

13. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

SKP RESOURCES BHD

(formerly known as Vital Conglomerate Berhad)

(Company No. 524297-T)

Registered Office:

SKP Resources Bhd
Suite 11.1A
Level 11, Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur

18 December 2002

The Shareholders
SKP Resources Bhd

Dear Sir/Madam

On behalf of the Directors of SKP Resources Bhd ("SKPRB"), I report after due enquiry that during the period from 31 July 2002 (being the date to which the last audited accounts of SKPRB and its subsidiaries ("Group") have been made) to 18 December 2002 (being a date not earlier than 14 days before the issue of this Prospectus):

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the Group; and
- (e) save as disclosed in the Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profit of the Group.

Yours faithfully
For and on behalf of the Board of Directors
SKP RESOURCES BHD



Dato' Gan Kim Huat
Managing Director

14. SKPRB ESOS

SKPRB has proposed to implement an ESOS for the benefit of its full time employees not earlier than one (1) year from the date of the Listing. No option has been granted under the SKPRB ESOS as at the date of this Prospectus.

The ESOS was approved by the SC on 5 August 2002 and by the existing shareholders of SKPRB prior to the Public Issue on 18 December 2002.

1. Definitions

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

Act	: Malaysian Companies Act, 1965 as amended from time to time
Articles	: Articles of Association of SKPRB
Board	: Board of Directors of SKPRB
CDS	: Central Depository System
Eligible Employee	: Employee or Executive Director of the Group who meets the criteria of eligibility for participation in the Scheme as set out in Clause 6 hereof
Executive Director	: Director of the SKPRB Group who is on the payroll of the Group and who is involved in the day-to-day management of the Group
Grantee	: Eligible Employee who has accepted an Offer by the Option Committee of an Option in the manner indicated in Clause 8 hereof
KLSE	: Kuala Lumpur Stock Exchange
Market Day	: Day between Monday and Friday (inclusive) which is not a public holiday and when the KLSE is open for trading in securities
Maximum Allowable Allocation	: Maximum number of new SKPRB Shares that can be offered and allotted to an Eligible Employee falling within a particular category of Eligible Employee as stipulated in Clause 7 hereof
Offer	: Offer made in writing by the Option Committee to an Eligible Employee in the manner indicated in Clause 5 hereof
Offer Date	: Date on which an Offer (including subsequent Offers) is made by the Option Committee to an Eligible Employee in writing to participate in the Scheme
Option	: Right of a Grantee to subscribe for new SKPRB Shares pursuant to the contract constituted by acceptance of an Offer in the manner indicated in Clause 8 hereof
Option Committee	: Committee appointed by the Board to administer the Scheme
Option Period	: Period commencing from the Offer Date and expiring at the end of five (5) years from the Offer Date or at a date which the Option Committee may in its discretion decide provided that no Option Period shall extend beyond the period referred to in Clause 4 hereof

14. SKPRB ESOS (Cont'd)

SC	:	Securities Commission
Scheme	:	Scheme for the grant of Options to Eligible Employees to subscribe for new SKPRB Shares on the terms as set out herein
Subscription Price	:	Price at which the Grantee shall be entitled to subscribe for each new SKPRB Share pursuant to the exercise of an Option as set out in accordance with Clause 9 hereof
SKPRB or the Company	:	SKP Resources Bhd
SKPRB Group or the Group	:	SKPRB and its subsidiaries
SKPRB Share(s)	:	Ordinary share(s) of RM1.00 each in SKPRB

In these Bye-Laws:

- (i) any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of KLSE and/or the SC respectively (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by KLSE and/or the SC);
- (ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these Bye-laws so far as such modification or re-enactment applies or is capable of applying to any options offered and accepted prior to the expiry of the Scheme;
- (iii) words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee may be exercised at the Option Committee's discretion;
- (v) the heading in these Bye-laws are for convenience only and shall not be taken into account in the interpretation of these Bye-laws; and
- (vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day, whichever is applicable, after that day.

2. Name of Scheme

This Scheme will be called the "SKP Resources Bhd Employee Share Option Scheme".

3. Maximum Number of Shares Available Under the Scheme

- 3.1 The total number of new SKPRB Shares which may be made available under the Scheme shall not exceed ten per centum (10%) of the total issued and paid-up share capital at the time of the Offer (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time).

14. SKPRB ESOS (Cont'd)

- 3.2 Notwithstanding the provision of Clause 3.1 above or any other provisions contained herein, in the event the maximum number of new SKPRB Shares comprised in the Option granted under the Scheme exceeds the aggregate of ten per centum (10%) of the issued and paid-up share capital of SKPRB as a result of SKPRB purchasing its own shares or cancelling its share capital thereby diminishing its issued and paid-up capital, then such Option granted prior to the adjustment of the issued and paid-up capital of SKPRB shall remain valid and exercisable in accordance with the provisions of this Scheme.

4. Duration and Termination of the Scheme

- 4.1 The Scheme can be launched or implemented by the Company upon receipt of relevant approvals from the SC, KLSE and shareholders, the fulfilment of any conditions attached thereto and upon the adviser for the Company submitting to the SC the following:

- (i) this Bye-Laws; and
- (ii) confirmation letter from the adviser that the Company:
 - (a) has fulfilled the SC's conditions of approval for the Scheme and that the Bye-Laws do not contravene any of the provision of guidelines on the employee share option scheme as stipulated under the "Policies and Guidelines on Issue/Offer of Securities of the SC" (unless waived by the SC); and
 - (b) has obtained all other relevant approvals for the Scheme and has fulfilled any conditions imposed therein.

The effective date of the launch or implementation of the Scheme shall be the date of the confirmation letter from the adviser of the Company as abovementioned.

Subject to Sub-Clause 4.2 and the compliance of the terms herein contained, the Scheme shall be in force for a period of five (5) years commencing from the date of the confirmation letter from the adviser of the Company.

The Board may extend the existing Scheme for a further five (5) years.

- 4.2 Notwithstanding the provision of Sub-Clause 4.1 above, the Scheme may be terminated by the Company during the continuance of the initial five (5) year period or extended five (5) years as the case may be, as provided herein **PROVIDED ALWAYS THAT** prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:
- (i) the approval from the SC for the termination of the Scheme has been obtained;
 - (ii) the consent from the Company's shareholders at a general meeting has been obtained wherein at least a majority of the shareholders present must have voted in favour of the termination; and
 - (iii) the written consents from all Grantees who have yet to exercise their Options, either in part or in whole, have been obtained.

14. SKPRB ESOS (Cont'd)

5. Offer

- 5.1 The Option Committee shall, within the duration of the Scheme as defined in Clause 4 hereof, make Offers to any Eligible Employee (based on the criteria of allocation as set out in Clause 7 herein) whom the Option Committee may in its discretion select to subscribe for new SKPRB Shares.
- 5.2 The actual number of new SKPRB Shares which may be offered to an Eligible Employee shall be at the discretion of the Option Committee and, subject to any adjustments that may be made under Clause 14 hereof, shall not be less than one thousand (1,000) SKPRB Shares but not more than the Maximum Allowable Allocation as set out in Clause 7 hereof and shall always be in multiples of one thousand (1,000) SKPRB Shares.
- 5.3 Nothing herein shall prevent the Option Committee from making more than one (1) Offer to any Eligible Employee provided always that the total aggregate number of SKPRB Shares which may be offered to any Eligible Employee (inclusive of SKPRB Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allocation of each Eligible Employee as set out in Clause 7 hereof.
- 5.4 The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Employee or the Eligible Employee ceasing to be employed by the SKPRB Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Employee in the manner set out in Clause 8 hereof.
- 5.5 An Offer may be made upon such terms and conditions as the Option Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Employee.

6. Eligibility

- 6.1 Any employee (including Executive Director) of the Group shall be eligible to participate in the Scheme if, as at the Offer Date, the employee is employed by and is on the payroll of a company within the SKPRB Group (other than a company which is dormant).
- 6.2 Eligibility under the Scheme does not confer on an Eligible Employee a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Employee does not acquire or have any rights over or in connection with the Options or the SKPRB Shares comprised herein unless an Offer has been made by the Option Committee to the Eligible Employee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.

7. Maximum Allowable Allocation and Basis of Allocation

- 7.1 Subject to any adjustments, which may be made under Clause 14 hereof, the number of new SKPRB Shares that may be offered and allotted to any of the Eligible Employees of the SKPRB Group who are entitled to participate in the Scheme shall be at the discretion of the Option Committee after taking into consideration the Maximum Allowable Allocation as set out in Sub-Clause 7.2, the performance, seniority and length of service of the Eligible Employee in the Group subject to the following:
- (i) the number of SKPRB Shares allocated, in aggregate, to the Executive Directors and senior management of the Group shall not exceed 50% of the total SKPRB Shares available under the Scheme; and

14. SKPRB ESOS (Cont'd)

- (ii) the number of SKPRB Shares allocated to any individual Executive Director or employee who, either singly or collectively through persons connected (which term shall have the same meaning as that assigned to "a person connected with a director" in Section 122A of the Act), holds 20.0% or more in the issued and paid-up share capital of the Company shall not exceed 10.0% of the total SKPRB Shares available under the Scheme.

- 7.2 Subject always to Sub-Clause 7.1 above, the Eligible Employees of the Group shall be those who fall within any categories listed hereunder and the Maximum Allowable Allocation shall be the amount set opposite their respective categories.

Category of Eligible Employees	Company Ranking	Maximum Allowable Allocation No. of new SKPRB Shares
Managing/Executive Director	1	1,200,000
General Manager	2	600,000
Assistant General Manager	3	300,000
Manager	4	150,000
Assistant Manager	5	135,000
Executive	6	100,000
Junior Executive / Non-Executive	7	50,000

At the discretion of the Option Committee, an Eligible Employee who is promoted to another category may be entitled to additional allocations (being the difference between the maximum number of new SKPRB Shares that may be allotted to such Eligible Employee under the new employment category and the actual number of new SKPRB Shares that has been allotted to such Eligible Employee) upon confirmation in the promoted category.

Senior management of the Group shall comprise Eligible Employees with company ranking from 1 to 3.

8. Acceptance of the Offer

- 8.1 The Offer to participate in the Scheme shall be valid for a period of 30 calendar days from the Offer Date or such longer period as may be determined or extended by the Option Committee on a case to case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to the Option Committee in the form prescribed by the Option Committee.
- 8.2 In the event that the Eligible Employee fails to accept the Offer or pay the acceptance consideration as set out in Sub-Clause 8.3 hereof within the prescribed period and in the manner aforesaid, the Offer shall be deemed to have lapsed and thereafter be null and void.
- 8.3 Acceptance of the Offer by an Eligible Employee shall be accompanied by the payment of One Ringgit (RM1.00) as non-refundable consideration for the Option.
- 8.4 Within 30 calendar days after the due acceptance of the Offer in accordance with the provisions of this Clause, the Option Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee.
- 8.5 The Option is personal to the Grantee and is non-assignable and cannot be transferred or otherwise disposed of in any manner whatsoever save in accordance with Clause 13.3.

14. SKPRB ESOS (Cont'd)

8.6 The Option may be cancelled at the discretion of the Grantee by notice in writing to the Option Committee.

9. Subscription Price

9.1 The Subscription Price shall be set at the weighted average market price of the SKPRB Shares as shown in the Daily Official List of the KLSE for the five (5) Market Days immediately preceding the Offer Date with an allowance for a discount of not more than ten per centum (10%) therefrom at the Option Committee's discretion, (or such other pricing mechanism as may be permitted by the SC or any other relevant regulatory authorities, from time to time) provided that the Subscription Price shall in no event be less than the par value of the SKPRB Shares.

9.2 The Subscription Price shall be stipulated on each certificate bearing the Option.

9.3 The Subscription Price shall be subjected to any adjustments in accordance with Clause 14 herein.

10. Exercise of Option

10.1 An Option can be exercised by the Grantee by notice in writing to the Company during the Option Period in respect of all or any part of the SKPRB Shares comprised in the Option, such part being in multiples of one thousand (1,000) SKPRB Shares. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the SKPRB Shares comprised in the Option.

10.2 Every such notice referred to in Sub-Clause 10.1 hereof to exercise the Option shall be accompanied by a remittance (calculated in accordance with the provisions of Clause 9 hereof) for the full amount of subscription monies in relation to the number of new SKPRB Shares in respect of which the written notice is given. The Company shall endeavour to allot such new SKPRB Shares to the Grantee, despatch the notice of allotment to the Grantee and make an application to the KLSE for the quotation of the new SKPRB Shares within ten (10) Market Days or such other period as may be prescribed by the KLSE from the receipt by the Company of the aforesaid notice and remittance from the Grantee subject to the provisions of the Articles.

10.3 The Option Committee, the Board and the Company shall not under any circumstances be held liable for any costs, expenses, charges and damages whatsoever and howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing the new SKPRB Shares or in procuring the KLSE to list the new SKPRB Shares for which the Grantee is entitled to subscribe.

10.4 The Grantee who exercises his Option shall provide the Option Committee with his CDS account number in the notice referred to in Sub-Clause 10.1 hereof. The new SKPRB Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS account of the Grantee and a notice of allotment stating the number of shares credited into the CDS account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.

14. SKPRB ESOS (Cont'd)

- 10.5 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the Option Committee shall have the right, at its discretion, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT** in the event that such Grantee shall subsequently be found not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the rights of such Grantee to exercise his Option.
- 10.6 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse.
- 10.7 The Company will undertake to keep sufficient authorised and unissued SKPRB Shares to satisfy all outstanding Options, which may be exercisable from time to time during the existence of the Scheme.

11. Ranking of New SKPRB Shares

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

For the avoidance of doubt, the Grantees who exercise the Option(s) shall, in proportion to the amount paid-up on the SKPRB Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles.

12. Rights of a Grantee

- 12.1 The Options shall not carry any rights to vote at any general meeting of the Company.
- 12.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

13. Termination of the Option

- 13.1 In the event of the cessation of employment of a Grantee with the SKPRB Group for whatever reason prior to the full exercise of an Option, such Option or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** subject to the written approval of the Option Committee in its discretion, if such cessation occurs by reason of:
- (i) retirement on attaining the retirement age under the Group's retirement policy;
 - (ii) retirement before attaining the normal retirement age but with the consent of the Option Committee;
 - (iii) ill-health, injury, physical or mental disability; or

14. SKPRB ESOS (Cont'd)

(iv) any other circumstances which are acceptable to the Option Committee;
such Option shall remain exercisable during the Option Period.

13.2 Upon the resignation of the Grantee from his employment with the SKPRB Group, an Option shall lapse forthwith on the date the Grantee tenders his resignation.

13.3 Where a Grantee dies before the expiry of the Option Period, the whole or any part of an Option held by the Grantee that is unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the Option Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Option Period.

14. Alteration of Share Capital During the Option Period

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

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

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

- (a) no adjustment to the Subscription Price shall be made which would result in the new SKPRB Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new SKPRB Shares;
- (b) upon any adjustment being made pursuant to this Clause, the Option Committee shall notify the Grantee (or his legal representatives where applicable) in writing within twenty (20) Market Days from the date of receipt of the letter of the external auditors of the Company on the adjusted Subscription Price, the adjusted number of shares comprised in the Option and/or the revised method of exercise of the Option so far as unexercised; and
- (c) such adjustments would give the Grantee the same proportion of the issued and paid-up ordinary share capital of the Company as that to which he was entitled prior to such alterations.

The adjustment pursuant to this Clause shall be made on the day immediately following the completion of the event giving rise to the adjustment.

- 14.2 (i) The provisions of Sub-Clause 14.1(c) shall not apply to any offer or invitation to ordinary shareholders by way of rights, pursuant to which the ordinary shareholders may acquire or subscribe for SKPRB Shares, provided that the Grantee incurs the same capital outlay as he would incur prior to such adjustments.

14. SKPRB ESOS (Cont'd)

- (ii) The provisions of Sub-Clause 14.1(ii) and Sub-Clause 14.1(c) shall not apply to any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into SKPRB Shares or securities with rights to acquire for SKPRB Shares.
- 14.3 Notwithstanding Sub-Clause 14.1, no adjustments will be made to the Subscription Price and/or the number of SKPRB Shares comprised in the Option so far as unexercised in the following events:
- (i) an issue by the Company of SKPRB Shares or other securities convertible into SKPRB Shares or rights to acquire or subscribe for SKPRB Shares to officers, including full time Executive Directors or employees of the Company or any of its subsidiaries as defined in Section 5 of the Act, (save for any subsidiaries which are dormant), pursuant to any purchase or option scheme (including the Scheme) approved by the ordinary shareholders in a general meeting;
 - (ii) an issue by the Company of SKPRB Shares or other securities convertible into SKPRB Shares or rights to acquire or subscribe for SKPRB Shares, in any such case in consideration or part consideration for or in connection with the acquisition of any other securities, assets or businesses;
 - (iii) a special issue of SKPRB Shares or other securities by the Company required by any relevant authority to comply with the policy of the Government of Malaysia on capital participation in industry;
 - (iv) an issue of SKPRB Shares arising from the exercise of any conversion rights attached to any convertible securities or rights to acquire or to subscribe for SKPRB Shares (including the Options herein) previously issued or to be issued by the Company whether by itself or together with any other issues;
 - (v) an issue by the Company of SKPRB Shares or other securities convertible into SKPRB Shares or rights to acquire or subscribe for SKPRB Shares which is also offered to the Grantees by way of a rights issue;
 - (vi) an issue by the Company of SKPRB Shares or securities convertible into SKPRB Shares or securities with rights to acquire or subscribe for SKPRB Shares as long as the aggregate number of SKPRB Shares issued (or in the case of securities convertible into SKPRB Shares to be issued upon full conversion or full exercise) in any one (1) financial year of the Company does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company as of the date of issue of the SKPRB Shares or the securities (as the case may be);
 - (vii) any repurchase of SKPRB Shares by the Company pursuant to the Act; or
 - (viii) any capital reduction by the Company under Section 64(1)(a) and (b) of the Act.

15. Listing and Quotation of New Shares

If at the time of allotment of the new SKPRB Shares pursuant to the exercise of the Option, the existing issued ordinary shares of the Company are quoted on KLSE, the Company shall make an application to KLSE for its permission to deal in and for listing of and quotation for the new SKPRB Shares so allotted.

14. SKPRB ESOS (Cont'd)

16. Retention Period

The new SKPRB Shares to be allotted and issued to the Grantee pursuant to the exercise of any Option under this Scheme will not be subject to any retention period. However, the Grantee is encouraged to hold the new SKPRB Shares as an investment rather than to realise immediate gains from disposal.

17. Administration

This Scheme shall be administered by the Option Committee comprising such persons from the senior management level of the Company as shall be appointed from time to time by the Board. The Board shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the Option Committee. The Option Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the Scheme in such manner it shall in its discretion deem fit and in the best interest of the Grantees and the Company. The Option Committee may, for the purpose of administering this Scheme, do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the Option Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

18. Amendment and/or Modification to the Scheme

18.1 The Option Committee may recommend to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the Bye-Laws **PROVIDED THAT** no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee who has accepted an Option without his prior consent or, without the prior approval of the Company in general meeting, alter to the advantage of any Grantee.

18.2 Any amendment of the provisions of the Scheme does not need prior approval of the SC. However, the Company is required to submit to the SC, each time an amendment is made, a confirmation letter that the amendment does not contravene any of the provision of the SC's guidelines governing ESOS.

19. Disputes

In the event of any dispute or difference shall arise between the Option Committee and a Grantee, as to any matter or thing of any nature arising hereunder, the Option Committee shall determine such dispute or difference by a written decision to the Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Grantee within 14 calendar days of the receipt of the written notice to the Option Committee, disputes the same, in which case such dispute or difference shall be referred to the decision of the approved Company external auditors as defined under Section 8 of the Act, for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the external auditors are unable to reach a decision in respect of the dispute, such dispute shall be referred to a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

20. Scheme Not a Term of Employment

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. 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 compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment.

14. SKPRB ESOS (Cont'd)

21. Costs and Expenses

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

22. Articles of Association

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

23. Inspection of Audited Accounts

All Eligible Employees and Grantees are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the Registered Office of the Company.

24. Transfer from Other Companies to the Group

In the event that:

- (i) an employee or an Executive Director who was employed in a company which is not part of the Group and is subsequently transferred from such company to any company within the SKPRB Group as result of a restructuring exercise or otherwise involving SKPRB and/or any company within the SKPRB Group with the first mentioned company; or
- (ii) an employee or an Executive Director who was in the employment of a company which subsequently becomes a member of the Group;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such an employee of the Previous Company ("the Affected Employee"), will, if the Affected Employee satisfies all conditions under Clause 6 hereof:

- (a) in the case of (i) above, be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company's employee share option scheme in accordance with the bye-laws of such Previous Company's employee share option scheme but he shall not, upon such transfer or restructuring as the case may be, be eligible to participate for further options of such Previous Company's employee share option scheme;
- (b) in the case of (ii) above, be eligible to participate in the Scheme only for the remaining duration of the Scheme; and
- (c) in the case of (i) above, if the Affected Employee had participated in the Previous Company's employee share option scheme, the number of new Options to be offered to such Affected Employee under the Scheme shall be subject to the discretion of the Option Committee.

14. **SKPRB ESOS** (*Cont'd*)

25. **Divestment from the Group**

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

- (i) will be entitled to continue to exercise all such unexercised Option which were granted to him under the Scheme within a period of six (6) months from the date of such divestment, failing which the right of such Grantee to subscribe for that number of the new SKPRB Shares or any part thereof granted under such unexercised Option shall automatically lapse upon the expiration of the said period of six (6) month period and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Option under the Scheme.

26. **Takeover**

Subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company through a general offer under the Malaysian Code on Take-Over and Mergers, 1998 to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror), the Directors shall use their best endeavours to procure that such a general offer be extended to any new SKPRB Shares that may be issued pursuant to the exercise of Options under this Clause; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new SKPRB Shares under the provisions of the SC Act, 1993 and gives notice to the Company that it intends to exercise such right on a specific date a Grantee will be entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised;

PROVIDED ALWAYS THAT any Options to the extent unexercised after the expiry of the period stipulated in (ii) above shall lapse after the date on which the right of compulsory acquisition is exercised.

27. **Scheme of Arrangement, Amalgamation, Reconstruction, et cetera**

In the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Act, or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may be entitled to exercise all or any part of his Option at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective **PROVIDED ALWAYS THAT** any part of an Option which remains unexercised after the expiry of the period stipulated above shall remain in force until the expiry of the Option Period applicable thereto.

28. **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.

14. SKPRB ESOS (Cont'd)

29. Subsequent Employee Share Option Scheme

Subject to the approval of the SC, the Company may establish a new employee share option scheme after the expiry date of this Scheme if this Scheme is not renewed or upon termination of this Scheme. Where this Scheme has been renewed, a new Scheme may be established upon expiry of the renewed current Scheme.

30. Compensation

30.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

30.2 No Eligible Employee or Grantee or legal personal representative shall bring any claim, action or proceeding against the Company or the Option Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these Clauses, as may be amended from time to time in accordance with Clause 18 hereof.

31. Taxes

All taxes, (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

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