

THIS CIRCULAR TO SHAREHOLDERS OF KEJURUTERAAN ASASTERA BERHAD (“KAB” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. The Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser to the Company for the Proposed ESOS (as defined herein).

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF KAB (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF KAB AND ITS SUBSIDIARIES (“PROPOSED ESOS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MERCURY SECURITIES SDN BHD

(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) together with the Form of Proxy are enclosed with this Circular.

You are requested to complete, sign and return the enclosed Form of Proxy and deposit it at the office of the share registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time and date appointed for holding the EGM. The completion and lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last day, date and time for lodging the Form of Proxy	:	Saturday, 19 May 2018 at 11.00 a.m.
Day, date and time of the EGM	:	Monday, 21 May 2018 at 11.00 a.m. or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at the same venue on Monday, 21 May 2018 at 10.00 a.m., whichever is later
Venue of the EGM	:	Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur

This Circular is dated 4 May 2018

DEFINITIONS

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

Act	- Companies Act 2016, as amended from time to time and any re-enactment thereof
Board	- The Board of Directors of KAB
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	- Bursa Malaysia Securities Berhad (635998-W)
By-laws	- The rules, terms and conditions governing the Scheme as may be modified, amended, varied or supplemented from time to time, a draft of which is appended in Appendix II of this Circular
Circular	- This circular to Shareholders
Date of Offer	- The date of the Offer made by the ESOS Committee to an Eligible Person in the manner provided in the By-laws
Directors	- The executive and non-executive directors of the Company for the time being
Effective Date	The date on which the Scheme shall take effect, to be determined by the ESOS Committee, following full compliance with all relevant requirements prescribed under the Listing Requirements
EGM	- Extraordinary general meeting
Eligible Persons	- Directors or employees of the Group who meets the criteria of eligibility for participation in the ESOS as set out in the By-laws
Employees	- A natural person who has attained the age of 18 years and is employed by, and is on the payroll of, any company in the Group and whose employment has been confirmed in writing and falls within any other eligibility criteria that may be determined by the ESOS Committee from time to time at its discretion
EPS	- Earnings per Share
ESOS Committee	- The committee to be duly appointed and authorised by the Board from time to time to administer the Scheme in accordance with the By-laws, comprising such number of Directors and/or other persons identified and appointed from time to time by the Board
ESOS or Scheme	- Employees' share option scheme for the granting of Options to the Eligible Person(s) to subscribe for new KAB Shares upon the terms as set out in the By-laws, such scheme to be known as the "KAB Employees' Share Option Scheme"
Grantee	- Any Eligible Person who has accepted an Offer in the manner provided in the By-laws
KAB or the Company	- Kejuruteraan Asastera Berhad (420505-H)
KAB Group or the Group	- KAB and its subsidiaries
KAB Shares or Shares	- Ordinary shares of the Company

DEFINITIONS (CONT'D)

Listing Requirements	- ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	- 16 April 2018, being the latest practicable date prior to the printing of this Circular
Market Day	- Any day on which Bursa Securities is open for trading in securities
Maximum Shares	- Maximum number of new Shares to be issued pursuant to the exercise of the Options that may be granted under the Scheme and shall not in aggregate exceed 30% of the total number of issued shares of KAB (excluding treasury shares, if any)
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd (113193-W)
MFRS 2	- Malaysian Financial Reporting Standards 2
NA	- Net assets
Offer	- Written offer of Options at the discretion of the ESOS Committee, to an Eligible Person from time to time within the duration of the Scheme
Option Period	- The period commencing from the Effective Date and expiring on (a) the last day of the duration of the Scheme, or (b) such other date as stipulated by the ESOS Committee in the Offer, or (c) on the date of termination or expiry of the Scheme as provided in the By-laws
Option Price	- The price per Share at which a Grantee shall be entitled to subscribe for a new Share upon the exercise of the Options as set out in the By-laws
Options	- The right of a Grantee to subscribe for new Shares, during the Option Period, at the Option Price pursuant to an Offer duly accepted by the Grantee
Proposed ESOS	- Proposed establishment of an ESOS involving up to 30% of the total number of issued Shares (excluding treasury shares, if any) of the Company
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
RM and sen	- Ringgit Malaysia and sen respectively
Rules of Bursa Depository	- The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 of Malaysia as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
Shareholders	- Registered holders of KAB Shares
VWAP	- Volume weighted average market price

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified. All references to “you” in this Circular are to the shareholders.

DEFINITIONS (CONT'D)

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that Company's plans and objectives will be achieved.

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KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)
(Incorporated in Malaysia)

Registered office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

4 May 2018

Board of Directors

Ferdaus Bin Mahmood (*Independent Non-Executive Chairman*)

Dato' Lai Keng Onn (*Managing Director*)

Choong Gaik Seng (*Executive Director*)

Datin Chan Pey Kheng (*Executive Director*)

Lu Chee Leong (*Independent Non-Executive Director*)

Tong Siut Moi (*Independent Non-Executive Director*)

To: The Shareholders

Dear Sir / Madam,

PROPOSED ESOS

1. INTRODUCTION

On 23 April 2018, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed ESOS.

On 2 May 2018, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter on even date, granted its approval for the listing of such number of new Shares, representing up to 30% of the total number of issued shares of the Company (excluding treasury shares), to be issued pursuant to the Proposed ESOS. The approval of Bursa Securities is subject to the conditions as set out in Section 6 of this Circular.

The purpose of this Circular is to provide you with relevant information on the Proposed ESOS and to set out the views and recommendation of the Board as well as to seek your approval for the resolutions pertaining to the Proposed ESOS which will be tabled at the forthcoming EGM of the Company. The Notice of the EGM and the Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Company proposes to establish and implement the Proposed ESOS, which involves granting of Options to the Eligible Persons as set out in the By-laws. The Options granted under the Scheme shall entitle the Eligible Persons to subscribe for new Shares at an Option Price to be determined at a later date.

The Scheme will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Scheme. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee pursuant to the By-laws may be exercised in the ESOS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities.

2.1 Maximum number of Shares available under the Scheme

The maximum number of new Shares which may be made available under the Scheme shall not exceed 30% of the Company's total number of issued shares (excluding treasury shares, if any) at any point of time during the duration of the Scheme.

Notwithstanding the above or any other provision contained in the By-laws, in the event that the number of new Shares to be issued pursuant to the exercise of the Options granted under the Scheme exceeds the Maximum Shares as a result of the Company purchasing its own Shares in accordance with the Act, or the Company undertaking any other corporate proposal and thereby diminishing its total number of issued shares, then such Options granted prior to the adjustment of the total number of issued shares (excluding treasury shares) of the Company shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the ESOS Committee shall not offer any further Options until the total number of new Shares to be issued pursuant to the exercise of the Options granted or to be granted under the Scheme falls below the Maximum Shares during the duration of the Scheme.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of the Options may be lesser in view that not all Grantees under the Proposed ESOS will exercise their Options in full or at all.

2.2 Basis of allocation and maximum allowable allocation of new Shares

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the aggregate maximum number of new Shares that may be allotted to any one Eligible Person shall be determined entirely at the discretion of the ESOS Committee after taking into consideration, amongst others, the position, performance and length of service of the Eligible Person in the Group, and/or such other factors which the ESOS Committee may in its absolute discretion deem fit, subject to the following conditions:-

- (i) the Directors or Employees do not participate in the deliberation or discussion in respect of their own allocation;
- (ii) the number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, hold 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), does not exceed 10% of the total number of new Shares to be issued under the Scheme; and

- (iii) not more than 70% of the Options available under the Scheme shall be allocated in aggregate to the Directors and senior management of the companies in the Group (which are not dormant),

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, including the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Options are to be granted to the Eligible Persons via:-

- (i) 1 single Offer at a time determined by the ESOS Committee; or
- (ii) several Offers, where the vesting of the Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 2.1 of this Circular.

The ESOS Committee also has the discretion to determine, amongst others:-

- (i) whether or not to stagger the Offer over the duration of the Scheme and each Offer shall be separate and independent from the others;
- (ii) the number of Options to be offered in each Offer;
- (iii) whether or not the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.

No performance target has been set for the allocation of Options at this juncture. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on the performance targets.

2.3 Eligibility to participate in the Scheme

A Director / employee of the Group, excluding the subsidiaries which are dormant, shall be eligible to participate in the Scheme if, as at the Date of Offer:-

- (i) he / she is a Malaysian citizen of at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (ii) he / she is:-
 - (a) employed full time by and on the payroll of any company in the Group and his / her employment has been confirmed by any company in the Group; or
 - (b) employed under an employment contract for a fixed duration and has been in the employment of the Group for such period as may be determined by the ESOS Committee prior to and up to the Date of Offer; and

- (iii) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee at its absolute discretion for the purposes of selecting the Eligible Persons from time to time.

The eligibility to participate in the Scheme does not confer upon an Eligible Person a claim or right to participate in the Scheme or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the Shares unless the ESOS Committee has made an Offer to the Eligible Person and such Eligible Person has accepted the Offer in accordance with the terms of the By-laws.

2.4 Duration of the Proposed ESOS

The Scheme shall be in force for a duration of 5 years from the Effective Date.

On or before the expiry of the first 5 years of the Scheme, the Board shall have the discretion, upon recommendation of the ESOS Committee, to extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of the By-laws, the ESOS Committee shall furnish a written notification to all Grantees.

The Scheme may be terminated by the ESOS Committee at any time before its expiry and the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the Scheme, the following provisions shall apply:-

- (i) no further Offer shall be made by the ESOS Committee from the effective date of termination of the Scheme ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date;
- (iii) all Offers which have yet to be vested in the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iv) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees who have yet to exercise their Options are not required to effect the termination of the Scheme.

2.5 Exercise of Options

Subject to the By-laws, a Grantee shall be allowed to exercise the Options granted to him / her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he / she is in the employment of any company within the Group.

There will be no restriction to the Grantee on the percentage of Options exercisable by him / her during the Option Period.

2.6 Option Price

Subject to any adjustments that may be made in accordance with the By-laws, the Option Price shall be based on a price to be determined by the Board upon recommendation of the ESOS Committee based on the 5-day VWAP of the Shares immediately preceding the Date of Offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme.

2.7 Ranking of the new Shares to be issued pursuant to the exercise of the Options

The new Shares arising from the exercise of the Options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares, save and except that the new Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

2.8 Retention period

The new Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of an Option may be subject to such reasonable retention period or restriction on transfer (if any / if applicable) imposed or determined by the ESOS Committee at its discretion. However, Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, a Grantee who is a non-executive Director must not sell, transfer or assign his / her Shares obtained through the exercise of the Options granted to him / her pursuant to the Scheme within 1 year from the Date of Offer or such period as may be prescribed by Bursa Securities.

2.9 Alteration of share capital during the Option Period

In the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, in its discretion, determine whether the Exercise Price; and/or the number of unexercised Options shall be adjusted, and if so, the manner in which such adjustments should be made.

Such adjustments must be confirmed in writing by the external auditors of the Company or principal advisers (acting as experts and not as arbitrators), to be in their opinion, fair and reasonable.

2.10 Modification, variation and/or amendment to the Scheme

Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time recommend to the Board any additions, modifications or amendments to or deletions of the By-laws as it shall in its discretion think fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or amendments to or modifications or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which would:-

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or

- (ii) increase the number of Shares available under the Scheme beyond the maximum set out in Section 2.1 of this Circular; or
- (iii) alter any matter which are required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

2.11 Utilisation of proceeds

The proceeds arising from the exercise of the Options will depend on, amongst others, the number of Options granted and exercised at the relevant point in time as well as the Option Price. As such, the actual amount of proceeds arising from the exercise of the Options as well as the timeframe for the utilisation of proceeds could not be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the Options, if any, as working capital for the Group, including providing performance bonds and tender bonds, purchase of materials and components such as cables and electrical accessories as well as lighting and fixtures, generator sets and drills, human resources expenses including staff remuneration, welfare and training expenses and other operating as well as administrative expenses such as utilities, audit fees and secretarial fees, as and when received by the Company.

3. RATIONALE FOR THE PROPOSED ESOS

The Proposed ESOS is established primarily to achieve the following objectives:-

- (i) to motivate, reward and retain the Eligible Persons who, upon exercising their Options would be given the opportunity to participate in the equity of the Company thereby relate their contribution directly to the Group;
- (ii) to provide incentives to the Eligible Persons to be committed to the Group without adversely affecting the cash flow of the Group; and
- (iii) to have a more competitive remuneration scheme to attract more skilled and experienced individuals to join the Group and contribute to its continued growth and profitability.

The allocation of Options to non-executive Directors is to recognise the contributions and efforts made by the non-executive Directors as they play an important role in the business performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company, who will assist in the overall strategic decisions and directions of the Group.

Further, any proceeds to be received by the Company pursuant to the exercise of the Options (which will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Option Price) will be utilised for the Company's working capital purposes.

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4. EFFECTS OF THE PROPOSED ESOS

4.1 Share capital

The Proposed ESOS is not expected to have an immediate effect on the Company's share capital until such time when the Options granted under the Scheme are exercised. The Company's share capital will increase progressively depending on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Option Price.

For illustration, assuming the Maximum Shares made available under the Proposed ESOS are fully issued to the Eligible Persons upon the exercise of Options granted under the Scheme, the pro forma effects of the Proposed ESOS on the issued share capital of the Company as at the LPD is as follows:-

	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	320,000,000	32,000,000
To be issued pursuant to the Proposed ESOS	⁽¹⁾ 96,000,000	⁽²⁾ 21,120,000
Issued share capital after the Proposed ESOS	416,000,000	53,120,000

Notes:-

(1) Based on 30% of the total number of issued Shares as at the LPD.

(2) Based on an illustrative exercise price of RM0.22 per Option (calculated based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.2386 and rounded up to the nearest Sen.

4.2 NA and gearing

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the Options granted under the Scheme are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Option Price.

For illustrative purposes, upon exercise of the Options under the Proposed ESOS, the NA per Share of the Group is expected to:-

- (i) increase if the Option Price is higher than the NA per Share of the Group; or
 - (ii) decrease if the Option Price is lower than the NA per Share of the Group,
- at such point of exercise of the Options.

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4.3 Earnings and EPS

Apart from the estimated expenses to be incurred for the Proposed ESOS of RM200,000, the Proposed ESOS is not expected to have any immediate effect on the earnings and EPS of the Group until such time when the Options are granted and exercised. Any potential effect on the EPS of the Group in the future will depend on the number of Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the Options under MFRS 2. The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the Options and recognised as an expense in the profit or loss account of the Group over the vesting period of such Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Options to the Eligible Persons.

4.4 Substantial Shareholder's shareholdings

The Proposed ESOS is not expected to have any immediate effect on the substantial Shareholder's shareholdings in the Company until such time when the Options granted under the Scheme are exercised. Any potential effect on the substantial Shareholder's shareholdings in the Company would depend on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme at the relevant point in time.

For illustration, assuming the Maximum Shares made available under the Proposed ESOS are fully issued to the Eligible Persons upon the exercise of Options granted under the Scheme, the pro forma effects of the Proposed ESOS on the substantial Shareholder's shareholdings as at the LPD are as follows:-

Substantial Shareholder	As at the LPD				After the Proposed ESOS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Lai Keng Onn	196,000,000	61.25	-	-	(3)196,000,000	47.12	-	-

Notes:-

- (1) Based on the total number of issued shares of 320,000,000 Shares as at the LPD.
- (2) Based on the total number of issued shares of 416,000,000 Shares after the Proposed ESOS.
- (3) Assuming none of the Options are granted to Dato' Lai Keng Onn.

4.5 Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

5. TENTATIVE TIMELINE

The Proposed ESOS is expected to be implemented by June 2018. The tentative timetable for the Proposed ESOS is as follows:-

Date	Events
21 May 2018	EGM
June 2018	Implementation of the Proposed ESOS

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed ESOS is subject to approvals being obtained from the following:-

- (i) Bursa Securities for the listing of such number of new Shares, representing up to 30% of the total number of issued shares of the Company (excluding treasury shares), to be issued pursuant to the Proposed ESOS.

The approval of Bursa Securities was obtained on 2 May 2018, subject to, amongst others, the following conditions:-

- (a) Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- (b) KAB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.
- (ii) Shareholders at the forthcoming EGM for the Proposed ESOS; and
- (iii) any other relevant authorities and/or parties, if required.

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

7. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS, there are no other corporate exercises which have been announced by the Company but are pending completion before the printing of this Circular.

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8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

All the Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective specific allocations as well as specific allocations to persons connected to them, if any, under the Proposed ESOS.

Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting in relation to any specific allocation of Options to themselves respectively as well as any specific allocation of Options to persons connected to them, if any, at all relevant Board meetings.

The Directors, including Dato' Lai Keng Onn who is also the major Shareholder of the Company, further undertake to ensure that they and the persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the relevant resolutions pertaining to the specific allocation of Options to themselves respectively as well as the specific allocation of Options to persons connected to them, if any, to be tabled at the forthcoming EGM.

The shareholdings of the Directors and interested major Shareholder of the Company as at the LPD are set out below:-

	As at the LPD			
	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
<u>Directors</u>				
Ferdaus Bin Mahmood	-	-	-	-
Dato' Lai Keng Onn	196,000,000	61.25	-	-
Choong Gaik Seng	12,000,000	3.75	-	-
Datin Chan Pey Kheng	-	-	-	-
Lu Chee Leong	100,000	0.03	-	-
Tong Siut Moi	-	-	-	-
<u>Interested major Shareholder</u>				
Dato' Lai Keng Onn	196,000,000	61.25	-	-

9. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration the rationale and all other aspects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

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10. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on the date and time indicated below or at or at any adjournment thereof for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions by way of poll to give effect to the Proposed ESOS.

Date and time of the EGM	: Monday, 21 May 2018 at 11.00 a.m. or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at the same venue on Monday, 21 May 2018 at 10.00 a.m., whichever is later
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the share registrar of the Company not less than 48 hours before the time and date set for holding the EGM or any adjournment thereof. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

11. FURTHER INFORMATION

You are requested to refer to Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
KEJURUTERAAN ASASTERA BERHAD

DATO' LAI KENG ONN
Managing Director

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

The written consent of Mercury Securities, being the Principal Adviser for the Proposed ESOS, for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest that exists or likely to exist by virtue of its appointment as the Principal Adviser for the Proposed ESOS.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group which may have a material impact on the financial results or position of the Group:-

Capital commitments	Amount RM'000
Capital commitment in respect of property, plant and equipment - approved and contracted but not provided for	378

Contingent liabilities

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

Contingent liabilities	Amount RM'000
Guarantees given to third parties in respect of performance bonds for the Group's projects	9,508

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4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

(i) Kuala Lumpur Sessions Court Suit No: WA-A52C-40-12/2017

The Company has initiated a suit against Cangkat Mentari Sdn Bhd ("**CMSB**") on 20 December 2017 for losses incurred amounting to RM160,982.20 for defect rectification which CMSB failed to carry out under the construction contract for the project known as "Cadangan Pembangunan Kompleks Pangsapuri Perkhidmatan 21 Tingkat dan Pejabat 22 Tingkat di No. 11 (PT 1090), Jalan Judo 13/45, Seksyen 13, Shah Alam, Selangor" ("**Adina Project**"). The Company is also claiming back advance payments made by the Company to CMSB during the course of the Adina Project.

CMSB has counterclaimed against the Company for unpaid progress claims amounting to RM549,851.35. An earlier application by CMSB to transfer the proceedings from the Sessions Court to the High Court was withdrawn by CMSB and subsequently struck out by the court without any order for costs.

The court has directed the parties to undergo mediation on 8 May 2018 and in the event the matter cannot be settled during mediation, the trial will then continue from 23 July 2018 until 26 July 2018.

Based on advice received from the solicitors acting for the Company, the Board is of the view that the Company has an even chance of success in its claim and a good defence against CMSB's counterclaim.

(ii) Kuala Lumpur Sessions Court Suit No: WA-B52NCVC-7-01/2018

The Company has also initiated a suit against CMSB on 4 January 2018 for losses incurred amounting to RM601,028.97 in relation to defect rectification which CMSB failed to carry out under the construction contract for the project known as "Cadangan Pembangunan Komersial (2 Blok Perniagaan 4-5 Tingkat, 1 Blok Pejabat 28 Tingkat dan 1 Blok Pangsapuri Servis 20 Tingkat) di atas 2 hingga 5 Tingkat Besmen Tempat Letak Kereta di atas Lot 53298 (PT 97930) Kota Damansara, Petaling Jaya" ("**Cascade Project**"). The Company is also claiming back advance payments made by the Company to CMSB during the course of the Cascade Project.

CMSB has counterclaimed against the Company for unpaid progress claims amounting to RM728,336.03. An earlier application by CMSB to transfer the proceedings from the Sessions Court to the High Court was withdrawn by CMSB and subsequently struck out by the court without any order for costs.

The court has directed the parties to undergo mediation on 8 May 2018 and in the event the matter cannot be settled during mediation, the trial will then continue from 13 August 2018 until 17 August 2018.

Based on advice received from the solicitors acting for the Company, the Board is of the view that the Company has an even chance of success in its claim and a good defence against CMSB's counterclaim.

APPENDIX I – FURTHER INFORMATION (CONT'D)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of KAB Shares as traded on Bursa Securities from November 2017 (as KAB was listed on 17 November 2017) to April 2018 are as follows:-

	High RM	Low RM
2017		
November	0.330	0.250
December	0.315	0.245
2018		
January	0.325	0.265
February	0.290	0.250
March	0.285	0.240
April	0.250	0.200
Last transacted market price on 20 April 2018, being the last Market Day immediately prior to the first announcement of the Proposed ESOS	0.235	
Last transacted market price on the LPD	0.230	

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of KAB;
- (ii) audited consolidated financial statements of KAB for the financial years ended 31 December 2016 and 31 December 2017;
- (iii) draft By-laws;
- (iv) letter of consent referred to in Section 2 of this Appendix I; and
- (v) the relevant cause papers in respect of material litigation referred to in Section 4 of this Appendix I.

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KEJURUTERAAN ASASTERA BERHAD**DRAFT BY-LAWS OF THE EMPLOYEES’ SHARE OPTION SCHEME****PART I****1. NAME OF THE SCHEME**

This Scheme (as defined herein) shall be called the “Kejuruteraan Asastera Berhad Employees’ Share Option Scheme”.

2. OBJECTIVES OF SCHEME

2.1 The objectives of the ESOS (as defined herein) are as follows:

- (a) to motivate, reward and retain the Eligible Persons (as defined herein) who, upon exercising their Options (as defined herein) would be given the opportunity to participate in the equity of the Company thereby relate their contribution directly to the Group (as defined herein);
- (b) to provide incentives to the Eligible Persons to be committed to the Group without adversely affecting the cash flow of the Group; and
- (c) to have a more competitive remuneration scheme to attract more skilled and experienced individuals to join the Group and contribute to its continued growth and profitability.

2.2 In addition to the objectives set out in By-Law 2.1 above, the objective of the Scheme is to recognise the contributions and efforts made by the non-executive directors of the Company as they play a constructive role in the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive directors of the Company who will assist in the overall strategic decisions of the Group.

3. DEFINITIONS AND INTERPRETATION

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

Act	The Companies Act 2016 as amended from time to time including all regulations made thereunder and any re-enactment thereof
Award Date	The date of the letter of which an ESOS Offer is offered by the ESOS Committee to the Eligible Persons to participate in the Scheme
Board	The Board of Directors for the time being of KAB
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time in accordance with By-Law 24)
CDS	Central Depository System

CDS Account	An account established by Bursa Depository for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Company or KAB	Kejuruteraan Asastera Berhad (Company No. 420505-H)
Constitution	The Company's constitution, as amended from time to time
Date of Expiry	Last day of the Duration of the Scheme as defined in By-Law 22.1
Director	A director within the meaning stipulated in the Act
Disciplinary Proceedings	Proceedings instituted by any company in the KAB Group against an Employee for any alleged misbehaviour, misconduct and/or any other act of the Employee deemed to be unacceptable by that company in the KAB Group in the course of that Employee's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Employee
Duration of the Scheme	The duration of the Scheme as defined in By-Law 22 and includes any extension of the duration
Effective Date	The date on which the Scheme comes into force as provided in By-Law 22.1
EGM	Extraordinary General Meeting
Eligible Director(s)	Director(s) who fulfill(s) the eligibility criteria for participation in the Scheme as set out in By-Law 5
Eligible Employee(s)	Employee(s) who fulfill(s) the eligibility criteria for participation in the Scheme as set out in By-Law 5
Eligible Person(s)	Collectively, the Eligible Director(s) and the Eligible Employee(s)
Employee	A natural person who has attained the age of eighteen (18) years and is employed by, and is on the payroll of, any company in the Group and whose employment has been confirmed in writing and falls within any other eligibility criteria that may be determined by the ESOS Committee from time to time at its discretion
Entitlement Date	The date as at the close of business on which the names of shareholders must appear in KAB's Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments and/or other distributions
ESOS Committee	The committee appointed by the Board to administer the ESOS in accordance with By-Law 25, comprising such number of the Directors and/or other persons appointed / identified from time to time by the Board
ESOS Offer	An award of ESOS Options made in writing by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in By-Law 7

ESOS Options or Options	The right of an Grantee to subscribe for Shares at the Exercise Price pursuant to an ESOS Offer duly accepted by the Grantee in the manner provided in By-Law 8
ESOS or Scheme	The KAB Employees' Share Option Scheme, as the same may be modified or altered from time to time
Exercise Price	The price at which an Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the ESOS Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 10
Grantee	Any Eligible Person who has accepted an ESOS Offer in the manner provided in By-Law 8
Group or KAB Group	The Company and its subsidiary company(ies) as defined in Section 4 of the Act, which are not dormant. Subject to the foregoing, 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 ESOS but exclude subsidiaries which have been divested in the manner provided in By-Law 20
Listing Requirements	The ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
Market Day	A day on which Bursa Securities is open for trading of securities
Maximum Allowable Allotment	The maximum number of new Shares to be allotted and issued pursuant to the exercise of the Options by an Eligible Person in accordance with the provisions of By-Law 6
Maximum Limit	The maximum number of Shares that may be offered and issued under the ESOS which shall not exceed thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the existence of the ESOS, as stipulated in By-Law 4.1
Offer Period	A period of thirty (30) days from the Award Date or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion during which an ESOS Offer is valid as stipulated in By-Law 7.5
Option Certificate	The certificate issued by the ESOS Committee confirming the grant of the Option to the Grantee and the Exercise Price together with the number of Shares comprised in the ESOS Option.
Option Period	The period commencing from the Effective Date to a date not exceeding five (5) years or such other date as stipulated by the ESOS Committee in the ESOS Offer or upon the date of termination or expiry of the ESOS as provided in By-Laws 14 or 22 respectively

Persons Connected	Shall have the same meaning given in relation to persons connected with a Director or persons connected with a major shareholder as defined in Rule 1.01 of the Listing Requirements
Principal Adviser	A corporate finance adviser licensed to make submissions to the SC for corporate proposals
Rules of Bursa Depository	The rules of Bursa Depository, as issued pursuant to SICDA
SC	Securities Commission Malaysia
Shares	Ordinary shares in the relevant ordinary share capital of the Company from time to time
SICDA	Securities Industry (Central Depositories) Act 1991, as amended from time to time
Vesting Conditions	The conditions determined by the ESOS Committee and stipulated in the ESOS Offer which must be fulfilled for the Options under an ESOS to be vested in a Grantee

3.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.

3.3 Any reference to a statutory provision or an applicable law shall include a reference to:

- (a) any and all subsidiary legislation made from time to time under that provision or law;
- (b) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or Bank Negara Malaysia and/or the SC (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 by Bursa Securities and/or Bank Negara Malaysia and/or the SC);
- (c) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to ESOS Offer made, offered and/or accepted within the Duration of the Scheme; and
- (d) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.

3.4 Words importing the masculine gender shall include the feminine and neuter genders.

3.5 Words importing the singular number shall include the plural number and *vice versa*.

3.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the Duration of the Scheme.

3.7 Any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:

- (a) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor;

- (b) by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the ESOS Committee.
- 3.8 In the event of any change in the name of the Company from its present name, all reference to "Kejuruteraan Asastera Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

PART II

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The aggregate maximum number of Shares which may be made available under the Scheme and all other employee share schemes of the Company which may still be subsisting, if any (whether in the form of new Shares to be issued under the Scheme or the aggregate number of new Shares together with existing Shares made available for the purposes of the Scheme), shall not in aggregate exceed thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided in By-Law 22.1.
- 4.2 Notwithstanding By-Law 4.1 above nor any other provision herein contained, in the event the maximum number of Shares granted under the Scheme exceeds in aggregate thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own Shares pursuant to Section 127 of the Act or the Company undertaking any corporate proposal and thereby diminishing the issued shares of the Company, then such ESOS Options granted prior to the adjustment of the number of issued shares (excluding treasury shares, if any) of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the ESOS Committee shall not make any further ESOS Offer unless the total number of Shares to be issued under the Scheme falls below thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided in By-Law 22.1 after such adjustment.

5. ELIGIBILITY

- 5.1 Only Eligible Persons who fulfil the following conditions on the date on which an ESOS Offer is made in writing by the ESOS Committee to such persons to participate in the Scheme shall be eligible to participate in the Scheme:
- (a) in respect of an Employee/Director, the Employee/Director must fulfil the following criteria as at the Award Date:
- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she is employed on the Award Date and he/she is employed:
 - (1) on a full time basis and is on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group; or
 - (2) serving in a specific designation under an employment contract for a fixed duration and has been in the employment of the Group for such period as may be determined by the ESOS Committee prior to and up to the Award Date; and
 - (iii) such Employee falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 5.1(a)(i) or (ii) above) that may be

determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

- (b) If the Eligible Person is employed by a company which is acquired by the Group during the Duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Award Date:
- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she is employed full time by and on the payroll of the newly acquired company and his/her employment has been confirmed by the newly acquired company; and
 - (iii) he/she has been an employee of the newly acquired company for such period as may be determined by the ESOS Committee prior and up to the Award Date.

The Eligible Person must fulfil any other criteria and/or fall within such category/designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Except as may be prescribed by the ESOS Committee or as stipulated in an ESOS Offer, there are no performance targets to be achieved by the Grantee before ESOS Options can be exercised and the Shares arising from the exercise of ESOS Options can be vested.

For the avoidance of doubt, an Employee who attains the prescribed retirement age but is offered to continue to serve the Group on a full time basis shall be treated as an employee of the Group.

- 5.2 Without prejudice to the generality of the foregoing and subject to the ESOS Committee's discretion otherwise, any ESOS Offer made by the ESOS Committee that has not been accepted or exercised by a Grantee shall automatically terminated in the following circumstances:

- (a) the Eligible Person's death;
- (b) the Eligible Person having received a letter of termination or ceasing to be an Employee / Director (as the case may be) of the KAB Group, for any reason whatsoever;
- (c) the Eligible Person giving notice of his/her resignation from service/employment;
- (d) 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;
- (d) the corporation which employs the Eligible Person ceasing to be part of the KAB Group;
- (e) a disciplinary action is taken on the Grantee pursuant to By-Law 14.10; or
- (f) winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:
 - (i) In the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) In the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (g) termination of the Scheme pursuant to By-Law 14,

whichever shall be applicable.

- 5.3 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the ESOS Offer. In the event that any Eligible Persons are a member of the ESOS Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocation.
- 5.4 Any eligible Employee (including an Executive Director) who holds more than one (1) position within the KAB Group and by holding such position is an Eligible Person, shall only be entitled to the Maximum Allowable Allotment of any one (1) category/designation of employment. The ESOS Committee shall be entitled at its discretion to determine the applicable category/designation of employment.
- 5.5 An Eligible Person of a dormant company within the Group is not eligible to participate in the Scheme.
- 5.6 Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an ESOS Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the ESOS Offer in accordance with By-Law 8 hereof.

6. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 6.1 Subject to By-Law 4.1 and any adjustments which may be made under By-Law 18, the aggregate maximum number of Options that may be granted to any one (1) category/designation of employment of the Eligible Person shall be determined entirely at the discretion of the ESOS Committee.
- 6.2 The number of new Shares to be allocated to any Eligible Person who, either singly or collectively through Persons Connected with such Eligible Person, holds twenty percent (20%) or more of the issued shares of the Company (excluding treasury shares, if any), does not exceed ten percent (10%) of the total number of new Shares to be issued under the Scheme.
- 6.3 Not more than seventy percent (70%) of the ESOS Options available under the Scheme shall be allocated in aggregate to the Director(s) and senior management personnel of the companies in the Group (which are not dormant).
- 6.4 Subject to By-Law 6.2, the aggregate maximum number of Shares that may be offered to an Eligible Person under the Scheme shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the Duration of the Scheme relating to employees' and/or directors' share issuance schemes and after taking into consideration the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Person or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit.

At the time an ESOS Offer is offered, the ESOS Committee shall set out the basis of the allocation of the ESOS Offer(s) made to the Eligible Person(s) having the further particulars as set out in By-Law 7.4.
- 6.5 The ESOS Committee may make more than one (1) ESOS Offer to an Eligible Person **PROVIDED THAT** the aggregate number of ESOS Offer so offered to an Eligible Person throughout the entire Duration of the Scheme does not exceed the Maximum Allowable Allotment of such Eligible Person.
- 6.6 The Company shall ensure that allocation of Shares pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of Shares which have been disclosed to the Employees and Directors.

- 6.7 For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Grantees via:
- (a) one (1) single ESOS Offer at a time determined by the ESOS Committee; or
 - (b) several ESOS Offer, where the vesting of Options comprised in those ESOS Offer is staggered or made in several tranches at such times and on terms determined by the ESOS Committee.
- 6.8 In the event the ESOS Committee decides that the ESOS Offer is to be staggered, the number of Shares to be offered in each ESOS Offer and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each ESOS Offer shall be separate and independent from the others.
- 6.9 No Directors or Employee shall participate in the deliberation and discussion of their own respective allocations.

PART III

7. ESOS OFFER

- 7.1 During the Duration of the Scheme, the ESOS Committee may at its discretion at any time from the Effective Date and from time to time make an ESOS Offer in writing for acceptance in accordance with By-Law 7 to an Eligible Person based on the criteria for allotment as set out in By-Law 6 above and otherwise in accordance with the terms of this Scheme.
- 7.2 The actual number of ESOS Options which may be offered to any Eligible Person shall be at the discretion of the ESOS Committee, subject to any adjustments that may be made under By-Law 18, provided that the number of ESOS Options so offered which may be exercised in respect of all or any part of the Shares shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allocation of such Eligible Person and shall be in multiples of one hundred (100) Shares.
- 7.3 In the event the ESOS Committee decides that the Offer is to be offered in tranches, the number of ESOS Options to be offered in each ESOS Offer shall be decided by the ESOS Committee at its sole and absolute discretion and each ESOS Offer shall be separate and independent from the others.
- 7.4 The ESOS Committee shall state the following particulars in the letter of an ESOS Offer:
- (a) The number of ESOS Options that are being granted to the Eligible Person;
 - (b) The number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the ESOS Options being granted;
 - (c) The date of the ESOS Offer;
 - (d) The Option Period;
 - (e) The Exercise Price;
 - (f) The Vesting Conditions (if any/if applicable);
 - (g) The vesting date(s) (if any/if applicable); and
 - (h) The Offer Period as mentioned in By-Law 7.5;

- (i) The basis of the allocation of the ESOS Offer(s) made having regard to the Eligible Person(s)' annual appraised performance, category or grade of employment, Maximum Allowable Allocation and such other information that the ESOS Committee may in its sole and absolute discretion deem fit; and
 - (j) Any other information deemed necessary by the ESOS Committee.
- 7.5 An ESOS Offer shall be valid for a period of thirty (30) days from the Award Date or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion (“**Offer Period**”).
- 7.6 No ESOS Offer shall be made to any Director and/or major shareholder of KAB, a person connected with any Director and/or major shareholder who are Eligible Persons unless such ESOS Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.7 Without prejudice to By-Law 25, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.4, the following provisions shall apply:
 - (a) As soon as possible but in any event no later than one (1) month after the discovery of the error, the Company shall issue a supplemental letter of ESOS Offer, stating the correct particulars referred to in By-Law 7.4;
 - (b) In the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of ESOS Offer shall remain as the Exercise Price as per the original letter of ESOS Offer; and
 - (c) In the event that the error relates to the Exercise Price, the Exercise Price applicable in the supplemental letter of ESOS Offer shall be the Exercise Price applicable as at the date of the original letter of ESOS Offer, save and except with respect to any ESOS Options which have already been exercised as at the date of issue of the supplemental letter of ESOS Offer.

8. ACCEPTANCE OF ESOS OFFER AND VESTING CONDITIONS

- 8.1 An ESOS Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only or such other amount as may be determined by the ESOS Committee for the grant of the ESOS Options (regardless of the number of Shares comprised therein).
- 8.2 If an ESOS Offer is not accepted in the manner set out in By-Law 8.1 above, the ESOS Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 8.3 The number of ESOS Options offered in the lapsed ESOS Offer shall be deducted from the Maximum Allowable Allotment or the balance of the Maximum Allowable Allotment of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of ESOS Options offered in the lapsed ESOS Offer, in any ESOS Offer made in the future. However, ESOS Options not taken up resulting from the non-acceptance of ESOS Offer within the Offer Period shall thereafter form part of the balance of ESOS Options available under the ESOS for future ESOS Offer.
- 8.4 The Company shall within thirty (30) days of the acceptance of the ESOS Offer by the Eligible Person (“**Acceptance Date**”), issue to the Eligible Person an Option Certificate in such form as may be determined by the ESOS Committee.

- 8.5 The Options or such part thereof as may be satisfied in the ESOS Offer will only vest with the Grantee on the ESOS vesting date if the Vesting Conditions are fully and duly satisfied, including the following:
- (a) the Grantee remains an Eligible Person and shall not have given notice of resignation or received a notice of termination as at the ESOS vesting date or has otherwise ceased or had his/her employment terminated;
 - (b) the Grantee has not been adjudicated a bankrupt; and/or
 - (c) any other conditions which are determined by the ESOS Committee.
- 8.6 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition if the ESOS Committee decides that a changed performance target would be a fairer measure of performance.
- 8.7 The ESOS Committee may cancel any ESOS Options awarded under this Scheme that has not been exercised and any unvested ESOS Options awarded under this Scheme. In the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new ESOS Options (which may or may not cover the same number of Shares that had been the subject of any prior ESOS Option) in such manner, at such Exercise Price and subject to such terms, conditions and discretion as would have been applicable under this Scheme had the cancelled ESOS Options not been awarded.

9. EXERCISE OF ESOS OPTIONS

- 9.1 Each ESOS Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.
- 9.2 Subject to By-Laws 14, 19, 20, 21 and 22, a Grantee shall be allowed to exercise the ESOS Options granted to him/her (subject to By-Law 9.4) as provided in these By-Laws whilst he/she is in the employment of the KAB Group and within the Option Period.
- 9.3 A Grantee shall exercise the Options granted to him/her in whole or part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 18 which result in the number of Shares comprised in an Option not being in multiples of not less than one hundred (100), then the requirement that an Option shall be exercised in multiples of not less than one hundred (100) Shares shall not be applicable for the Grantee's final exercise of the Option.
- 9.4 A Grantee shall exercise his/her ESOS Options in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the letter of ESOS Offer. The procedure for the exercise of ESOS Options to be complied with by the Grantee shall be determined by the ESOS Committee from time to time. Any ESOS Options which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.5 Subject to By-Law 9.4, a Grantee shall exercise his/her ESOS Options by executing and delivering to the Company Notice of Exercise, stating the number of ESOS Options to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the Exercise Price in relation to the number of Shares in respect of which the

notice is given **PROVIDED THAT** the number of Shares stated therein shall not exceed the amount granted to such Grantees and be subject to By-Laws 9.2 and 9.3 above. The ESOS Committee may pursuant to By-Law 24 hereof, at any time and from time to time, before or after the ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of Shares and/or such percentage of total Shares comprised in the ESOS Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by a Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.

- 9.6 The Grantee shall provide all information as required in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, in the event that the Shares are delivered to the Grantee via issuance of new Shares, the Company shall allot and issue the relevant number of Shares to the Grantee and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical share certificates will be issued to the Grantee or his authorised nominee (as the case may be).
- 9.7 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing and/or transferring the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any ESOS Offer.
- 9.8 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee, and the ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her Option.
- 9.9 Every ESOS Options shall be subjected to the condition that no new Shares shall be issued pursuant to the ESOS Options if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Duration of the Scheme or such period as may be extended.

10. EXERCISE PRICE

The Exercise Price of each new Share comprised in any ESOS Option shall, subject always to the provisions of By-Law 18 hereof, be a price to be determined by the Board upon recommendation of the ESOS Committee based on the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding date of the ESOS Offer with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the Duration of the Scheme.

The Exercise Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 18.

PART IV**11. NON-TRANSFERABILITY**

- 11.1 An ESOS Option is personal to the Grantee and subject to the provisions of By-Laws 11.2, 11.3 and 14.3, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.
- 11.2 An ESOS Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.8. Any such attempt to transfer, assign, dispose or encumber any ESOS Option shall result in the automatic cancellation of the ESOS Option.
- 11.3 Notwithstanding By-Law 11, in the event a Grantee is transferred to another company within the Group which has its own share issuance scheme, the Grantee shall be entitled to continue to exercise all unexercised ESOS Options granted under this Scheme, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect be eligible to participate for further ESOS Options under the Scheme.

12. RIGHTS ATTACHING TO SHARES AND ESOS OPTIONS

- 12.1 The new Shares to be allotted and issued upon the exercise of any ESOS Options granted under the Scheme will be subject to the provisions of the Constitution and will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares of the Company, save and except that the Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid to shareholders, the Entitlement Date of which is prior to the date of allotment and issuance of such new Shares.
- 12.2 The ESOS Options shall not carry any rights to vote at any general meeting of the Company. For the avoidance of doubt, a Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his/her unexercised Options and/or unvested Shares.

13. RESTRICTION ON DEALING/RETENTION PERIOD

- 13.1 The Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of an Option under the Scheme may be subject to such reasonable retention period or restriction on transfer (if any/applicable) imposed/determined by the ESOS Committee at its discretion. The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his/her 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/her financier's CDS Account. A Grantee should note that the Shares are intended for him/her to hold as an investment rather than for any speculative purposes and/or for the realization of any immediate gain.
- 13.2 Notwithstanding the above, a Grantee who is a non-executive director of the Company must not sell, transfer or assign their Shares obtained through the exercise of the Options granted to him/her under the Scheme within one (1) year from the date of the ESOS Offer of such Options or such period as may be prescribed by Bursa Securities.

14. TERMINATION OF THE ESOS OFFER

- 14.1 Prior to the full vesting of any ESOS Option and/or the allotment or satisfaction by any other means of an ESOS Option in the manner as provided for under By-Law 25.2, such ESOS Options that remain unvested or unexercised or unsatisfied (as the case may be) shall be automatically terminated and cease or deemed to cease to be valid without any claim against the Group in the following circumstances:

- (a) Termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the ESOS Options shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any other member of the Group on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (b) Bankruptcy of the Grantee, in which event the ESOS Options shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
- (c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the ESOS Options, in which event the ESOS Options shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date such event occurs; or
- (d) Winding up or liquidation of the Company, in which event the ESOS Options shall be automatically terminated and/or cease to be valid on the following date:
 - (i) In the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) In the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (e) Termination of the Scheme pursuant to By-Law 22.5, in which event the ESOS Options shall be automatically terminated and cease or cease to be valid without any claim against the Group on the Termination Date (as defined in By Law 22.5),

whichever shall be applicable.

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

- 14.2 A Grantee will be allowed to continue to hold and to exercise any unexercised Options held by him/her upon retirement on or after attaining normal retirement age for a period of two (2) years after the last day of his/her employment provided that the Options are exercised within the Option Period is vested within the Duration of the Scheme. For the avoidance of doubt, By-Law 9.2 shall not be applicable in this event but By-Law 9.5 shall remain applicable.
- 14.3 Notwithstanding By-Law 14.1 above, the ESOS Committee may at its discretion allow an Option to remain exercisable during the Option Period to remain unvested (as the case may be) on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:
 - (a) Ill-health, injury, physical or mental disability; or
 - (b) Retirement before attaining the normal retirement age with the consent of his/her employer; or
 - (c) Redundancy or voluntary separation scheme; or
 - (d) Transfer to any company outside the Group at the direction of the Company; or

- (e) Any other circumstance as may be deemed as acceptable to the ESOS Committee in its sole and absolute discretion.
- 14.4 Applications under By-Law 14.3 shall be made:
- (a) in a case where By-Law 14.3(a) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability, the Grantee may exercise all his/her unexercised Options within the said one (1) month period. In the event that no application is received by the ESOS Committee within the said period, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated;
 - (b) in a case where By-Laws 14.3(b) or (c) is applicable, within six (6) months after the Grantee's last day of employment, the Grantee may exercise all his/her unexercised Options within the said six (6) months period. In the event that no application is received by the ESOS Committee within the said period, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated;
 - (c) in a case where By-Law 14.3(d) is applicable, the Grantee may exercise his/her unexercised Options within one (1) month after he/she is notified, subject to the provisions of By-Law 9. Thereafter, any unexercised Option held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.5 In the event that a Grantee is notified that he will be retrenched or where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, the Grantee may exercise his/her unexercised Options within one (1) month after he/she receives such notice or accepts such offer, as the case may be, subject to the provisions of By-Law 9. Thereafter, any Option held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.6 The ESOS Committee shall consider applications under By-Law 14.3 on a case-by-case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons therefor and may impose any terms and conditions 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 Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of By-Law 9. Any Options and/or Shares in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 14.4 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.7 In the event that the ESOS Committee receives an application under By-Law 14.3 after the expiry of the relevant period under By-Law 14.4, 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 By-Law 14.6. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an ESOS Offer in respect of the unexercised Options which are the subject of approval to the Grantee and such Options offered and/or Shares awarded, if accepted by the Grantee shall be exercisable:
- (a) only within the period of those Options which were terminated due to the Grantee's delay in making the application;
 - (b) in accordance with the provisions of By-Law 9 as applicable in respect of such terminated Options; and
 - (c) at the subscription price applicable in respect of such terminated Options.
- 14.8 In the event that a Grantee dies before the Date of Expiry and, at the date of death, holds any ESOS Options which are unexercised, the following provisions shall apply:

- (a) Such ESOS Options and/or unvested Shares may be exercised and/or be vested by/in (as the case may be) the personal or legal representative of the deceased Grantee (“**Representative**”) within twelve (12) months after the Grantee’s death (“**Permitted Period**”) or within the Date of Expiry, whichever expires first, subject to the approval of the ESOS Committee;
 - (b) In the event that the Date of Expiry expires before the Permitted Period, any Options which have not been exercised by the Representative at the Date of Expiry shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options;
 - (c) In the event that the Permitted Period expires before the Date of Expiry, the following provisions shall apply:
 - (i) 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 no application is received by the ESOS Committee before the expiry of the Permitted Period, any Options which have not been exercised by the Representative at the expiry of the Permitted Period shall be automatically terminated.
 - (ii) The ESOS Committee shall consider such applications on a case-by-case basis and may at its discretion approve or reject an application in whole or in part without giving any reasons therefor and may impose any terms and conditions 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 Date of Expiry) and in accordance with the provisions of By-Law 9.4. Any ESOS 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.
 - (iii) 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 (ii) above. In the event that the ESOS Committee approves an application in whole or in part, the Company shall make an ESOS Offer in respect of the Options and/or unvested Shares which are the subject of the approval to the Representative and such Options and/or unvested Shares shall be exercisable/vested -
 - (3) within such period as may be stipulated in the ESOS Offer a which shall not exceed the Date of Expiry of those Options and/or Shares which were terminated pursuant to sub-paragraph (i) above;
 - (4) in accordance with the provisions of By-Law 9.4; and
 - (5) at the subscription price applicable in respect of the Options which were terminated pursuant to sub-paragraph (i) above.
- 14.9 The provisions of By-Law 14.7 and By-Law 14.8(c)(iii) constitute exceptions to the provisions of By-Law 5.1 and By-Law 10(a).
- 14.10 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect to the Grantee, 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 or are found to have had no basis or justification) to exercise his/her ESOS Options and/or have Shares vested in him/her pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise his/her ESOS Options and/or have Shares vested in him/her having regard to the nature of the charges made or brought against such Grantee, **PROVIDED ALWAYS** that:

- (a) 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 their ESOS Option;
- (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised ESOS Options of the Grantee and/or unvested Shares shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
- (c) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her ESOS Options and/or have the Shares vested in him/her or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the ESOS Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under this By-Law.

15. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Grantees shall be entitled to inspect a copy of the latest annual audited consolidated financial statements of the Company, which shall be made available on Bursa Securities' website as well as the Company's website.

16. SCHEME NOT A TERM OF EMPLOYMENT

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

17. TAXES

For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes) that are incurred by a Grantee pursuant to or relating to the exercise of any ESOS Options, and any holding or dealing of such Shares (such as (but not limited to) brokerage

commissions and stamp duty) shall be borne by that Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

PART V

18. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS

- 18.1 In the event of any alteration in the capital structure of the Company during the Duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, in its discretion, determine whether the Exercise Price; and/or the number of unexercised ESOS Options shall be adjusted, and if so, the manner in which such adjustments should be made.
- 18.2 The provisions of this By-Law 18 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) An issue of Shares pursuant to the exercise of ESOS Options under the Scheme; or
 - (b) An issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
 - (c) An issue of securities as a private placement; or
 - (d) Any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation; or
 - (e) A restricted issue of securities; or
 - (f) An issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities; or
 - (g) A purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to Section 127 of the Act.
- 18.3 Save as expressly provided for herein, the external auditors or Principal Adviser (acting as expert and not arbitrator) must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors or Principal Adviser shall be final, binding and conclusive.
- 18.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 18.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 18.1 is applicable, but By-Law 18.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 18.1 is not applicable as described in By-Law 18.2.
- 18.5 An adjustment pursuant to By-Law 18.1 shall be made according to the following terms:
- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date of allotment of shares of the Company in respect of such consolidation, subdivision or reduction.

- 18.6 Upon any adjustment required to be made pursuant to this By-Law 18, the Company shall notify the Grantee (or his/her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting out the Exercise Price or number of ESOS Options which are the subject of the adjusted ESOS Option and any adjustment shall take effect upon such written notification being given or such date as may be specified in such written notification.
- 18.7 In respect of the Options or the ESOS, any adjustment pursuant to this By-Law 18 shall be made in accordance with the following formula below, pursuant to By-Law 18.6:

(a) **Consolidation, Subdivision, Conversion or Reduction**

If and whenever Shares shall be consolidated, subdivided, converted or reduced, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined after consultation with the external auditors or Principal Adviser (acting as expert and not arbitrator) in such a manner as to give the Grantee a fair and reasonable entitlement after taking into consideration the nature and effect of the relevant alteration in the capital structure of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the date on which the consolidation, subdivision, conversion or reduction becomes effective.

(b) **Capitalisation of Profits or Reserves**

If and whenever the Company shall make any issue of new Shares to ordinary shareholders, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature), in respect of ESOS Options, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Options to be issued shall be calculated as follows:

$$\text{Additional number of Options} = T \times \left(\frac{A+B}{A} \right) - T$$

Where:

A = the aggregate number of issued Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature); and

T = Number of existing Options held

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

- (1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

- (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
- (3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto, then and in respect of each such case, the Exercise Price for ESOS Options shall be adjusted by multiplying it by the following fraction:-

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

and in respect of the case referred to in By-Law 18.7(c)(2) hereof, the number of additional Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left(\frac{C}{C - D^*} \right) - T$$

Where:

T = T as in By-Law 18.7(b) above;

C = the prevailing market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation or (where appropriate) any relevant date as may be determined by the Company; and

- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 18.7(c)(2) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 18.7(c)(3) above, the value of rights attributable to one (1) existing Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 18.7(c) hereof, the fair market value as determined by the external auditors or Principal Adviser of that portion of the Capital Distribution attributable to one (1) existing Share.

D* = The value of rights attributable to one (1) Share (as defined below).

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

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

Where:

C = C as in By-Law 18.7(c) above;

E = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and

F = the number of existing 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 one (1) additional security with right to acquire or subscribe for one (1) additional Shares; and

D* = The “value of rights attributable to one (1) existing Shares” (as defined below).

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

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

Where:

C = C as in By-Law 18.7(c) above;

E* = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

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

For the purpose of By-Law 18.7(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 18.7(b) hereof) or other securities by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).

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

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

(d) **Capitalisation of Profits/Reserves and Rights Issue of Shares or Convertible Securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 18.7(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise 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 ordinary shareholders as provided in By-Law 18.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 18.7(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated as follows:

$$\text{Additional number of Options} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

B = B as in By-Law 18.7(b) above;

G = the aggregate number of issued Shares on the Entitlement Date;

C = C as in By-Law 18.7(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 subscription 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 subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

T = T as in By-Law 18.7(b) above.

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

(e) **Rights Issue of Shares and Convertible Securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 18.7(c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 18.7(c)(3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise 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 Options to be issued shall be calculated as follows:-

$$\text{Additional number of Options} = T \times \left(\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = A as in By-Law 18.7(d) above;

C = C as in By-Law 18.7(c) above;

H = H as in By-Law 18.7(d) above;

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

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions or the closing date for the acceptance of the rights, as the case may be, for such issue.

(f) **Capitalisation of Profits/Reserves and Rights Issue of Shares and Convertible Securities**

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 18.7(c)(2) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.7(c)(3) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise 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 Options to be issued shall be calculated as follows:

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

Where:

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

B = B as in By-Law 18.7(b) above.

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

(g) **Others**

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 18.7(c)(2), 18.7(c)(3), 18.7(d), 18.7(e) or 18.7(f) above) the Company shall issue either any Shares or any security convertible into new Shares or with 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 Exercise 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 Bursa Securities 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 new Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustments of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this By-Law 18.7(g), “**Total Effective Consideration**” shall be determined by the ESOS Committee with the concurrence of the external auditors or Principal Adviser 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 new 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
- (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 expenses 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 new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 18.7(g), “**Average Price**” of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one or more board lots of Shares as quoted on 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 Bursa Securities on the next Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the subscription price of such Shares. Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

- (h) For the purpose of By-Laws 18.7(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

18.8 If an event occurs that is not set out in By-Law 18.7 or if the application of any of the formula set out in By-Law 18.7 to an event results in a manifest error or does not, in the opinion of the ESOS Committee, achieve for any reason whatsoever the desired result of preventing the dilution or enlargement of the Eligible Person’s rights or providing a fair and reasonable entitlement, the ESOS Committee may effect an adjustment in such manner deemed appropriate by the ESOS Committee provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the ESOS Committee.

18.9 Notwithstanding the provisions of this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price, the number of Options and/or Shares (as the case may be) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

18.10 Any adjustment to the Exercise Price shall be rounded down to the nearest RM0.01.

18.11 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 18, the number of Shares comprised in an ESOS Offer shall automatically be rounded down to the nearest whole number.

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

In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital (or such part of the issued share capital not at the time owned by the person making the general offer (“**Offeror**”) or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or

- (c) the court sanctioning a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Subdivision 2 of Division 7 of Part III of the Act or its amalgamation with any other company or companies under the Act,

then a Grantee who is holding outstanding exercisable Options shall be entitled to exercise all or any of his/her unexercised Options in accordance with By-Law 9.4, within sixty (60) days from the date of his/her receipt of the notice by the Company in respect of any of the events in paragraphs (a), (b) and (c) as above. In the event that the Grantee elects not to so exercise some or all of the Options held by him/her, the unexercised Options shall be automatically terminated and lapse by the date prescribed and be null and void and of no further force and effect.

20. DIVESTMENT FROM THE GROUP, ETC

20.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:

- (a) shall not be entitled to continue to hold and to exercise all unexercised vested ESOS Options held by him/her from the date of completion of such divestment, within a period of three (3) months from the date of completion of such divestment or the Date of Expiry, whichever expires first, and in accordance with the provisions of By-Law 9.4. In the event that the Grantee does not so exercise some or all of such Options and/or the unvested Shares, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
- (b) shall no longer be eligible to participate for further ESOS Options under the Scheme as from the date of completion of such divestment, unless approved by the ESOS Committee in writing.

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

21. WINDING UP

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

PART VI

22. EFFECTIVE DATE, DURATION, TERMINATION AND EXTENSION OF SCHEME

22.1 The Effective Date for the implementation of the Scheme shall be such date to be determined and announced by the Board following full compliance with all relevant requirements of the Listing Requirements, including the following:-

- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist

showing compliance with Appendix 6E of the Listing Requirements (and/or such other documents as may be determined by Bursa Securities from time to time);

- (b) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of ESOS Options granted under the Scheme;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment or waiver (as the case may be) of all conditions attached to the above proposals, if any.

The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 22.3 below. The date of expiry of the Scheme shall be at the end of the five (5) years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended.

- 22.2 The ESOS Offer can only be made during the Duration of the Scheme before the Date of Expiry.
- 22.3 On or before the Date of Expiry, the Board shall have the discretion, without having to obtain approval of the Company's shareholders, to extend the Duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time. In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme. For the avoidance of doubt, no further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting is required for any such extension.
- 22.4 Notwithstanding anything to the contrary, all ESOS Options shall lapse on the Date of Expiry.
- 22.5 The Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry **PROVIDED THAT** the Company makes an announcement immediately to Bursa Securities. The announcement shall include:-
 - (a) the effective date of termination ("**Termination Date**");
 - (b) the number of Options exercised under ESOS; and
 - (c) the reasons and justification for termination.
- 22.6 The Company may implement more than one (1) employee share scheme provided that the aggregate number of Share available under all the employee share schemes implemented by the Company is not more than thirty percent (30%) of its total number of issued shares (excluding treasury shares, if any) at any one time or any other limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.
- 22.7 In the event of termination as stipulated in By-Law 22.5 above, the following provisions shall apply:-
 - (a) No further ESOS Offers shall be made by the ESOS Committee from the Termination Date;
 - (b) All ESOS Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date;

- (c) All ESOS Offers which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
- (d) All outstanding ESOS Options which have yet to be exercised by Grantees and/or vested shall be automatically terminated on the Termination Date.

22.8 Approval or consent of the shareholders of the Company by way of a resolution in an EGM and written consent of Grantees who have yet to exercise their Options and/or vest the unvested Shares are not required to effect a termination of the Scheme.

23. NO COMPENSATION FOR TERMINATION

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

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the ESOS Offer or consideration for the ESOS Offer afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options themselves) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his/her Representative shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights/exercise of his/her ESOS Options ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board or the ESOS Committee shall in no event be liable to the Grantee or his/her personal or legal representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the Board or the ESOS Committee has been advised of the possibility of such damage.

24. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

24.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit. The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to, or modifications and/or deletions of these By-Laws **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which will:-

- (a) prejudice any rights which have accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.1; or
 - (c) alter any matter which are required to be contained in these By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.
- 24.2 For the purpose of complying with the provisions of the Listing Requirements, By-Laws 4, 5, 6, 8.1, 8.4, 9.2, 9.5, 10, 11, 12, 13, 18, 21 and 22.1 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons and/or Grantees without the prior approval of shareholders obtained at a general meeting and subject to any applicable laws.
- 24.3 Upon amending and for modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments, cause to be submitted to Bursa Securities the amended By-Laws and a confirmation letter that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements in relation to the Scheme.

PART VII

25. ADMINISTRATION AND TRUST

- 25.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit and with such powers and duties as are conferred upon it by the Board. The decision of the ESOS Committee shall be final and binding.
- 25.2 In implementing the Scheme, the ESOS Committee may in its absolute discretion, after taking into consideration, amongst others, factors such as prevailing market price of the Shares, funding considerations and dilutive effects on the Company's capital base, future returns and cash requirements of the Group, decide that the Shares to be awarded under this Scheme shall be satisfied by any of the following methods:
- (a) Issuance of new Shares;
 - (b) Acquisition and transfer of existing Shares;
 - (c) Any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
 - (d) A combination of any of the above.
- 25.3 For the purposes of facilitating the implementation and administration of the Scheme, the Company and/or the ESOS Committee may (but shall not be obliged to) establish a trust to be administered by trustee(s) consisting of such trustee appointed by the Company from time to time ("**Trustee**"), if required, for the purposes of subscribing for new Shares and/or acquiring existing Shares from the ACE Market of Bursa Securities and transferring them to Grantees at such times as the ESOS Committee shall direct ("**Trust**"). To enable the Trustee to subscribe for new Shares and/or acquire existing Shares for the purpose of the Scheme and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company and/or its subsidiaries or any third party to subscribe for Shares on behalf of Grantees and to release the relevant net gains arising from the sale of the Shares from the exercise of the ESOS Options by a Grantee (after deducting the Exercise Price and the related transaction costs) to the relevant Grantee.

- 25.4 The Trustee if and when a Trust is established shall administer the Trust in accordance with the terms of the trust deed to be entered into between the Company and the trustee constituting the trust (“**Trust Deed**”). For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESOS Committee may in its sole and absolute discretion direct for the implementation and administration of the Trust.
- 25.5 The Company or ESOS Committee shall have power from time to time, at any time, to appoint or rescind/terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESOS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.
- 25.6 Without limiting the generality of By-Law 25.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in an ESOS Offer, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 25.7 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee as it shall deem fit.

26. DISPUTES

- 26.1 In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the ESOS Committee during the Duration of the Scheme. The ESOS Committee shall then determine such dispute or difference by a written decision (without the obligation to give any reason therefor) given to the Eligible Person and/or Grantee, as the case may be, PROVIDED THAT where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance.
- 26.2 In the event the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 26.3 Notwithstanding the foregoing provisions of By-Laws 26.1 and 26.2 above, matters concerning adjustments made pursuant to By-Law 18 shall be referred to external auditors of the Company or Principal Adviser, who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the ESOS Option, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the Scheme.

28. CONSTITUTION

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the Constitution shall at all times prevail.

29. NOTICE

29.1 Subject to By-Law 31.5, any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received by the recipient on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected or otherwise upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company.

29.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the Grantee (as the case may be) pursuant to the Scheme, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 29.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantee, as the case may be.

30. SEVERABILITY

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

31. GOVERNING LAW AND JURISDICTION

31.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall subject to the provisions of By-Law 26 submit to the exclusive jurisdiction of the courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.

31.2 Any proceeding or action shall subject to the provisions of By-Law 26, be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

- 31.3 Any notice/process required to be given to or served upon the Board or the ESOS Committee by an Eligible Person and/or Grantee shall be deemed to be sufficiently given, served or made if it is given served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person and/or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last-known address. Any notice/process served by hand, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 31.4 Any notice/process required to be given to or served upon the Board or the ESOS Committee by an Eligible Person and/or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the ESOS Committee may have stipulated for this purpose). Any notice/process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.
- 31.5 Any ESOS Offer to be made and acceptances thereof, and normal correspondence (other than notice/process) under the Scheme (“**Normal Correspondence**”) to be given to or served upon the Board or the ESOS Committee or the Eligible Person and/or the Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail to such e-mail address specified by the Company (if to be given to or served upon the Board of the ESOS Committee) or to such e-mail address of the employee provided by the Company (if to be given to or served upon the Eligible Person and/or Grantee) or such communication by other digital means as may be prescribed by the Board and/or ESOS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market day immediately following the day on which the electronic mail is dispatched or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected.
- 31.6 Notwithstanding By-Law 31.5, where any Normal Correspondence is required to be given by the Company or the ESOS Committee or the Trustee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons and/or Grantees, the Company or the ESOS Committee may give the Normal Correspondence through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 31.5 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons and/or Grantee.
- 31.7 In order to facilitate the offer of any ESOS Offer (and/or the benefit thereof) under this Scheme, the ESOS Committee may provide for such special terms to the Eligible Persons who are employed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESOS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The ESOS Committee may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any ESOS Offer offered to such Eligible Person pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the ESOS Offer.

- 31.8 No action has been or will be taken by the Company to make an ESOS Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the ESOS Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Person to whom an ESOS Offer is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the ESOS Offer or will exercise the ESOS Option.
- 31.9 Any Eligible Person to whom an ESOS Offer is offered is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the ESOS Offer or exercise the ESOS Option. By their acceptance of an ESOS Offer, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the ESOS Offer and/or will exercise the ESOS Option.

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KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Kejuruteraan Asastera Berhad (“**KAB**” or the “**Company**”) (“**EGM**”) will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 21 May 2018 at 11.00 a.m. or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at the same venue on Monday, 21 May 2018 at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF KAB (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF KAB AND ITS SUBSIDIARIES (“PROPOSED ESOS”)

“**THAT** subject to the approval of all relevant authorities and parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the new ordinary shares in KAB (“**KAB Shares**” or “**Shares**”) to be issued pursuant to the exercise of the ESOS options granted under the Scheme having been obtained, approval be and is hereby given for the Company to establish the Scheme involving up to 30% of the total number of issued shares of the Company from time to time (excluding treasury shares, if any) for the benefit of eligible directors and eligible employees of the Company and its subsidiaries, excluding the subsidiaries which are dormant (“**KAB Group**” or the “**Group**”) and the Board be and is hereby authorised to:-

- (i) implement and administer the Scheme in accordance with the form set out in the by-laws governing the Scheme (“**By-laws**”), a draft of which is set out in Appendix II of the Circular to Shareholders dated 4 May 2018 (“**Circular**”), and to give full effect to the Scheme with full powers to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient and/or imposed or required by the relevant authorities or as may be deemed fit or necessary by the Board at its discretion;
- (ii) make the necessary applications to Bursa Securities and do all the things necessary at the appropriate time or times for the listing and quotation of the new Shares which may from time to time be allotted and issued pursuant to the exercise of the ESOS options granted under the Scheme;
- (iii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the ESOS options granted under the Scheme provided that the aggregate number of new Shares to be allotted and issued under the Scheme shall not exceed in aggregate of 30% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the existence of the Scheme. The new Shares issued pursuant to the exercise of the ESOS options granted under the Scheme shall, upon allotment, issuance and full payment of the exercise price of the ESOS options, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new Shares pursuant to the exercise of the ESOS options granted under the Scheme and will be subject to all the provisions of the Constitution of the Company relating to the transfer, transmission and otherwise of the Shares;

- (iv) modify and/or amend the By-laws from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board provided that such modifications and/or amendments are effected in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and
- (v) extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of ten (10) years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting;

THAT the By-laws of the Scheme, a draft of which is set out in Appendix II of the Circular, be and is hereby approved and adopted;

AND THAT the Board be and is hereby authorised to give effect to the Scheme with full powers to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as the Board may deem fit or necessary at its absolute discretion.”

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION TO FERDAUS BIN MAHMOOD

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities (where required) having been obtained, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Scheme, to offer and grant up to 1,000,000 ESOS options to subscribe for new Shares under the Scheme to Ferdaus Bin Mahmood, the Independent Non-Executive Chairman of the Company ("**Proposed Allocation to Ferdaus Bin Mahmood**"), provided always that not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible director and/or eligible employee who, either singly or collectively through persons connected with the eligible director and/or eligible employee, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasure shares, if any).

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation to Ferdaus Bin Mahmood with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation to Ferdaus Bin Mahmood as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company.”

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION TO DATO' LAI KENG ONN

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities (where required) having been obtained, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Scheme, to offer and grant such number of ESOS options to subscribe for new Shares under the Scheme to Dato' Lai Keng Onn, the Managing Director of the Company ("**Proposed Allocation to Dato' Lai Keng Onn**"), provided always that not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible director and/or eligible employee who, either singly or collectively through persons connected with the eligible director and/or eligible employee, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasure shares, if any).

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation to Dato' Lai Keng Onn with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation to Dato' Lai Keng Onn as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION TO CHOONG GAIK SENG

"**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities (where required) having been obtained, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Scheme, to offer and grant such number of ESOS options to subscribe for new Shares under the Scheme to Choong Gaik Seng, the Executive Director of the Company ("**Proposed Allocation to Choong Gaik Seng**"), provided always that not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible director and/or eligible employee who, either singly or collectively through persons connected with the eligible director and/or eligible employee, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasure shares, if any).

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation to Choong Gaik Seng with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation to Choong Gaik Seng as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION TO DATIN CHAN PEY KHENG

"**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities (where required) having been obtained, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Scheme, to offer and grant such number of ESOS options to subscribe for new Shares under the Scheme to Datin Chan Pey Kheng, the Executive Director of the Company ("**Proposed Allocation to Datin Chan Pey Kheng**"), provided always that not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible director and/or eligible employee who, either singly or collectively through persons connected with the eligible director and/or eligible employee, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasure shares, if any).

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation to Datin Chan Pey Kheng with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation to Datin Chan Pey Kheng as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION TO LU CHEE LEONG

"**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities (where required) having been obtained, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Scheme, to offer and grant up to 1,000,000 ESOS options to subscribe for new Shares under the Scheme to Lu Chee Leong, the Independent Non-Executive Director of the Company ("**Proposed Allocation to Lu Chee Leong**"), provided always that not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible director and/or eligible employee who, either singly or collectively through persons connected with the eligible director and/or eligible employee, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasure shares, if any).

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation to Lu Chee Leong with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation to Lu Chee Leong as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

ORDINARY RESOLUTION 7

PROPOSED ALLOCATION TO TONG SIUT MOI

"**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities (where required) having been obtained, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Scheme, to offer and grant up to 1,000,000 ESOS options to subscribe for new Shares under the Scheme to Tong Siut Moi, the Independent Non-Executive Director of the Company ("**Proposed Allocation to Tong Siut Moi**"), provided always that not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible director and/or eligible employee who, either singly or collectively through persons connected with the eligible director and/or eligible employee, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasure shares, if any).

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation to Tong Siut Moi with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation to Tong Siut Moi as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

**BY ORDER OF THE BOARD
KEJURUTERAAN ASASTERA BERHAD**

**JOANNE TOH JOO ANN (LS 0008574)
SIA EE CHIN (MAICSA 7062413)
Company Secretaries**

Kuala Lumpur
4 May 2018

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) Proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead.*
2. *Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.*
3. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor.*
4. *An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours i.e. on or before 11.00 a.m., Saturday, 19 May 2018, otherwise the person so named shall not be entitled to vote in respect thereof, or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with Ordinary Shares of the Company standing to the credit of the said Securities Account.*
6. *Where a member of the company is an exempt authorised nominee as defined under the SICDA, which holds Ordinary Shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 14 May 2018 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend, vote and speak at the meeting.*



KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares	CDS Account No.

I/We
(Full Name in Capital Letters)

NRIC / Passport / Company No of
.....
(Full Address)

being a *member / member(s) of the abovementioned Company, hereby appoint
.....
(Full Name in Capital Letters)

NRIC / Passport No of
.....
(Full Address)

and/or failing him/her
(Full Name in Capital Letters)

NRIC / Passport No of
.....
(Full Address)

or the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 21 May 2018 at 11.00 a.m. or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at the same venue on Monday, 21 May 2018 at 10.00 a.m., whichever is later.

Please indicate with "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolutions, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 – Proposed ESOS		
2.	Ordinary Resolution 2 – Proposed Allocation to Ferdaus Bin Mahmood		
3.	Ordinary Resolution 3 – Proposed Allocation to Dato' Lai Keng Onn		
4.	Ordinary Resolution 4 – Proposed Allocation to Choong Gaik Seng		
5.	Ordinary Resolution 5 – Proposed Allocation to Datin Chan Pey Kheng		
6.	Ordinary Resolution 6 – Proposed Allocation to Lu Chee Leong		
7.	Ordinary Resolution 7 – Proposed Allocation to Tong Siut Moi		

Dated this _____ day of _____ 2018.

For appointment of two proxies, the shareholdings to be represented by the proxies	
Proxies	% of shares
Proxy 1	
Proxy 2	
Total	100%

*Signature of Member(s) / Common Seal of Shareholder
* Delete if not applicable



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NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) Proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead.*
2. *Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.*
3. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor.*
4. *An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours i.e. on or before 11.00 a.m., Saturday, 19 May 2018, otherwise the person so named shall not be entitled to vote in respect thereof, or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with Ordinary Shares of the Company standing to the credit of the said Securities Account.*
6. *Where a member of the company is an exempt authorised nominee as defined under the SICDA, which holds Ordinary Shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 14 May 2018 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend, vote and speak at the meeting.*

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AFFIX
STAMP

The Share Registrar
KEJURUTERAAN ASASTERA BERHAD (420505-H)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

1st fold here