations deemed fit by the ESOS Committee. The decision of the ESOS Committee shall be final and binding.
- 6.3
- (i) In the event that an Eligible Person is moved to a higher category, the Maximum Allowable Allotment applicable to such Eligible Person shall, upon such promotion, be the Maximum Allowable Allotment for the category corresponding to his new grade.
  - (ii) In the event that an Eligible Person is moved to a lower category, his Maximum Allowable Allotment shall, upon such demotion, be reduced accordingly to that of the category corresponding to his new grade, provided always that:-
    - (a) in the event that the total number of Options which has been accepted by him up to the date he is moved to the lower category is greater than his Maximum Allowable Allotment 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 Allowable Allotment is increased to an amount greater than the total number of Options which has been accepted by him; and
    - (b) in the event that the total number of Options which has been accepted by him up to the date he is moved to the lower category is less than his Maximum Allowable Allotment 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, to be offered further Options up to his Maximum Allowable Allotment under such lower category.

### 13. BYE-LAWS OF THE ESOS (Cont'd)

- 6.4 The ESOS Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Allowable Allotment.
- 6.5 Wherein required by the Listing Requirements, the ESOS Committee shall ensure that the allocation of Options shall be verified by the audit committee of the Company, as being in compliance with the criteria as set out in Bye-Laws 6.1 and 6.2, at the end of each financial year of the Company. In this respect, the ESOS Committee shall ensure that a statement is made by the audit committee, verifying such allocation, is included in the Company's annual report.

### 7. OFFER

- 7.1 During the duration of the Scheme, the ESOS Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Employee's Maximum Allowable Allotment. Each Offer shall be in a multiple of one hundred (100) Options or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee, the minimum being one hundred (100) Options or such other units of Shares constituting one board lot as may be determined by the ESOS Committee. The Options shall only be accepted in multiples of one hundred (100) Shares or such other units of Shares constituting one board lot as may be determined by the ESOS Committee.
- 7.2 The ESOS Committee shall state the following particulars in the letter of Offer:-
- (i) the number of Options that are being offered to the Eligible Person;
  - (ii) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
  - (iii) the Option Period;
  - (iv) the Subscription Price; and
  - (v) the closing date for acceptance of the Offer.
- 7.3 An Offer shall be valid for a period of one (1) month from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-by-case basis at its discretion ("**Offer Period**").
- 7.4 Notwithstanding anything contained in these Bye-Laws, no Offer shall be made to any Director of the Company unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.

### 8. ACCEPTANCE

- 8.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the ESOS Committee accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the acceptance of the Options.
- 8.2 The Company shall within thirty (30) days of the Date of Acceptance issue to the Eligible Person an Option Certificate stating, inter alia, the number of Option granted, the Subscription Price and the Option Period.



**13. BYE-LAWS OF THE ESOS (Cont'd)**

- 8.3 If an Offer is not accepted in the aforesaid manner, the Offer shall automatically lapse upon the expiry of the Offer Period.

**9. NON-TRANSFERABILITY**

- 9.1 An Option is personal to the Grantee and subject to the provisions of Bye-Laws 14.2 to 14.6, 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 or otherwise disposed of by the Grantee save and except in the event of the death of the Grantee as provided under Bye-Law 14.6.

**10. EXERCISE OF OPTIONS**

- 10.1 Subject to the Bye-Laws, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, during his lifetime whilst he is in the employment of the Group, or in the case of a Non-Executive Director, whilst he remains appointed as a Director, and within the Option Period subject to the following limits:-

Maximum Percentage of Options Exercisable in Each Year Commencing From Date of Offer					
	Year 1	Year 2	Year 3	Year 4	Year 5
All Categories of Eligible Employees	20%	20%	20%	20%	20%

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

- 10.2 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. All unexercised Options shall be exercisable in the last year of the Option Period or in the period allowed or approved by ESOS Committee as described in Bye-Law 14. Any Option which remain unexercised at the expiry of the Option Period shall be automatically terminated.
- 10.3 A Grantee shall exercise his Option by notice in writing to the Company stating the number of Option exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 10.4 Within ten (10) Market Days of receipt of such notice and payment or such other period as may be prescribed by the Bursa Securities and subject to the Articles of Association of the Company, the Company shall allot and/or issue the relevant number of Shares, despatch a notice of allotment to the Grantee and then make an application for the quotation of the Shares, upon and subject to the provisions of the Listing Requirements and Articles of Association of the Company. The said Shares will be credited directly into the CDS account of the Grantee or his financier, as the case may be. No physical certificates will be issued.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- 10.5 Notwithstanding anything to the contrary herein contained in these Bye-Laws, the ESOS Committee shall have the right at its discretion by notice in writing to that effect, to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right to exercise his Option having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:-
- (i) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option;
  - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; and
  - (iii) in the event such Grantee is found guilty but not dismissed or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his Option or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise.
- 10.6 The Company, the Board and the ESOS 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 procuring the Bursa Securities to list the Shares subscribed for by a Grantee.

**11. SUBSCRIPTION PRICE**

The Subscription Price shall be calculated in the following manner:-

- (i) Where the Option is granted before the Company is listed on the Bursa Securities then the price at which the Grantee is entitled to subscribe for the Shares shall not be less than the price of the Shares set for the public issue of the Shares for the purpose of listing of the Company on the Bursa Securities ("**Offer Price**"); or
- (ii) Where the Option is granted after the Company is listed on the Bursa Securities, the price at which the Grantee is entitled to subscribe for the Shares shall be a price to be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than ten percent (10%) from the weighted average market price of the Shares as shown in the daily official list issued by the Bursa Securities for the five (5) Market Days immediately preceding the Date of Offer, if deemed appropriate, or such lower or higher limit as approved by the relevant authorities;

subject to such adjustments as stipulated under Bye-Law 15 herein or as may be amended by the relevant authorities from time to time.

**13. BYE-LAWS OF THE ESOS (Cont'd)****12. RIGHTS ATTACHING TO SHARES**

The new Shares to be allotted upon any exercise of the Option will upon allotment and issue rank pari passu in all respect with the then existing issued Shares of the Company except that the new Shares so issued shall **NOT** be entitled for any dividend, rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by Bursa Depository before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating transfer, transmission and otherwise.

**13. HOLDING OF SHARES**

The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS account.

A Non-Executive Director must not sell, transfer or assign shares obtained through the exercise of Options offered to him/her pursuant to this ESOS within one (1) year from the date of such Offer.

**14. TERMINATION OF EMPLOYMENT**

14.1 Subject to Bye-Laws 14.2 to 14.5, an Option which has not been exercised by the Grantee shall be automatically terminated in the following circumstances:-

- (i) 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; and
- (ii) 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.

14.2 A Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any Option held by him upon termination of employment with the Group in the following circumstances:-

- (i) retirement upon or after attaining the age in accordance with the Company's retirement policy; or
- (ii) retirement before the age specified under the above said retirement policy, with the consent of his employer; or
- (iii) ill health, injury or disability; or
- (iv) retrenchment; or
- (v) transfer to any company outside the Group at the direction of the Company; or
- (vi) any other circumstances as may be determined by the ESOS Committee from time to time.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

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- 14.3 Applications under Bye-Law 14.2 shall be made:-
- (i) in a case where Bye Law 14.2(i), (ii) or (vi) is applicable, before the Grantee's last day of employment. The Grantee may exercise Options at any time before his last day of employment subject to the provisions of Bye-Law 10. In the event that no application is received by the ESOS Committee before the Grantee's last day of employment, any Option held by the Grantee on his last day of employment shall be automatically terminated;
  - (ii) in a case where Bye-Law 14.2(iii) is applicable, within one (1) month after the Grantee notifies his employer of his resignation due to ill health, injury or disability. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of Bye-Law 10. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated;
  - (iii) in a case where Bye-Law 14.2(iv) is applicable, within one (1) month after the Grantee is notified that he will be retrenched or, where he is given an offer by his employer as to whether he wishes to accept retrenchment upon certain terms, within one (1) month after he accepts such offer. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of Bye-Law 10. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated; and
  - (iv) in a case where Bye-Law 14.2(v) is applicable, within one (1) month after the Grantee is notified that he will be transferred to a company outside the Group. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of Bye-Law 10. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.4 The ESOS Committee shall consider applications under Bye-Law 14.2 on a case to case basis and may in its discretion approve or reject any application in whole or in part without giving any reason therefor and may impose any term and condition in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Option, which are the subject of the approval within the relevant Option Period and subject to the provisions of Bye-Law 10. Any Option in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of Bye-Law 14.3 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.5 In the event that the ESOS Committee receives an application under Bye-Law 14.2 after the expiry of the relevant period under Bye-Law 14.3, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under Bye-Law 14.4. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the Option which are the subject of the approval to the Grantee and such Option shall be exercisable:-
- (i) only within the Option Period of those Option which were terminated due to the Grantee's delay in making the application;
  - (ii) in accordance with the provisions of Bye-Law 10 as applicable in respect of such terminated Option; and

**13. BYE-LAWS OF THE ESOS (Cont'd)**

(iii) at the Subscription Price applicable in respect of such terminated Option.

14.6 In the event that a Grantee dies before the expiration of the Option Period and at the date of his death held any Option, the following provisions shall apply:-

(i) such Options may be exercised by the legal or personal representative of the Grantee ("**Representative**"):-

(a) within twelve (12) months after the Grantee's death ("**Permitted Period**"); or

(b) within the Option Period;

whichever expires first. For the avoidance of doubt, it is hereby stated that Bye-Law 10 shall be applicable in this event;

(ii) In the event that the Option Period expires before the Permitted Period, any Option which have not been exercised by the Representative at the expiry of the Option Period shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options;

(iii) In the event that the Permitted Period expires before the Option Period, the following provisions shall apply:-

(a) the Representative may, at any time before the expiry of the Permitted Period, apply in writing to the ESOS Committee for an extension of the Permitted Period, stating the reasons as to why the extension is required. In the event that no application is received by the ESOS Committee before the expiry of the Permitted Period, any Option which have not been exercised by the Representative at the expiry of the Permitted Period shall be automatically terminated;

(b) the ESOS Committee shall consider such applications on a case to case basis and may in its discretion approve or reject an application in whole or in part without giving any reason therefor and may impose any term and condition in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Representative may exercise the Options, which are the subject of the approval within such extension of the Permitted Period as is approved (which shall not exceed the Option Period) and in accordance with the provisions of Bye-Law 10. Any Option in respect of which an application is rejected shall be automatically terminated at the expiry of the Permitted Period or on the date of the ESOS Committee's decision, whichever is the later;

(c) in the event that the ESOS Committee receives an application after the expiry of the Permitted Period, the ESOS Committee shall take into account the reasons given by the Representative for the delay in making the application, in exercising the ESOS Committee's discretion and powers under sub-paragraph (b) above. In the event that the ESOS Committee approves an application in whole or in part, the Company shall make an Offer in respect of the Options which are the subject of the approval to the Representative and such Options shall be exercisable:-

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- (aa) within such period as may be stipulated in the Offer which shall not exceed the Option Period of those Options which were terminated pursuant to sub-paragraph (a) above;
- (bb) in accordance with the provisions of Bye-Law 10; and
- (cc) at the Subscription Price applicable in respect of the Options which were terminated pursuant to sub-paragraph (a) above.

**15. ALTERATION OF CAPITAL**

15.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital, the Company may cause such adjustment to be made to:-

- (i) the number of Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option; and/or
- (ii) the Subscription Price.

as shall be necessary to ensure that any adjustment made must be consistent with the provisions for adjustment as provided in the Bye-Laws of the Scheme.

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to Bye-Law 15.1:-

- (i) 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 Shares; and
- (ii) in determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.

15.3 In addition to Bye-Law 15.1 and not in derogation thereof, the Subscription Price and the number of new Shares relating to the Option so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the external auditor:-

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of new Shares relating to the Option to be issued shall be calculated in accordance with the following formula:-

$$\text{Number of additional Shares} = T \times \left[ \frac{\text{Former Par Value}}{\text{Revised Par Value}} \right] - T$$

where T = existing number of Shares relating to the Option.

Such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on the Bursa Securities at the new par value), or such period as may be prescribed by the Bursa Securities.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- (b) If and whenever the Company shall make any issue of Shares to shareholders credited as fully paid, by way of bonus issue or capitalisation issue of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and the additional number of new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left\{ T \times \left[ \frac{A + B}{A} \right] \right\} - T$$

where:-

- A = the aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation issue of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Shares relating to the Option

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record Date for such issue.

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

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

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

**13. BYE-LAWS OF THE ESOS (Cont'd)**

and in respect of the case referred to in Bye-Law 15.3(c)(ii) hereof, the number of additional new Shares comprised in the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left\{ T \times \left[ \frac{C}{C-D} \right] \right\} - T$$

where:-

- T = existing number of Shares relating to the Option;
- C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to the Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (i) in the case of an offer or invitation to acquire or subscribe for Shares under Bye-Law 15.3(c)(ii) above or for securities convertible into or with rights to acquire or subscribe for Shares under Bye-Law 15.3(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (ii) in the case of any other transaction falling within Bye-Law 15.3(c) hereof, the fair market value as determined (with the concurrence of the external auditor) by the adviser of that portion of the Capital Distribution to one (1) Share.

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

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

where:-

- C = as C above;
- E = the subscription price for one (1) additional Share under the terms of offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Shares or security convertible into Shares or right to acquire or subscribe for Shares; and
- D\* = The value of rights attributable to one (1) Shares (as defined below)



**13. BYE-LAWS OF THE ESOS (Cont'd)**

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

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

where:-

C = as C above;

E\* = the subscription price for one (1) additional Share under the terms of offer or invitation; and

F\* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Shares.

For the purpose of Bye-Law 15.3(c) hereof, ("**Capital Distribution**") shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under Bye-Law 15.3(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

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

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record Date for such issue.

- (d) If and whenever the Company makes any allotment to its shareholders as provided in Bye-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in Bye-Law 15.3(c)(ii) or (iii) above and the Record Date for the purpose of the allotment is also the Record Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and where the Company makes any allotment to its shareholders as provided in Bye-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in Bye-Law 15.3(c)(ii) above and the Record Date for the purpose of the allotment is also the Record Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Option to be issued shall be calculate as follows:-

$$\text{Number of additional Shares} = \left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

**13. BYE-LAWS OF THE ESOS (Cont'd)**

where:-

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

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its shareholders to acquire or subscribe for Shares as provided in Bye-Law 15.3(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for shareholders as provided in Bye-Law 15.3(c)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left[ T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

**13. BYE-LAWS OF THE ESOS (Cont'd)**

where:-

G = as G above;

C = as C above;

H = as H above;

H\* = as H\* above;

I = as I above;

I\* = as I\* above;

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

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

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its shareholders as provided in Bye-Law 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in Bye-Law 15.3(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in Bye-Law 15.3(c)(iii) above, and the Record Date for the purpose of allotment is also the Record Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:-

G = as G above;

C = as C above;

H = as H above;

H\* = as H\* above;

I = as I above;

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- I\* = as I\* above;
- J = as J above;
- T = as T above;
- K = as K above; and
- B = as B above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record Date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all shareholders and requiring an adjustment under Bye-Laws 15.3(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Share or any security convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{L + M}{L + N}$$

where:-

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of Bye-Laws 15.3(g), ("**Total Effective Consideration**") shall be determined by the Board with the concurrence of the external auditor and shall be:-

- (i) In case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) In the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discount or expense paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of Bye-Law 15.3(g), ("**Average Price**") of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate retroactively) from the close of business on the Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the offering price of such Shares. Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the completion of the above transaction.

- 15.4 Bye-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
- (i) an issue of Shares pursuant to the exercise of Options under the Scheme; or
  - (ii) an issue of securities as consideration for an acquisition; or
  - (iii) an issue of securities as a private placement; or
  - (iv) an issue of securities as a special issue approved by the relevant governmental authorities; or
  - (v) a restricted issue of securities; or
  - (vi) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into the Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to such convertible securities; or
  - (vii) a purchase by the Company of its own Shares pursuant to Section 67A of the Act. In this event, the provisions in Bye-Law 4.2 shall apply.
- 15.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, Bye-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration in the capital structure of the Company to which Bye-Law 15.1 is applicable, but Bye-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration in the capital structure of the Company to which Bye-Law 15.1 is not applicable as described in Bye-Law 15.4.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

15.6 An adjustment pursuant to Bye-Law 15.1 shall be made at the following circumstances:-

- (i) in the case of a capitalisation issue, rights issue or bonus issue, on the Market Day immediately following the Record Date for such issue; or
- (ii) in the case of a consolidation or subdivision of Shares or capital reduction, on the Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on the Bursa Securities at the new par value), or such period as may be prescribed by the Bursa Securities.

Upon any adjustment being made, the ESOS Committee shall give notice in writing 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.

15.7 All adjustments (except in the case of a bonus issue) must be confirmed in writing by an approved company auditor, acting as an expert and not as an arbitrator, to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor to the effect that in the opinion of such auditor, acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards to such Grantee, and such certification shall be final and binding on all parties. For the purposes of this Bye-Law, an approved company auditor shall have the meaning given in Section 8 of the Act.

**16. TAKE-OVERS AND MERGERS**

In the event of an offer being made for Shares under the Securities Commission Act, 1993 ("SC Act"), Malaysian Code on Take-Overs and Mergers and such offer being declared unconditional, the following provisions shall apply:-

- (i) a Grantee shall be entitled to exercise all or any of the Option 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 the Bye-Laws. 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
- (ii) 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 Shares under the provisions of the SC Act 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 Option 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 the Bye-Laws. 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.

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- (iii) Notwithstanding the provision of Bye-Law 10 and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement in connection with a scheme of arrangement and reconstruction of the Company resulting in its amalgamation or merger with any company or companies pursuant to Part VII of the Act, a Grantee may be entitled to exercise all or any part of his Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date on which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period. Upon the compromise or arrangement becoming effective, all unexercised Options shall automatically lapse and shall become null and void and of no further force and effect.

**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:-

- (i) 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 six (6) months from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of the Bye-Laws. 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
- (ii) 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 Bye-Law 17.1, a company shall be deemed to be divested from the Group in the event that the effective interest of the Company in such company is reduced from above fifty percent (50%) to fifty percent (50%) or below so 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 AND TERMINATION OF SCHEME**

19.1 The Effective Date for the implementation of the Scheme shall be the date of full compliance with all relevant requirements in Chapter 3 of the Listing Requirements including the following:-

- (a) the submission of final copy of the Bye-Laws pursuant to paragraph 3.4.16 of the Listing Requirements; and
- (b) receipt of approval-in-principle for the listing of the Shares to be issued under the Scheme from Bursa Securities;
- (c) the approval by the shareholders of the Company in general meeting;
- (d) the approvals of any other relevant authorities, where applicable; and

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- (e) the fulfilment of all conditions attached to the aforesaid approvals, if any.

and shall take effect from the date of letter of confirmation required to be issued by the adviser of the Company to the Bursa Securities confirming the compliance of the above requirements, stating the effective date of implementation together with a certified true copy of the relevant resolution passed by the shareholders in general meeting no later than five (5) market days after the effective date of the implementation.

The Scheme shall be in force for a duration of five (5) years from the Effective Date. The Company may, if the Board and the ESOS Committee deem fit, extend the Scheme for another five (5) years. Such extended Scheme shall be implemented in accordance with the terms of the Bye-Laws set out herein, save for any amendments and/or change to the relevant statutes and/or regulations currently in force and shall be valid and binding without further obtaining the approvals of the abovementioned parties PROVIDED THAT the Company shall serve appropriate notices on each Grantee and/or make necessary announcements to any and/or all of the abovementioned parties within thirty (30) days prior to the expiry of the Scheme.

- 19.2 Offers can only be made during and not after the duration of the Scheme.
- 19.3 The Company in general meeting may at any time by ordinary resolution terminate the Scheme. Prior to the termination, the Company must satisfy all of the following conditions:-
- (i) to obtain the clearance from the Bursa Securities for the circular to the shareholders in relation to the termination of the Scheme;
  - (ii) to obtain the consent of its shareholders of the Company at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
  - (iii) to obtain the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.
- 19.4 In the event of termination of the Scheme, the following provisions shall apply:-
- (i) no further Offers shall be made by the ESOS Committee from the date the last of the approvals specified in Bye-Law 19.3 shall have been obtained;
  - (ii) all Offers which have yet to be accepted shall automatically lapse from the date the last of the approvals specified in Bye-Law 19.3 shall have been obtained; and
  - (iii) all outstanding Options shall be automatically terminated from the date the last of the approvals specified in Bye-Law 19.3 shall have been obtained.
- 19.5 In seeking to the consent of shareholders of the Company and Grantees for the termination of the Scheme, the Company must provide sufficient information on the following matters:-
- (i) reasons for the 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.



**13. BYE-LAWS OF THE ESOS (Cont'd)**

- 19.6 The Company may establish a new employee share option scheme after the expiry or upon the termination of the Scheme, as the case may be, in accordance with the Bye-Laws. However, the new employee share option scheme is subject to the approvals of the Bursa Securities and/or any other relevant authorities and the approval of the shareholders of the Company in a general meeting. The Eligible Persons and Directors who have been granted Options under this Scheme may be allowed to participate in the new employee share option scheme.
- 19.7 The event of liquidation of the Company, all unexercised or partially exercised Options shall lapse.

**20. ADMINISTRATION**

- 20.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these Bye-Laws, administer the Scheme and regulate the ESOS Committee's own proceedings in such manner as it shall think fit.
- 20.2 Without limiting the generality of Bye-Law 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents, make rules, regulations or impose terms and conditions 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 and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 20.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the ESOS Committee as it shall deem fit.
- 20.4 The ESOS Committee shall comprise persons from the Board and/or senior management of the Company.

**21. AMENDMENT**

- 21.1 Any subsequent modifications or amendments to the Bye-Laws shall be made and proposed by the ESOS Committee and approved by the Board. Such modification and amendment do not need the prior approval of the Bursa Securities and/or any other relevant authorities. However, a letter of compliance together with the Bye-Laws and any amendments thereto are required to be submitted to the Bursa Securities no later than five (5) Market Days after the amendments to the Bye-Laws, each time a modification or amendment is made, stating that the modification or amendment does not contravene any of the provision of the Listing Requirements on Employee Share Option Schemes and the Rules of Bursa Depository.
- 21.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these Bye-Laws provided that no addition, amendment or deletion shall be made to these Bye-Laws which would:-
- (i) prejudice any rights which have accrued to any Grantee without his prior consent; or
  - (ii) increase the number of Shares available under the Scheme beyond the maximum imposed by Bye-Law 4.1; or
  - (iii) provide an advantage to any Grantee or group of Grantees; or

**13. BYE-LAWS OF THE ESOS (Cont'd)**

- (iv) Alter any matters which are required to be contained in the Bye-Laws by virtue of Appendix 3D of the Listing Requirements to the advantage of the Eligible Persons without the prior approval of the shareholders of the Company unless allowed otherwise by the provisions of the Listing Requirements.

**22. INSPECTION OF FINANCIAL STATEMENTS**

All Grantees are entitled to inspect the latest audited financial statements of the Company at the registered office of the Company during the usual business hours.

**23. SCHEME NOT A TERM OF 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 Eligible Person.

**24. NO COMPENSATION FOR TERMINATION**

No Eligible Person shall be entitled to any compensation for damages arising from the termination of any Option pursuant to the provisions of these Bye-Laws.

**25. DISPUTES**

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or Grantee, as the case may be, as to any matter of any nature arising hereunder, then the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. If the Eligible Person is dissatisfied with the decision of the ESOS Committee, the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects.

**26. 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 Shares pursuant to the exercise of Options, shall be borne by the Company.

**27. ARTICLES OF ASSOCIATION**

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

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