

**THIS CIRCULAR TO SHAREHOLDERS OF BCM ALLIANCE BERHAD ("BCM" 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. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser for the Proposals (as defined within) and Placement Agent for the Proposed Private Placement.

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.



**BCM ALLIANCE BERHAD**

[Registration No. 201501009903 (1135238-U)]  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

**PART A**

**PROPOSED PRIVATE PLACEMENT OF UP TO 144,434,000 NEW ORDINARY SHARES IN THE COMPANY, REPRESENTING 30% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AND AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")**

**PART B**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS" OR "SCHEME") INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES ("PROPOSED ESOS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

***Principal Adviser***



**MERCURY SECURITIES SDN BHD**

[Registration No. 198401000672 (113193-W)]  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be held on a fully virtual basis and entirely via remote participation and voting. The Notice of EGM together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan on or before the time and date indicated below or at any adjournment thereof if you are not able to attend the EGM. The lodging of the Form of Proxy shall not preclude you from attending and voting at the virtual 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 for the EGM	: Tuesday, 2 March 2021 at 2.30 p.m.
Day, date and time of the EGM	: Thursday, 4 March 2021 at 2.30 p.m.
Broadcast venue of the EGM	: Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 17 February 2021

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## DEFINITIONS

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

<b>Act</b>	- Companies Act 2016 of Malaysia, as amended from time to time and any re-enactment thereof
<b>BCM or the Company</b>	- BCM Alliance Berhad [Registration No. 201501009903 (1135238-U)]
<b>BCM Group or the Group</b>	- Collectively, the Company and its subsidiaries
<b>BCM Shares or Shares</b>	- Ordinary shares in the Company
<b>Board</b>	- Board of Directors of the Company
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
<b>By-laws</b>	- 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
<b>Circular</b>	- This circular to Shareholders in relation to the Proposed Private Placement and Proposed ESOS
<b>CMSA</b>	- Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
<b>COVID-19</b>	- Coronavirus disease 2019
<b>Date of Offer</b>	- The date of the letter of which an Offer is offered by the ESOS Committee to the Eligible Persons to participate in the Scheme
<b>Directors</b>	- Directors of the Company for the time being
<b>Effective Date</b>	- 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
<b>EGM</b>	- Extraordinary general meeting of the Company to be convened for the Proposed Private Placement and Proposed ESOS
<b>Eligible Directors</b>	- Directors who fulfil the eligibility criteria for participation in the Scheme as set out in the By-laws
<b>Eligible Employees</b>	- Employees who fulfil the eligibility criteria for participation in the Scheme as set out in the By-laws
<b>Eligible Persons</b>	- Collectively, the Eligible Directors and the Eligible Employees
<b>EPS</b>	- Earnings per Share
<b>ESOS or Scheme</b>	- Employees' share options scheme for the granting of the Options to the Eligible Person(s) to subscribe for new Shares upon the terms as set out in the By-laws, such scheme to be known as the "BCM Employees' Share Option Scheme"
<b>ESOS Committee</b>	- The committee 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

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**DEFINITIONS (CONT'D)**

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<b>Exercise Price</b>	- The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the Option, as initially determined and as may be adjusted in accordance with the provisions of the By-laws
<b>FPE</b>	- Financial period ended
<b>FYE</b>	- Financial year ended
<b>Grantee</b>	- Any Eligible Person who has accepted an Offer in the manner provided in the By-laws
<b>Interested Person</b>	- A director, major shareholder or chief executive of the Company or a holding company of the Company
<b>IMR Report</b>	- The independent market research report dated 27 January 2021 prepared by SMITH ZANDER
<b>Interested Person</b>	- A director, major shareholder or chief executive of the Company or a holding company of the Company
<b>Listing Requirements</b>	- ACE Market Listing Requirements of Bursa Securities, as amended from time to time
<b>LPD</b>	- 29 January 2021, being the latest practicable date prior to the date of this Circular
<b>Market Day</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Maximum Shares</b>	- Maximum number of new Shares that may be granted under the Scheme and shall not in aggregate exceed 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 ESOS
<b>MCO</b>	- Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
<b>Mercury Securities or the Principal Adviser or the Placement Agent</b>	- Mercury Securities Sdn Bhd [Registration No. 198401000672 (113193-W)]
<b>MFRS</b>	- Malaysian Financial Reporting Standards
<b>NA</b>	- Net assets
<b>Offer</b>	- 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
<b>Options</b>	- The right of a Grantee to subscribe for new Shares, during the Option Period, at the Exercise Price pursuant to an Offer duly accepted by the Grantee
<b>Option Period</b>	- 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
<b>PAT</b>	- Profit after taxation

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**DEFINITIONS (CONT'D)**

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<b>Placement Shares</b>	- Up to 144,434,000 new Shares to be issued pursuant to the Proposed Private Placement
<b>Proposals</b>	- Collectively, the Proposed Private Placement and Proposed ESOS
<b>Proposed ESOS</b>	Proposed establishment of the ESOS involving up to 30% of the total number of issued Shares (excluding treasury shares, if any)
<b>Proposed Private Placement</b>	- Proposed private placement of up to 144,434,000 new Shares, representing 30% of the existing total number of issued Shares, to independent third-party investors to be identified later and at an issue price to be determined later
<b>RM and Sen</b>	- Ringgit Malaysia and sen respectively
<b>Shareholders</b>	- Registered holders of the Shares
<b>SMITH ZANDER</b>	- Smith Zander International Sdn Bhd, an independent market researcher
<b>Special Issue</b>	- Share issuance exercise previously undertaken by the Company which was completed on 11 December 2020, raising a total of RM15.65 million.
<b>VWAP</b>	- Volume-weighted average market price

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to 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*. References to persons shall include corporations, unless otherwise specified.

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 Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

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 the Company's plans and objectives will be achieved.

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**PART A**

**LETTER TO SHAREHOLDERS IN RELATION TO  
THE PROPOSED PRIVATE PLACEMENT**



## **BCM ALLIANCE BERHAD**

[Registration No. 201501009903 (1135238-U)]  
(Incorporated in Malaysia)

### **Registered Office**

Suite 10.02, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

17 February 2021

### **Board of Directors**

Datuk Chin Goo Chai (Independent Non-Executive Chairman)  
Liaw Chong Lin (Managing Director)  
Hoo Swee Guan (Executive Director)  
Ho Kee Wee (Executive Director)  
Datin Latiffah Binti Endot (Independent Non-Executive Director)  
Ng Kok Wah (Independent Non-Executive Director)  
Yap Kim Choy (Independent Non-Executive Director)  
Khor Ben Jin (Independent Non-Executive Director)

### **To: The Shareholders**

Dear Sir / Madam,

### **PROPOSED PRIVATE PLACEMENT**

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#### **1. INTRODUCTION**

On 27 January 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Private Placement.

On 5 February 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter on even date, approved the listing and quotation of the Placement Shares.

The approval of Bursa Securities is subject to the conditions as set out in Section 8.1, Part A of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF 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 APPENDIX BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT**

### **2.1 Size of placement**

The Proposed Private Placement involves the issuance of up to 144,434,000 new Shares, representing 30% of the existing total number of issued Shares, at an issue price to be determined later.

Based on the total number of 481,447,200 issued Shares as at the LPD, the issuance of up to 144,434,000 Placement Shares under the Proposed Private Placement would represent 30% of such total number of issued Shares (after rounding down to the nearest 1,000 Shares).

The effects of the Proposed Private Placement are set out in Section 6, Part A of this Circular.

### **2.2 Placement arrangement**

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

- (i) Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the placees may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

### **2.3 Ranking of the Placement Shares**

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares.

### **2.4 Listing of the Placement Shares**

The Placement Shares to be issued will be listed on the ACE Market of Bursa Securities.

### **2.5 Basis of determining and justification for the issue price of the Placement Shares**

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions. The Board has opted to set the maximum discount at 20% to provide the Company with more flexibility when fixing the issue price of the Placement Shares. With this, the Company expects to be able to procure investor(s) more easily, depending on prevailing market conditions at the relevant time.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.2138 per Placement Share, the issue price of the Placement Shares would represent a discount of 19.99% to the 5-day VWAP of the Shares up to and including the LPD of RM0.2672 (Source: Bloomberg).

### 3. UTILISATION OF PROCEEDS FROM THE PROPOSED PRIVATE PLACEMENT

Based on an illustrative issue price of RM0.2138 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	RM'000
(i) Business expansion into the trading of COVID-19 test kits	Within 24 months	29,630
(ii) Estimated expenses for the Proposed Private Placement	Immediate	<sup>(1)</sup> 1,250
<b>Total</b>		<b><sup>(2)</sup>30,880</b>

**Notes:-**

- (1) *If the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked as funding for business expansion into the trading of COVID-19 test kits. Conversely, any surplus of funds following payment of expenses will be utilised as funding for business expansion into the trading of COVID-19 test kits.*
- (2) *Any additional proceeds raised in excess of this amount will be allocated towards funding for business expansion into the trading of COVID-19 test kits. Conversely, if the proceeds raised are less than this amount, the amount earmarked as funding for business expansion into the trading of COVID-19 test kits will be reduced accordingly.*

Pending the utilisation of proceeds as and when they may be utilised, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

#### (i) Business expansion into the trading of COVID-19 test kits

The Group intends to utilise the proceeds to be raised from the Proposed Private Placement mainly to fund the Group's expansion of its healthcare products line to include the marketing, trading and distribution of COVID-19 test kits. For information, the Group is currently involved in the distribution of healthcare products including blood pressure monitors, nebulisers and thermometers.

The Group is currently in discussions with a China-based contract-manufacturer of testing equipment ("**OEM**") to manufacture COVID-19 test kits to be marketed and sold by the Group in Malaysia. The Group expects to enter into a formal agreement with the OEM in the 1<sup>st</sup> quarter of 2021.

Upon the Group's execution of a formal agreement with the OEM for the supply of COVID-19 test kits, the Group will proceed to order the COVID-19 test kits from the OEM. These test kits are antigen rapid test kits (RTK) and are intended to serve as a rapid screening method for COVID-19.

To undertake this business expansion, the Group intends to rent and set up a new office, clean room and storage facility for the COVID-19 test kits, further details of which are set out in Section 3(i)(a) below. The Group intends to place an initial order of 3,000,000 test kits at a budgeted cost of approximately RM60.00 million as soon as the new office, clean room and storage facility is ready for occupation, expected to be in the third quarter of 2021. Thereafter, the Group expects to receive the test kits within 4 weeks upon placing its order with the OEM. The Group expects to record sales by the second half of 2021. The initial budgeted cost of approximately RM60.00 million shall be funded via proceeds to be raised from the Proposed Private Placement, internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). The actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual amount of proceeds raised from the Proposed Private Placement as well as the availability and suitability of other funding options at the relevant time.

In terms of distribution channels and target customers, the Group intends to primarily leverage on the existing relationships cultivated with 2 hospital chains and 3 pharmacy chains in Malaysia who are existing customers of the Group's medical devices and healthcare products to market the new COVID-19 test kits. As at the LPD, the Group has received expressions of interest from several potential customers including government agencies and non-governmental organisations for the purchase of the COVID-19 test kits.

In order to reach a wider customer base such as corporations / businesses with large workforce or directly to end-users, the Group may also appoint third-party distributors to distribute the COVID-19 test kits. However, as at the LPD, the Group has not identified any potential distributors.

The breakdown and details of the intended utilisation of proceeds for the business expansion plans are as follows:-

Details of utilisation for business expansion	Amount RM'000
(a) Rental and set up of new office, clean room and storage facility	1,000
(b) Certification and licensing expenditure	100
(c) Working capital for the trading of COVID-19 test kits	28,530
<b>Total</b>	<b>29,630</b>

**(a) Rental and set up of new office, clean room and storage facility**

In order to facilitate the importation, storage and distribution of COVID-19 test kits, the Group is required to set up a clean room and storage facility for the storage of COVID-19 test kits in a temperature range of between 2 and 30 degrees Celsius.

As such, the Group has earmarked RM1.00 million for the rental and refurbishment cost of setting up a new office, clean room and storage facility. As at the LPD, the Group has identified a potential commercial unit to be rented in Bangsar South, Kuala Lumpur with a lettable area of approximately 3,340 square feet to house the administrative, distribution, after-sales support centre and storage facilities for the COVID-19 test kit business.

As at the LPD, the Group is in the midst of negotiation with the landlord to rent the commercial unit and targets to enter into a tenancy agreement in the first quarter of 2021. Subsequently, the Group expects to be able to complete the refurbishment works on the commercial unit within 6 months of signing the tenancy agreement. The new office, clean room and storage facility is expected to be ready for occupation immediately after the completion of the refurbishment works, by the third quarter of 2021.

**(b) Certification and licensing expenditure**

In order to commence the sale of COVID-19 test kits in Malaysia, the Group is required to obtain amongst others, the following certification and regulatory approvals:-

- (i) the test kits must obtain the approval and designated “Recommended for Use” by the Medical Device Authority (“**MDA**”) under the purview of the Ministry of Health Malaysia (“**MOH**”);
- (ii) Good Distribution Practice for Medical Devices (“**GDPMD**”) License from the MDA under the purview of the MOH; and
- (iii) MDA establishment license<sup>(1)</sup> from the MDA under the purview of the MOH.

**Note:-**

- (1) *The Group currently has MDA establishment license for its existing products and intends to apply for the same for the distribution of the COVID-19 test kits.*

In addition to the above, the Group intends to obtain International Standard 13485 (“**ISO 13485**”) certification for the COVID-19 test kits business, in line with the Group’s commitment to adopt international best practices in its medical devices business.

As such, the Group has earmarked RM0.10 million to secure the necessary certifications and licenses above. For information, the status of the certifications applied/to be applied by the Group are as follows:-

<b>Certification/License</b>	<b>Actual / Expected date for submission of application</b>	<b>Expected date for receipt of approval</b>
MDA approval	15 February 2021	March 2021
GDPMD license	February 2021	March 2021
MDA establishment license	February 2021	March 2021
ISO 13485 certification	February 2021	June 2021

(c) **Working capital for the trading of COVID-19 test kits**

The Group intends to utilise the balance proceeds to be raised from the Proposed Private Placement to fund the working capital requirements for the trading of COVID-19 test kits in the following manner:-

Utilisation	Amount RM'000
Purchase of COVID-19 test kits	26,530
Staff salaries and training expenses <sup>(1)</sup>	1,000
Marketing and distribution expenses <sup>(2)</sup>	1,000
<b>Total</b>	<b>28,530</b>

Notes:-

- (1) *The Group intends to recruit 8 employees within 6 months to undertake various roles (e.g. administrative, marketing and product storage and handling) required to set up the COVID-19 test kit business. The actual breakdown of the employees to be recruited cannot be determined at this juncture as it will depend on, amongst others, the actual requirements of the Group at the relevant time.*
- (2) *The marketing and distribution expenses will comprise mainly of fees payable to marketing agencies and if appointed, commissions payable to third-party distributors as well as fees payable to third-party logistics service providers for the distribution of the COVID-19 test kits.*

Any shortfall between the actual proceeds raised and the Group's working capital requirements shall be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). The actual funding breakdown cannot be determined at this juncture as it will depend on amongst others, the actual amount of proceeds to be raised from the Proposed Private Placement as well as the availability and suitability of other funding options at the relevant time.

For avoidance of doubt, if the Group's business expansion into the trading of COVID-19 test kits does not materialise, the utilisation of proceeds will be revised to another purpose depending on the Group's requirements at that point in time. In such event, the details of the proposed revision shall be announced and if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

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(ii) **Estimated expenses for the Proposed Private Placement**

The breakdown of the estimated expenses for the Proposed Private Placement is set out below:-

<b>Estimated expenses</b>	<b>Amount RM'000</b>
Professional fees <sup>(1)</sup>	1,200
Fees to relevant authorities	20
Printing, despatch and advertising expenses	30
<b>Total</b>	<b>1,250</b>

**Note:-**

(1) *These include advisory fees payable to the Principal Adviser, management fees and placement commission payable to the Placement Agent for the management of the placement process and identification of the placees respectively as well as other professional fees payable to the company secretary, share registrar, solicitors and independent market researcher in relation to the Proposed Private Placement.*

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#### 4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

As detailed in Section 3, Part A of this Circular, the proceeds to be raised from the Proposed Private Placement will be utilised mainly to fund the business expansion into the trading of COVID-19 test kits. The Group intends to leverage on its existing relationships with hospitals and pharmacies as well as the ongoing COVID-19 pandemic to distribute test kits which are currently in high demand.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as it would enable the Group to raise additional funds expeditiously without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

On the other hand, other fund-raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), in order to achieve a minimum subscription level. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.

For information, on 11 December 2020, the Company completed the Special Issue which involved the issuance of 60,197,000 new Shares, representing approximately 14.29% of the Company's then existing total number of issued Shares, to Bumiputera investors identified and/or approved by the Ministry of International Trade and Industry Malaysia, raising a total of RM15.65 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 11 December 2020	Actual proceeds raised (RM'000)	Actual utilisation up to the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Purchase of new devices and equipment	Within 24 months	9,750	-	9,750
(ii) Working capital	Within 6 months	5,439	(1,369)	4,070
(iii) Estimated expenses for the Special Issue	Within 1 month	462	(462)	-
<b>Total</b>		<b>15,651</b>	<b>(1,831)</b>	<b>13,820</b>

Save for the Special Issue, the Company has not undertaken any other equity fund raising exercises in the past 12 months before the first announcement of the Proposed Private Placement.

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## **5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

### **5.1 Malaysian economy**

In line with the reopening of the economy from earlier COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter. This recovery is seen across most economic sectors, particularly the manufacturing sector, which turned positive on account of strong electrical and electronics (E&E) production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (2Q 2020: -16.5%).

The recent resurgence of COVID-19 cases and targeted containment measures in most states could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate, subject to sectoral standard operating procedures (SOPs), the impact is unlikely to be as severe as the containment measures during previous periods.

Going into 2021, growth is expected to improve further, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market.

The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)*

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's GDP is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*

### **5.2 COVID-19 test market in Malaysia**

COVID-19 testing has proven to be crucial and is continuously needed to contain and combat the spread of the COVID-19 outbreak. COVID-19 testing is conducted to detect whether an individual is infected with COVID-19. It is conducted using COVID-19 test kits which analyse samples (e.g. nasopharyngeal swabs, oropharyngeal swabs, nasal swabs and blood) collected from individuals in order to identify the presence of SARS-CoV-2, the virus causing the ongoing COVID-19 pandemic. If the COVID-19 test result is positive, the individual requires immediate isolation and necessary treatment to stop the chain of infection. As such, mass testing for COVID-19 is conducted to enable early detection of infected individuals, especially those who are asymptomatic and may silently spread the disease. Consequently, COVID-19 test kits are required to be supplied in large volumes to conduct mass testing.

The COVID-19 test market in Malaysia is represented by the number of COVID-19 tests conducted in Malaysia. Based on available data, the COVID-19 test market grew from 211,816 tests in June 2020 to 676,571 tests in December 2020, at a growth rate of 219.41%.

The increase in the number of COVID-19 tests conducted is largely dependent on the severity of the COVID-19 situation in Malaysia. As such, the monthly growth of COVID-19 tests between June 2020 and December 2020 is attributed to the rise in COVID-19 cases during the same period.

During the second wave of COVID-19 pandemic in Malaysia, the number of monthly COVID-19 cases increased from 820 cases in June 2020 to 1,884 cases in September 2020. During the same period, the number of monthly COVID-19 tests conducted increased from 211,816 tests to 295,895 tests, at a growth of 39.69%.

Due to the emergence of the third wave of COVID-19 in Malaysia in September 2020, the number of monthly COVID-19 cases experienced a significant increase from 1,884 cases in September 2020 to 20,324 cases in October 2020. As a result, the number of monthly COVID-19 tests increased from 295,895 tests in September 2020 to 569,216 tests in October 2020, at a growth of 92.37%.

From November 2020 to December 2020, the number of monthly COVID-19 cases remained high where COVID-19 cases increased from 34,149 cases to 47,313 cases. Consequently, the number of monthly COVID-19 tests conducted stood at 548,790 tests in November 2020, and increased to 676,571 tests in December 2020, at a growth of 23.28%.

As at 25 January 2021, a total of 4,480,665 COVID-19 tests have been cumulatively conducted in Malaysia. Moving forward, as COVID-19 cases remain high, the Government intends to increase the COVID-19 tests capacity in Malaysia, specifically the Reverse Transcription Polymerase Chain Reaction (“**RT-PCR**”) test, to 150,000 tests per day.

Despite the positive development of various COVID-19 vaccines and the target of the Government of Malaysia (“**Government**”) to begin mass vaccination in the first quarter of 2021, COVID-19 test kits will still be in demand to control the spread of COVID-19 as mass vaccination is expected to be carried out gradually. In addition, as daily reported COVID-19 cases remain high at 4-digit levels in Malaysia, the number of COVID-19 tests to be conducted is also expected to remain high, thus leading to demand for COVID-19 test kits. As such, COVID-19 test kits will continue to be in high demand until the COVID-19 pandemic subsides. Once the COVID-19 pandemic subsides and/or when a majority of the population has been vaccinated, the demand for COVID-19 test kits is expected to gradually decrease as the need for COVID-19 testing reduces.

Nevertheless, in the near term, the demand for COVID-19 test kits will be driven by the development and trend of COVID-19 cases alongside other key drivers which are outlined as follows:

► **The continuous need for COVID-19 testing to curb the spread of COVID-19 in Malaysia leads to high demand for COVID-19 test kits**

COVID-19 testing is continuously needed to effectively contain the spread of COVID-19 in Malaysia. Following the start of the third wave of the COVID-19 pandemic in Malaysia, the daily reported COVID-19 cases in the country has remained high and has hit 4-digit levels almost every day since November 2020. As at 25 January 2021, Malaysia has reported a total of 186,849 confirmed COVID-19 cases with 689 deaths. Due to the rise in COVID-19 cases, high levels of COVID-19 tests need to be conducted to screen and diagnose people who may be potentially infected with the virus. Subsequently, this leads to a high demand for COVID-19 test kits which is further supported through the following:

- **Government allocation for healthcare supplies including COVID-19 test kits**

The COVID-19 pandemic has urged the Government to ramp up on public health expenditure to cater to the heightened demand for healthcare facilities, healthcare professionals and necessary healthcare products and equipment including COVID-19 test kits.

In 2020, the Government has allocated a total of RM1.80 billion for the implementation of the movement control to curb the spread of the virus and for public health expenditure related to COVID-19 including purchase of personal protective equipment (“PPE”), reagents and consumables.

Under Budget 2021, the Government will allocate an additional RM1.00 billion to stem the third wave of COVID-19, covering purchase of reagents, COVID-19 test kits and consumables for Ministry of Health, Malaysia (“MOH”)’s usage; PPE and hand sanitisers for front-liners; and equipment, laboratory test supplies, and medicine for university hospitals, amongst others. Additionally, through the Economic and Rakyat’s Protection (“PERMAI”) assistance package announced on 18 January 2021, the Government has allocated an additional RM0.80 billion for MOH to procure supplies including additional reagents, COVID-19 test kits as well as PPE.

- **Expansion COVID-19 test capacity of laboratories nationwide**

The MOH is targeting to expand the capacity of laboratories to conduct RT-PCR tests to 100,000 tests per day. This capacity currently stands at about 70,000 tests per day across 68 laboratories nationwide. In order to reach this target, additional laboratories will be established in hospitals. The MOH will subsequently target to raise the capacity to 150,000 tests per day, once the initial target of 100,000 tests per day is achieved.

Despite the positive development of various COVID-19 vaccines and the Government’s plan to begin mass vaccination in the first quarter of 2021, COVID-19 test kits will still be in demand to control the spread of COVID-19, especially as COVID-19 cases in Malaysia remain high and as mass vaccination is expected to be carried out gradually. Therefore, COVID-19 test kits are expected to be in demand until the pandemic subsides.

- **Widespread and convenient accessibility to COVID-19 testing drives number of COVID-19 tests conducted in Malaysia**

COVID-19 testing is widely and conveniently accessible in Malaysia which encourages individuals to go for COVID-19 tests should the need arise. COVID-19 tests can be taken at health facilities including public and private hospitals, clinics and ambulatory care centres nationwide which are listed on MOH’s website. Further, the MOH has collaborated with the private sector for COVID-19 sampling services at home. With this, individuals who do not have the symptoms of COVID-19 can conveniently undergo COVID-19 testing in their own homes. Individuals with symptoms are required to undergo COVID-19 testing at health facilities. Certain health service providers may also provide on-site COVID-19 testing for companies and individuals at their own premises.

In addition, the COVID-19 Test Fund (“CTF”) is a RM8 million fund which has been established by the Life Insurance Association of Malaysia, Malaysian General Insurance Association and the Malaysian Takaful Association. The CTF aims to support the MOH in conducting more COVID-19 tests to curb the spread of the virus. This fund provides a fixed cash reimbursement of up to RM300 for the cost of Covid-19 testing for individuals covered under individual or group medical and health Insurance policies or takaful certificates. The said cash reimbursement thus increases the affordability and accessibility of COVID-19 testing. Further, the PERMAI assistance package has expanded the scope of tax relief to include COVID-19 testing to support more individuals to undergo COVID-19 tests.

As such, the increase in number of COVID-19 tests, as COVID-19 testing is made accessible to individuals, creates demand for COVID-19 test kits.

► **COVID-19 testing as a mandatory requirement for foreign workers as well as visitors entering and exiting Malaysian borders creates demand for COVID-19 test kits**

In order to prevent the outbreak of COVID-19 among foreign workers, the Government has enforced mandatory COVID-19 testing for all foreign workers in Malaysia starting 1 January 2021. Employers who fail to comply with this requirement will face legal and financial penalties under Prevention and Control of Infectious Diseases Act 1988. The frequency of COVID-19 testing for foreign workers have not been set by the Government.

In addition, COVID-19 testing is a mandatory requirement for individuals who enter and exit Malaysia. Visitors entering Malaysia are required to undergo and bear the costs of COVID-19 testing upon arrival, whereas Malaysians or visitors leaving Malaysia may need to undergo COVID-19 test depending on the protocols set by the country destination. Further, visitors travelling between Peninsular Malaysia, Sabah and Sarawak are also required to undergo COVID-19 testing based on travel requirements set by the Government.

Besides the above, employers may also impose their own standard operation procedures which include COVID-19 tests for employees returning to office, as well as suppliers or other business partners who are required to be present at their premises.

As such, the continuity of such requirements which include compulsory COVID-19 testing is expected to further create demand for COVID-19 test kits.

Premised on the above, the prospects for growth for the COVID-19 test market in Malaysia are positive, especially in the near term, based on on-going high levels of reported COVID-19 cases as well as key drivers which stimulate demand for COVID-19 tests and test kits. Once the COVID-19 pandemic subsides and/or when a majority of the population has been vaccinated, the demand for COVID-19 test kits is expected to gradually decrease as the need for COVID-19 testing reduces.

*(Source: IMR Report prepared by SMITH ZANDER)*

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### 5.3 Prospects and future plans of the Group

The Group is principally involved in the supply and distribution of commercial laundry equipment, medical devices, healthcare products and clinical devices. Over the past 3 years, there has been significant growth in the sales of the Group's medical devices, healthcare products and clinical devices, as shown below:-

Segments	Audited		
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019
	RM'000	RM'000	RM'000
Medical devices	31,973	41,599	59,203
Healthcare products and clinical devices	-	6,692	10,216

In view of the ongoing COVID-19 pandemic, the Group has decided to further expand their range of healthcare products to include COVID-19 test kits.

The Proposed Private Placement is intended to be undertaken mainly to fund the Group's planned business expansion into the distribution of COVID-19 test kits. The COVID-19 test kits are expected to be in demand until the pandemic subsides, which in turn would be dependent on, amongst others, the rate of which mass vaccination is carried out. Hence, there is a possibility that the Group is unable to set up its business on time.

Notwithstanding the above, the Group intends to leverage on the existing relationships cultivated with 2 hospital chains and 3 pharmacy chains in Malaysia who are existing customers of the Group's medical devices and healthcare products to market the new COVID-19 test kits and its experience in the distribution of healthcare products during this period to fully capitalize on the benefits of the business expansion.

Notwithstanding the introduction of the COVID-19 test kits, the Group intends to continue the supply and distribution of its existing products. Moving forward, the Group seeks to grow its existing businesses by, amongst others, continuing to keep abreast of the latest products available, maintaining strong relationships with their existing customers by providing high quality products and services and widening its customer base through ongoing advertising and promotional activities.

Premised on the above as well as the outlook and prospects of the COVID-19 test kit industry as set out in Section 5.2, Part A of this Circular, the management is optimistic of the Group's future prospects.

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## 6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

### 6.1 Share capital

The pro-forma effects of the Proposed Private Placement on the issued share capital of the Company are as follows:-

	No. of Shares	Share capital RM
Issued share capital as at the LPD	481,447,200	47,356,360
No. of Placement Shares to be issued	144,434,000	<sup>(1)</sup> 29,898,006
<b>Enlarged issued share capital after the Proposed Private Placement</b>	<b>625,881,200</b>	<b>77,254,366</b>

Note:-

- (1) Based on an illustrative issue price of RM0.2138 per Placement Share and after deducting RM981,984, being part of the estimated expenses which are directly attributable to the issuance of the Placement Shares, in accordance with MFRS 132.

### 6.2 NA and gearing

The pro-forma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:-

	Audited as at 31 December 2019 RM'000	(I) After subsequent events <sup>(1)</sup> RM'000	(II) After (I) and the Proposed Private Placement <sup>(2)</sup> RM'000
Share capital	32,120	47,356	<sup>(3)</sup> 77,254
Merger reserves	(16,049)	(16,049)	(16,049)
Retained earnings	34,831	34,831	<sup>(3)</sup> 34,563
<b>Shareholders equity / NA</b>	<b>50,902</b>	<b>66,138</b>	<b>95,768</b>
Non-controlling interest	2,623	2,623	2,623
<b>Total equity</b>	<b>53,525</b>	<b>68,761</b>	<b>98,391</b>
No. of Shares in issue ('000)	421,250	481,447	625,881
NA per Share (RM)	0.12	0.14	0.15
Total borrowings (RM'000)	7,591	7,591	7,591
Gearing ratio (times)	0.15	0.11	0.08

Notes:-

- (1) After accounting for the issuance of 60,197,000 new Shares arising from the Special Issue at the issue price of RM0.26 each on 10 December 2020.
- (2) Based on the issuance of 144,434,000 Placement Shares at an illustrative issue price of RM0.2138 each.
- (3) After charging part of the estimated expenses of RM0.98 million to share capital in accordance with MFRS 132 and charging the balance estimated expenses of RM0.27 million to retained earnings.

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### 6.3

#### Substantial Shareholders' shareholdings

The pro-forma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings based on the register of substantial Shareholders of the Company as at the LPD are as follows:-

Substantial shareholders	As at the LPD			After the Proposed Private Placement		
	Direct		Indirect	Direct		Indirect
	No. of Shares	( <sup>(1)</sup> )%		No. of Shares	( <sup>(2)</sup> )%	No. of Shares
Sanichi Technology Berhad	50,765,800	10.54	-	50,765,800	8.11	-
Cita Realiti Sdn Bhd	41,566,000	8.63	-	41,566,000	6.64	-

Notes:-

(1) Based on the issued share capital of 481,447,200 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 625,881,200 Shares.

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## 6.4 Earnings and EPS

The Board expects the Proposed Private Placement to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 3, Part A of this Circular.

Subsequent to the completion of the Proposed Private Placement, the EPS shall be correspondingly diluted as a result of the increase in the number of Shares arising from Proposed Private Placement.

The potential effects of the Proposed Private Placement on the consolidated earnings of the Company moving forward will depend on, amongst others, the number of Placement Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Private Placement.

For illustration purposes, assuming the Proposed Private Placement had been completed at the beginning of FYE 31 December 2019, the pro forma effects of Proposed Private Placement on the Company's consolidated earnings and EPS are as follows:-

	Audited FYE 31 December 2019	After the Proposed Private Placement
PAT attributable to owners of the Company (RM'000)	5,145	<sup>(1)</sup> 4,877
Weighted average no. of Shares ('000)	421,250	565,684
EPS (sen)	1.22	0.86

Note:-

(1) After accounting for part of the estimated expenses incidental to the Proposed Private Placement of RM0.27 million (the balance estimated expenses of RM0.98 million is chargeable to share capital in accordance with MFRS 132).

## 6.5 Convertible securities

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

## 7. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposed Private Placement is as follows:-

Date	Events
4 March 2021	EGM for the Proposed Private Placement
March 2021	Listing and quotation of the Placement Shares and completion of the Proposed Private Placement

## 8. APPROVALS REQUIRED AND CONDITIONALITY

### 8.1 Approvals required

The Proposed Private Placement is subject to the following approvals being obtained:-

- (i) the approval of Bursa Securities for the listing and quotation of the Placement Shares.

The approval by Bursa Securities for the above was obtained via its letter dated 5 February 2021, subject to the following conditions:-

Conditions		Status of compliance
(a)	BCM and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be met
(b)	BCM and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Private Placement; and	To be met
(c)	BCM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed	To be met

- (ii) the approval of Shareholders at the forthcoming EGM; and
- (iii) the approvals / consents of any other relevant authorities and/or parties, if required.

### 8.2 Conditionality

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

## 9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

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

## 10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement.

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## 11. BOARD'S RECOMMENDATION

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

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

## 12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, to give effect to the Proposed Private Placement.

Day, date and time of the EGM	: Thursday, 4 March 2021 at 2.30 p.m.
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies 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 Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so.

## 13. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**BCM ALLIANCE BERHAD**

**LIAW CHONG LIN**  
Managing Director

**PART B**

**LETTER TO SHAREHOLDERS IN RELATION TO  
THE PROPOSED ESOS**



## **BCM ALLIANCE BERHAD**

[Registration No. 201501009903 (1135238-U)]  
(Incorporated in Malaysia)

### **Registered Office**

Suite 10.02, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

17 February 2021

### **Board of Directors**

Datuk Chin Goo Chai (Independent Non-Executive Chairman)  
Liaw Chong Lin (Managing Director)  
Hoo Swee Guan (Executive Director)  
Ho Kee Wee (Executive Director)  
Datin Latiffah Binti Endot (Independent Non-Executive Director)  
Ng Kok Wah (Independent Non-Executive Director)  
Yap Kim Choy (Independent Non-Executive Director)  
Khor Ben Jin (Independent Non-Executive Director)

### **To: The Shareholders**

Dear Sir / Madam,

### **PROPOSED ESOS**

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#### **1. INTRODUCTION**

On 5 February 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed ESOS.

On 15 February 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 11 February 2021, approved the listing of such number of new ordinary shares, representing up to 30% of the total number of issued Shares (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 6.1, Part B 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 RESOLUTION PERTAINING TO THE PROPOSED ESOS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF 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 RESOLUTION TO GIVE EFFECT TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED ESOS**

On 4 February 2021, the Board had announced the termination of an earlier employees' share options scheme involving up to 15% of the total number of issued shares of the Company which was established on 25 August 2020 ("**Previous ESOS**"). The Previous ESOS was terminated as the Board intends to establish and implement the new Proposed ESOS, which involves up to 30% of the total number of issued shares of the Company. For information, no options have been offered under the Previous ESOS since its commencement.

Please refer to Appendix III of this Circular for further information on the Previous 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 Exercise 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 at 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 aggregate maximum number of new Shares which may be made available under the Scheme shall not exceed the Maximum Shares at any point of time during the duration of the Scheme.

Notwithstanding the above or any other provisions 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 the total number of issued Shares, then such Options granted prior to the adjustment of such total number of issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the ESOS Committee shall not make any further Offer 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 at any point of time over the duration of the Scheme after such adjustment.

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 Scheme will exercise their Options in full or at all.

### **2.2 Basis of allotment 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 Options that may be granted to any 1 category / designation of employment of the Eligible Person shall be determined entirely at the discretion of the ESOS Committee.

The ESOS Committee will comprise Directors and/or other persons identified and appointed from time to time by the Board. At this juncture, the composition of the ESOS Committee has yet to be decided by the Board.

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 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed 10% of the total number of new Shares to be issued under the Scheme.

Not more than 70% of the Options available under the Scheme shall be allocated in aggregate to the Eligible Directors and senior management personnel of the companies in the Group.

Subject to the By-laws, 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 Offer is made, the ESOS Committee shall set out the basis of the allocation of the Offer made to the Eligible Person.

For the avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Grantees 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, Part B of this Circular. In deciding between (i) and (ii) above, the ESOS Committee shall consider, amongst others, whether it wishes to provide a one-off reward for the relevant Grantee's contribution to the Group to incentivise the Grantee's continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee's career progression with the Group moving forward.

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 Eligible Person shall participate in the deliberation and/or discussion of their own respective allocations under 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**

Only Eligible Persons who fulfil the following conditions on the Date of Offer shall be eligible to participate in the Scheme:-

- (i) in respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:-
  - (a) he / she is at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (b) he / she is employed on the Date of Offer:-
    - (aa) on a full-time basis and is on the payroll of any company in the Group (which are not dormant) and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
    - (bb) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the ESOS Committee; and
  - (c) such employee falls within any other eligibility criteria (including variations to the eligibility criteria under Section 2.3(i)(a) or (b) above) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding;
- (ii) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:-
  - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (b) he / she has been appointed as a director to the board of directors of any member of the Group which is not dormant; and
  - (c) such director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding;
- (iii) in respect of a Director, a chief executive officer, a major Shareholder or a person connected with a Director or chief executive officer or major Shareholder, the specific allocation of Options granted under the Scheme must have been approved by the Shareholders at a general meeting; and
- (iv) 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 Date of Offer:-
  - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and

- (b) he / she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least 1 year and his / her employment has been confirmed by the newly acquired company.

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.

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 Options unless an Offer has been made by the ESOS Committee to the Eligible Person and the 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 subject however to any extension of the Scheme as provided under the By-laws.

On or before the expiry of such 5 years of the Scheme, the Board shall have the discretion, without having to obtain approval of the 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 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 and the Company shall make the necessary announcements to Bursa Securities prior to such extension (if required).

The Scheme may be terminated by the ESOS Committee at any time before its expiry provided that 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 (which are not dormant).

There will be no restriction to the Grantee on the percentage of Options exercisable by him / her during the Option Period. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on whether the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target.

## **2.6 Exercise Price**

Subject to any adjustments that may be made in accordance with the By-laws, the Exercise 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 during the duration of the Scheme. The Exercise Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

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

The new Shares to be issued arising from the exercise of the Options shall, upon allotment, issue and payment of the Exercise Price, rank equally 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 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 under the Scheme will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. The 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, pursuant to Rule 8.22 of the Listing Requirements, a Grantee who is a non-executive director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the Options offered to him / her pursuant to the Scheme within 1 year from the Date of Offer of such Options 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, at 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 at 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 will:-

- (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, Part B 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 Exercise 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 which commensurate with the business operations of the Group. The working capital raised from the exercise of the Options will be utilised to finance the Group's day-to-day operations, including the payment of staff salaries as well as defrayment of operational and administrative expenses (e.g. utilities, inventories and other miscellaneous items such as marketing expenses). The actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds to be raised from the exercise of Options as well as the working capital requirements of the Group at the relevant time.

Pending the utilisation of proceeds from the exercise of the Options, the proceeds would be placed in deposits with financial institutions and/or short-term money market financial instruments.

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### 3. RATIONALE FOR THE PROPOSED ESOS

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

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and
- (v) to attract and retain high-calibre Eligible Persons.

The non-executive Directors are also eligible to participate in the ESOS in order 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 Exercise Price) will be utilised for the Company's working capital purposes. The detailed utilisation, actual utilisation breakdown and timeframe for full utilisation of the proceeds from the date of receipt cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds to be raised from the exercise of the Options as well as the working capital requirements of the Group at the relevant time.

For information, on 11 December 2020, the Company completed the Special Issue which involved the issuance of 60,197,000 new Shares, representing approximately 14.29% of the Company's then existing total number of issued Shares, to Bumiputera investors identified and/or approved by the Ministry of International Trade and Industry Malaysia, raising a total of RM15.65 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 11 December 2020	Actual proceeds raised (RM'000)	Actual utilisation up to the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Purchase of new devices and equipment	Within 24 months	9,750	-	9,750
(ii) Working capital	Within 6 months	5,439	(1,369)	4,070
(iii) Estimated expenses for the Special Issue	Within 1 month	462	(462)	-
<b>Total</b>		<b>15,651</b>	<b>(1,831)</b>	<b>13,820</b>

Save for the Special Issue and the Proposed Private Placement, details of which are disclosed in Part A of this Circular, the Company has not undertaken any other equity fund raising exercises in the past 12 months before the first announcement of the Proposed ESOS.

#### 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 are granted and exercised. The Company's share capital will increase progressively depending on the number of new Shares which are issued pursuant to the exercise of the Options and the Exercise Price. For information, the Company does not hold any treasury shares as at the LPD.

For illustration, assuming the Proposed Private Placement is completed and 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	481,447,200	47,356,360
No. of Placement Shares to be issued	144,434,000	<sup>(1)</sup> 29,898,006
<b>Enlarged issued share capital after the Proposed Private Placement</b>	<b>625,881,200</b>	<b>77,254,366</b>
New Shares to be issued assuming full granting and exercise of the Options	187,764,360	<sup>(2)</sup> 45,157,329
<b>Enlarged issued share capital after the Proposed ESOS</b>	<b>813,645,560</b>	<b>122,411,695</b>

Notes:-

(1) Based on an illustrative issue price of RM0.2138 per Placement Share and after deducting RM981,984, being part of the estimated expenses which are directly attributable to the issuance of the Placement Shares, in accordance with MFRS 132.

(2) Based on an illustrative exercise price of RM0.2405 per Option (calculated based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.2672).

For information, the Proposed Private Placement is currently pending approval from Shareholders at the forthcoming EGM.

##### 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 Exercise Price.

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

- (i) increase if the Exercise Price is higher than the NA per Share; or
- (ii) decrease if the Exercise Price is lower than the NA per Share,

at such point of exercise of the Options.

Any potential effect on the NA and gearing of the Group in the future will depend on the number of Options granted and exercised, the Exercise 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. Further information on this is set out in Section 4.4, Part B of this Circular.

#### **4.3 Substantial Shareholders' shareholdings**

The Proposed ESOS is not expected to have any immediate effect on the substantial Shareholders' shareholdings in the Company (if any, in the future) until and unless new Shares are issued pursuant to the exercise of the Options. Any potential effect on the substantial Shareholders' shareholdings in the Company (if any, in the future) would depend on the number of new Shares to be issued upon the exercise of the Options at the relevant point in time.

#### **4.4 Earnings and EPS**

The Proposed ESOS is not expected to have any immediate material 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 Exercise 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 based on, amongst others, the share price volatility, risk-free interest rate and pricing model. The fair value of the Options will be recognized 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.

#### **4.5 Convertible securities**

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

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## 5. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposed ESOS is as follows:-

Date	Events
4 March 2021	EGM for the Proposed ESOS
March 2021	Establishment of the ESOS

## 6. APPROVALS REQUIRED AND CONDITIONALITY

### 6.1 Approvals required

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

- (i) the approval of Bursa Securities for the listing and quotation of the new Shares to be issued pursuant to the Proposed ESOS.

The approval by Bursa Securities for the above was obtained via its letter dated 11 February 2021, subject to the following conditions:-

Conditions		Status of compliance
(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	To be met
(b)	BCM 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.	To be met

- (ii) the approval of Shareholders at the forthcoming EGM; and
- (iii) the approvals / consents of any other relevant authorities and/or parties, if required.

### 6.2 Conditionality

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 and the Proposed Private Placement which was announced on 27 January 2021, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

**8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM**

All of the Directors (and chief executive of the Company), including any new Director (and chief executive of the Company) to be appointed in the future, are deemed interested in the Proposed ESOS by virtue of their eligibility for the Options in their capacity as Directors (and chief executive of the Company) and in respect of their specific allocations (where applicable) as well as specific allocations to persons connected with them under the Proposed ESOS (where applicable).

Nonetheless, the Board currently does not have any plans to allocate any Options to the Directors (and chief executive of the Company) and/or persons connected with them.

In the event that the Board intends to allocate any Options to the Directors and/or chief executive of the Company, specific Shareholders' approval will be sought prior to any such allocation.

In such instance, the Directors and chief executive of the Company (including any new Director and/or chief executive of the Company to be appointed in the future) will abstain (where applicable) from all Board deliberations and voting in respect of any specific allocation of Options to themselves respectively as well as the specific allocations to any persons connected with them (where applicable) at the relevant Board meetings of the Company.

Further, the Directors and chief executive of the Company (including any new Director and/or chief executive of the Company to be appointed in the future) will undertake to ensure each of them and the persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective specific allocation of Options as well as the specific allocations to any persons connected with them (where applicable) under the Proposed ESOS at a general meeting to be convened in the future, if applicable.

**9. BOARD'S RECOMMENDATION**

The Board, having considered all aspects of the Proposed ESOS, including but not limited to the rationale and effects 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 resolution 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 in this Circular, will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, to give effect to the Proposed ESOS.

Day, date and time of the EGM : Thursday, 4 March 2021 at 2.30 p.m.
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies 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 Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so.

## 11. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**BCM ALLIANCE BERHAD**

**LIAW CHONG LIN**  
Managing Director

**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 given 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. CONSENTS AND CONFLICT OF INTEREST****2.1 Mercury Securities**

The written consent of Mercury Securities, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which it appears 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 which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

**2.2 SMITH ZANDER**

The written consent of SMITH ZANDER, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in Section 5.2, Part A of this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

SMITH ZANDER is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher.

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

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

**Contingent liabilities**

As at the LPD, the Board confirmed that there are no 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.

**4. MATERIAL LITIGATION**

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim 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 the Board confirmed that there are no 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.

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**APPENDIX I - FURTHER INFORMATION (CONT'D)**

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**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High RM	Low RM
<b>2020</b>		
February	0.145	0.125
March	0.130	0.060
April	0.170	0.100
May	0.300	0.150
June	0.365	0.200
July	0.340	0.220
August	0.455	0.255
September	0.315	0.230
October	0.320	0.245
November	0.285	0.255
December	0.315	0.265
<b>2021</b>		
January	0.400	0.260
Last transacted market price on 26 January 2021, being the last Market Day immediately prior to the first announcement of the Proposed Private Placement	0.260	
Last transacted market price on 4 February 2021, being the last Market Day immediately prior to the first announcement of the Proposed ESOS	0.260	
Last transacted market price on the LPD	0.295	

(Source: Bloomberg)

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, 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 the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2018 and FYE 31 December 2019;
- (iii) unaudited consolidated financial statements of the Company for the 9-month FPE 30 September 2020; and
- (iv) the IMR Report referred to in Section 5, Part A of this Circular;
- (v) letters of consent and conflict of interest referred to in Section 2 of this Appendix I; and
- (vi) draft By-laws as set out in Appendix II of this Circular.

**THE BY-LAWS OF  
BCM ALLIANCE BERHAD  
EMPLOYEES' SHARE OPTION SCHEME**

**1. NAME OF SCHEME**

This Scheme shall be called the "BCM Employees' Share Option Scheme".

**2. OBJECTIVES OF SCHEME**

The objectives of the Scheme (as defined herein) are:

- (a) to drive and motivate the Eligible Persons (as defined herein) to work towards achieving the Group's (as defined herein) goals and objectives;
- (b) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (c) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company (as defined herein) and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (d) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the shareholders of the Company via direct participation in the equity of the Company; and
- (e) to attract and retain high-calibre Eligible Persons.

**3. DEFINITIONS AND INTERPRETATION**

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

- |                                      |           |  |
|--------------------------------------|-----------|--|
| <b>"Act"</b>                         | -         | The Companies Act, 2016 as may be amended from time to time and includes any re-enactment thereof or any new act enacted and gazetted to replace and supersede the Act   |
| <b>"Available Balance"</b>           | -         | The unissued shares of the Company which is available for the offer of further Options subject to the limit set out in <b>By-Law 4.2</b> and after deducting all Options which have been offered and accepted  |
| <b>"BCM"<br/>"Company"</b>           | <b>or</b> | BCM Alliance Berhad [Registration No. 201501009903 (1135238-U)]  |
| <b>"BCM Group"<br/>"Group"</b>       | <b>or</b> | The Company and its subsidiaries as defined under Section 4 of the Act which are not dormant. Subsidiaries shall include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme, but exclude any subsidiaries which have been divested in the manner provided under <b>By-Law 17.2</b> |
| <b>"BCM Share(s)"<br/>"Share(s)"</b> | <b>or</b> | Ordinary share(s) in BCM   |
| <b>"Board"</b>                       | -         | The Board of Directors of the Company  |

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**


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<b>"Bursa Securities"</b>	- Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
<b>"By-Law(s)"</b>	- The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with <b>By-Law 22</b> )
<b>"CDS"</b>	- A Central Depository System governed under the Security Industry (Central Depositories) Act 1991
<b>"CDS Account"</b>	- An account established by Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)] for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
<b>"Constitution"</b>	- The Constitution of the Company, as amended from time to time
<b>"Date of Acceptance"</b>	<b>of</b> - The date whereupon the ESOS Committee shall receive the written notice from an Eligible Person accepting an Offer
<b>"Date of Expiry"</b>	- The last day of the duration of the Scheme as provided in <b>By-Law 19.3</b>
<b>"Date of Offer"</b>	- The date on which an Offer (including any subsequent Offers) is made by the ESOS Committee to an Eligible Person in the manner provided in <b>By-Law 7</b>
<b>"Director(s)"</b>	- Directors (either an executive director or a non-executive director) of any company within the Group (excluding dormant subsidiaries) and 'Director' shall be construed accordingly
<b>"Effective Date"</b>	- The effective date for the launching and/or implementation of the Scheme, as provided in <b>By-Law 19.1</b>
<b>"Eligible Director(s)"</b>	Director(s) who fulfils the conditions of eligibility stipulated in <b>By-Law 5.1</b>
<b>"Eligible Employee(s)"</b>	Employee(s) who fulfils the conditions of eligibility stipulated in <b>By-Law 5.1</b>
<b>"Eligible Person(s)"</b>	- Eligible Employee(s) or Eligible Director(s), as the case may be
<b>"Entitlement Date"</b>	- The date as at the close of business on which shareholders' names must appear on the Record of Depositors of BCM in order to participate in any dividends, rights, allotments or other distributions
<b>"Employee(s)"</b>	- A natural person which is employed by and on the payroll of any company in the Group
<b>"ESOS" or "Scheme"</b>	- The scheme for the granting of Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "BCM Employees' Share Option Scheme"
<b>"ESOS Committee"</b>	- A committee comprising of Director(s) and/or Senior Management (as defined in <b>By-Law 6.1</b> ) or other persons appointed from time to time by the Board to administer the Scheme, in accordance with the provisions of <b>By-Law 21</b>

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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<b>"Grantee"</b>	- An Eligible Person who has accepted an Offer (or any part thereof) in the manner provided in <b>By-Law 8</b>
<b>"Listing Requirements"</b>	- The ACE Market Listing Requirements of Bursa Securities, as may be amended from time to time
<b>"Market Day(s)"</b>	- A day in which Bursa Securities is open for the trading of securities
<b>"Maximum Allowable Allocation"</b>	- The maximum number of new Shares that may be offered and allotted to the Eligible Persons in accordance with the provisions of <b>By-Law 6</b>
<b>"Offer(s)"</b>	- Written offer(s) made by the ESOS Committee to an Eligible Person in the manner provided in <b>By-Law 7</b>
<b>"Option(s)"</b>	- The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by the Grantee in the manner provided in <b>By-Law 8</b> of an Offer made to such Grantee by the ESOS Committee pursuant to <b>By-Law 7</b>
<b>"Option Period"</b>	- The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in <b>By-Law 19.3</b> . In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended
<b>"Subscription Price"</b>	- The price at which a Grantee shall be entitled to subscribe for each new Share as calculated in accordance with the provisions of <b>By-Law 11</b>

- 3.2 For the purposes of these By-Laws, all references made to "Bursa Securities" and "Listing Requirements" shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.
- 3.3 The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.
- 3.4 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 3.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 3.6 Words importing the singular number shall include the plural number and vice versa.
- 3.7 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 (1<sup>st</sup>) Market Day after that day.
- 3.8 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee's absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reason there for except as may be required by the relevant authorities or under the law.

**4. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 4.2 The maximum number of new Shares to be allotted and issued pursuant to the exercise of the Options that may be granted under the Scheme shall not, in aggregate, exceed thirty percent (30%) of the total number of issued shares (excluding treasury shares) of the Company at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

The aggregate number of new Shares available pursuant to the Scheme shall consist of:

- (i) the Options exercised by all the Grantees;
- (ii) the remaining Options exercisable by all the Grantees; and
- (iii) the unexpired Offers pending acceptance by all the Eligible Persons,

and shall not exceed an amount equivalent to thirty percent (30%) of the prevailing total number of issued shares of the Company (excluding treasury shares) at any one (1) time.

- 4.3 Notwithstanding **By-Law 4.2** above or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of thirty percent (30%) of the prevailing total number of issued shares (excluding treasury shares), at any one time of the Company as a result of the Company:
- (i) purchasing its own Shares pursuant to Section 127 of the Act whereby the shares so purchased in treasury will not be taken into account in calculating the number of its issued and paid-up capital; or
  - (ii) undertaking any other corporate proposal and thereby diminishing the total number of issued shares of the Company,

then the Options granted prior to the adjustment of the total number of issued shares 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 Offers, unless and until such time when the total number of Shares to be issued under the Scheme falls below thirty percent (30%) of the Company's prevailing total number of issued shares (excluding treasury shares), at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

**5. ELIGIBILITY**

- 5.1 To qualify as an Eligible Person for participation in the Scheme, a person must, as at the Date of Offer fulfil the following conditions:
- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
    - (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 Date of Offer –
      - (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 on the Date of Offer; or

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- (2) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the ESOS Committee; 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) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
  - (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 has been appointed as an Director of any company within the Group which is not dormant; and
  - (iii) such Director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (c) In respect of a Director, a chief executive officer, a major shareholder or a person connected with a Director, chief executive officer or major shareholder, the specific allocation of Options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.
- (d) 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 Date of Offer:
  - (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; and
  - (ii) he/she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least one (1) year and his/her employment has been confirmed by the newly acquired company.

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.

Notwithstanding that, the selection of any Eligible Person for participation in the Scheme as well as the allocation of Options to any Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and that the decision of the ESOS Committee shall be final and binding.

- 5.2 The Eligible Employees or Eligible Directors of the subsidiaries of the Company which are dormant shall not be eligible to participate in the Scheme.
- 5.3 Subject to **By-Law 6.1**, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine and such decision shall be final and binding.
- 5.4 The ESOS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of the Available Balance.

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- 5.5 Each Eligible Director can only participate in the Scheme in one (1) capacity irrespective of the number of directorships or positions he holds in the Group.
- 5.6 Eligibility under the Scheme does not confer a claim or right to participate in the Scheme unless the ESOS Committee has made an Offer to the Eligible Person under **By-Law 7**, and an Eligible Person does not acquire or has any rights over or in connection with any Options or the Shares comprised therein unless an Offer has been made by the ESOS Committee and has been accepted by the Eligible Person in accordance with the terms of the Offer and the Scheme.
- 5.7 A set of criteria on eligibility and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. The allocation of the Options pursuant to the Scheme shall be verified by the audit committee of the Company at the end of each financial year and a statement made by the audit committee on the verification of such allocation shall be included in the annual report of the Company.
- 5.8 Where an Offer is made to an Eligible Person who is a member of the ESOS Committee, such grant of Option shall be decided and carried out by the ESOS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the ESOS Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him/her at the relevant ESOS Committee meetings.

**6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION**

- 6.1 Subject to any adjustment which may be made under the By-Laws, the aggregate number of new Shares comprised in the Options to be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the performance, seniority and number of years in service of the Eligible Person and such other factors that the ESOS Committee may deem relevant, subject to the following:
- (a) any Eligible Person shall not participate in the deliberation or discussion of their own allocation under the Scheme;
  - (b) the allocation to an Eligible Person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of BCM, does not exceed ten percent (10%) of the total number of new Shares to be issued under the Scheme; and
  - (c) not more than seventy percent (70%) of the new Shares to be issued under the Scheme shall be allocated in aggregate to the Eligible Directors and Senior Management,

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

The term “**Senior Management**” shall refer to an Employee of the Group holding the position of senior manager (including Director) and above or other senior position and shall be subject to criteria to be determined by the ESOS Committee that may change from time to time and the term “**person(s) connected**” shall have the same meaning as defined in Rule 1.01 of the Listing Requirements.

- 6.2 (a) An Offer by the ESOS Committee to an Eligible Person shall be subject to a minimum of one hundred (100) Shares for each Option and in multiples of one hundred (100) Shares for each Option.
- (b) For avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Eligible Person via:

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- (i) one single Offer (as the case may be) at a time to be determined by the ESOS Committee; or
    - (ii) several Offers (as the case may be) where the vesting of Shares comprised in those Offers is staggered or made in several tranches at such times and on terms determined by the ESOS Committee.
  - (c) 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.
  - (d) In the event that an Eligible Person is moved to a higher category of employment or entitlement within the Scheme, his/her Maximum Allowable Allocation shall be increased accordingly with the scale of such category upon his/her confirmation in the higher category. However, the ESOS Committee has the sole and absolute discretion in deciding whether to grant Options or further Options, as the case may be, notwithstanding any such change in the Employee's Maximum Allowable Allocation.
  - (e) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:
    - (i) his/her Maximum Allowable Allocation shall be reduced accordingly with the scale of such category;
    - (ii) in the event that the total number of Options which have been offered to him/her up to the date he/she is moved to the lower category is greater than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her on such date but he/she shall not be entitled to be offered any further Options unless and until he/she is subsequently moved to a higher category or there is an increase to his/her Maximum Allowable Allocation under such lower category, so that his/her new Maximum Allowable Allocation is increased to an amount greater than the total number of Options which have already been offered to him/her; and
    - (iii) in the event that the total number of Options which have been offered to him/her as of the date he/she is moved to the lower category is less than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her on such date and, subject to **By-Law 6.1** to be offered further Options up to his/her Maximum Allowable Allocation under such lower category.
- 6.3 The ESOS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allocation. The decision of the ESOS Committee shall be final and binding.
- 6.4 The ESOS Committee may at its sole and absolute discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Allowable Allocation in respect of these

additional categories are in compliance with the relevant Listing Requirements and applicable laws.

- 6.5 The ESOS Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Allowable Allocation.

## **7. OFFER**

- 7.1 During the existence of the Scheme, the ESOS Committee may at its sole and absolute discretion at any time and from time to time make Offers in writing to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allocation.

- 7.2 The ESOS Committee shall state the following particulars in the Offer:

- (a) date of the Offer;
- (b) the vesting conditions of the Options (if any/if applicable);
- (c) the vesting date(s) of the Options (if any/if applicable);
- (d) the number of Options that are being offered to the Eligible Person;
- (b) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
- (c) the Option Period;
- (d) the Subscription Price;
- (e) the Offer Period as defined in **By-Law 7.3**; and

may include such / any other conditions as may be stipulated by the ESOS Committee.

- 7.3 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such period as may be determined by the ESOS Committee on a case-to-case basis ("**Offer Period**").

- 7.4 No Offer shall be made to any Eligible Person who is a Director, chief executive officer, a major shareholder of the Company or who is a person connected with a Director, chief executive officer or major shareholder of the Company, unless such Offer and the grant of Options have previously been approved by the shareholders of the Company in a general meeting.

- 7.5 Without prejudice to **By-Law 21**, in the event of an error on the part of the Company in stating any of the particulars referred to in **By-Law 7.2**, the following provisions shall apply:

- (a) within one (1) month after the discovery of the error, the Company shall issue a supplemental Offer, stating the correct particulars referred to in **By-Law 7.2**;
- (b) in the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Offer shall remain as the Subscription Price as set out in the original Offer; and
- (c) in the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Offer shall be the correct Subscription Price applicable as at the date of the initial Offer (as determined in accordance with **By-Law 11**), but it shall not apply to any Options which have already been exercised as at the date of issue of the supplemental Offer.

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## APPENDIX II – DRAFT BY-LAWS (CONT'D)

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- 7.6 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered and accepted, the number of Options exercised, the Date of Offer and the Subscription Price.

### 8. ACCEPTANCE

- 8.1 An Offer must be accepted by an Eligible Person within the Offer Period by written notice to the ESOS Committee accompanied by a payment of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options. The date of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.
- 8.2 If an Offer is not accepted in the foregoing manner, the Offer shall automatically lapse upon the expiry of the Offer Period and shall be null and void and be of no further force and effect. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation of that Eligible Person, and that Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future unless otherwise decided by the ESOS Committee. However, Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of Options available under the Scheme for future Offers.
- 8.3 The Offer shall automatically lapse and be null and void in the event of death of an Eligible Person or in the event an Eligible Person shall cease to be an Eligible Director or an Eligible Employee within the Group for any reason whatsoever, or become a bankrupt prior to the acceptance of the Offer by the Eligible Person in the manner set out in **By-Law 8**.

### 9. NON-TRANSFERABILITY

- 9.1 An Option is personal to the Grantee and subject to the provisions of **By-Laws 14.1, 14.2 and 14.3**, is exercisable only by the Grantee personally during his lifetime.
- 9.2 An Option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under **By-Law 14.3**. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

### 10. EXERCISE OF OPTIONS

- 10.1 Subject to **By-Laws 14, 16 and 17**, an Option granted to an Eligible Person under the Scheme is exercisable by the Eligible Person in full or in part as the Eligible Person may be entitled under the Option at any time during the Option Period. There will be no restriction to the Eligible Person on the percentage of Options exercisable during the Option Period. Any partial exercise of an Option shall not preclude the Eligible Person from exercising the Option in respect of the balance of the Shares comprised in the Option.
- 10.2 Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company.
- 10.3 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of new Shares relating thereto and the Grantee's individual/nominee CDS Account number ("**Exercise Notice**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time. The Options shall be exercised in multiples of and not less than one hundred (100) new Shares. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him/her

shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him/her, during the Option Period. In the event that the balance of the Options exercisable by a Grantee in accordance with these By-Laws shall be less than one hundred (100) new Shares, the said balance shall, if exercised, must be exercised in a single tranche.

- 10.4 Every Exercise Notice shall be accompanied by a remittance in Ringgit Malaysia as may be determined by the ESOS Committee in the form of a banker's draft or banker's cheque for the full amount of the subscription money in relation to the number of new Shares in respect of which the Exercise Notice is given.
- 10.5 Within eight (8) Market Days of the receipt by the Company of such Exercise Notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot the relevant number of new Shares to the Grantee. The said new Shares will be credited directly into the Grantee's individual/nominee CDS Account as stipulated by the Grantee in the Exercise Notice, and a notice of allotment stating the number of new Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made by the Company for the listing of and quotation for such new Shares to Bursa Securities.
- 10.6 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list and quote the new Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Exercise Notice or for any errors in any Offers.
- 10.7 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Exercise Notice or inaccuracy in the CDS Account number provided shall result in the Exercise Notice being rejected at the discretion of the ESOS Committee, and the ESOS Committee shall inform the Grantee of the rejection of the Exercise Notice within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her Option.
- 10.8 Every Options shall be subjected to the condition that no new Shares shall be issued pursuant to the 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.

#### **10A. DISCIPLINARY PROCEEDING**

- 10A.1 Notwithstanding anything to the contrary contained in these By-Laws, the ESOS Committee shall have the discretion by giving notice in writing to any Grantee who is being subjected to any disciplinary proceeding (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) to suspend his rights to exercise his Option pending the outcome of such disciplinary proceeding. In addition to this rights of suspension, the ESOS Committee may impose such terms and conditions as it shall deem appropriate in its discretion, on the rights of exercise of the Option 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 proceeding at the end of its proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Option as if such disciplinary proceeding had not been instituted in the first place;
  - (b) in the event the disciplinary proceeding resulted in a recommendation for the dismissal or termination of service of such Grantee, the Option shall be immediately terminated and be null and void and be of no further force and effect upon the Grantee being served the notice of the dismissal or termination of

service notwithstanding that such recommendation may be subsequently challenged (successfully or otherwise) by the Grantee in any other forum; and

- (c) in the event such Grantee is found guilty but is not dismissed or terminated, the ESOS Committee shall have the rights to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or the disciplinary proceedings are not concluded prior to the Date of Expiry, the 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.

For the purpose of this By-Law, a Grantee shall be deemed to be subject to "**disciplinary proceedings**" if:

- (i) the Grantee is suspended from work pending investigation into his/her conduct;
- (ii) the Grantee is issued with a letter requiring him/her to attend an internal domestic inquiry; or
- (iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

#### **11. SUBSCRIPTION PRICE**

The Subscription Price of each new Share comprised in any Option shall be determined by the Board upon recommendation of the ESOS Committee and fixed based on the five (5)-day volume-weighted average market price of the Shares, at the Date of Offer, with a discount of not more than ten percent (10%) or such other percentage of discount in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS, subject to such adjustments as stipulated under **By-Law 15** or as may be amended, varied or supplemented from time to time.

#### **12. RANKING OF THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE OPTIONS**

The new Shares to be issued upon the exercise of any Options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, for which the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) is prior to the date of allotment of the new Shares to be issued upon the exercise of any Options.

The new Shares will be subject to all the provisions of the Constitution including those relating to the transfer, transmission and otherwise of the Shares.

#### **13. RETENTION/RESTRICTION OF SHARES**

The new Shares to be allotted and issued to a Grantee (save for an Eligible Director who is a non-executive Director) pursuant to the exercise of Options under the Scheme will not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantee to hold such Shares for as long as possible although a Grantee may sell such Shares at any time after

such Shares have been credited to the Grantee's individual/nominee CDS Account. The Shares allocated under the Scheme are intended for the Grantee to hold as an investment rather than for realisation to yield quick profit.

A Grantee, who is a non-executive Director shall not sell, transfer or assign the new Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer, as per Listing Requirements or such period as may be prescribed by Bursa Securities.

#### **14. TERMINATION OF OPTION**

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

- (a) cessation of directorship or employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day which the ESOS Committee shall at its absolute discretion determine on a case to case basis; or
- (b) upon the happening of any event which results in the Grantee being deprived of the beneficial ownership of the Option; or
- (c) if the Grantee becomes a bankrupt in which event the Option shall be automatically terminated on the day the Grantee is adjudicated bankrupt; or
- (d) winding up or liquidation of the Company, in which event the 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 19.6, in which event the 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 19.6).

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

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

- (a) retirement in accordance with the applicable retirement policy of the Group, as may be amended from time to time, on attaining the Group's then prevailing retirement age;
- (b) retirement before attaining the Group's then prevailing retirement age with the consent of his/her employer;
- (c) ill-health, injury, physical or mental disability;
- (d) redundancy, retrenchment or voluntary separation scheme;

- (e) secondment or transfer to any company outside the Group at the direction of the Company; or
  - (f) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion.
- 14.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period or within twelve (12) months after the Grantee's death, whichever expires first, subject to the approval of the ESOS Committee and/or terms and conditions as set out by the ESOS Committee.
- 14.4 Unless otherwise agreed in writing by the ESOS Committee at its sole discretion, upon the resignation of the Grantee from his/her employment or directorship with the Group (as the case may be) or on the Grantees last day of employment, an Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any Option which lapses upon the resignation of the Grantee from his/her employment or directorship with Group (as the case may be), at the discretion of the ESOS Committee, shall be offered to other Eligible Persons.
- 14.5 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

## **15. ALTERATION OF CAPITAL**

- 15.1 Subject to **By-Law 15.3**, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other manner of capitalisation, consolidation or subdivision of shares or reduction of capital or otherwise howsoever implemented, the Company shall cause such adjustment to be made to:
  - (a) the number of Options granted to each Grantee (excluding Options already exercised); and/or
  - (b) the Subscription Price,

for purposes of ensuring that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of the total number of issued shares to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account any Options already exercised) shall remain unaffected. Any such adjustment must be confirmed in writing by the external auditors or the adviser of the Company.

The computation for the adjustment to the number of Options granted to each Grantee and/or the Subscription Price is set out in **Attachment 1** to these By-Laws.
- 15.2 **By-Law 15.1** shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
  - (a) an issue of new Shares pursuant to the exercise of Options under the Scheme;
  - (b) an issue of securities as consideration for an acquisition;
  - (c) an issue of securities as a private placement;
  - (d) an issue of securities as a special issue approved by the relevant governmental authorities;
  - (e) a restricted issue of securities;

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- (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;
  - (g) an issue of new Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants, convertible loan stocks and convertible preference shares;
  - (h) an issue of further Options to Eligible Persons under these By-Laws; or
  - (i) a purchase by the Company of its own Shares pursuant to Section 127 of the Act. In such event, the following provisions shall apply:
    - (i) if the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is greater than thirty percent (30%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the ESOS Committee shall not make any further Offers; and
    - (ii) if the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is less than thirty percent (30%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the ESOS Committee may make further Offers only until the total number of Options granted by the Company but which remains unexercised is equivalent to thirty percent (30%) of the prevailing total number of issued shares of the Company after such designation or cancellation.
- 15.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7, Subdivision 2 of the Act, **By-Law 15.1** shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company provided always that **By-Law 15.1** shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which **By-Law 15.2** applies.
- 15.4 Upon any adjustment being made in accordance with **By-Law 15.1**, the ESOS Committee shall give notice in writing within a period of thirty (30) days from the date of the adjustment, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments must be confirmed in writing by the Company's external auditors or a licensed investment bank. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.
- 15.5 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor or a licensed investment bank, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or a licensed investment bank stating the opinion of such auditor/investment bank, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 263 of the Act and a licensed investment bank shall be licensed by Bank Negara Malaysia. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.

**16. TAKE-OVERS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

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## APPENDIX II – DRAFT BY-LAWS (CONT'D)

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- 16.1 In the event of a take-over offer being made for the Shares under the Malaysian Code on Take-Overs and Mergers, 2016 and such offer being declared unconditional, or such other period as the Board/ESOS Committee may determine, the following provisions shall apply:
- (a) a Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such take-over offer being declared unconditional, after such date and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of three (3) months; and/or
  - (b) if during the said period of three (3) months, the offeror becomes entitled or bound to exercise any rights of compulsory acquisition in respect of the Shares under the provisions of the Capital Market and Services Act, 2007 or the then prevailing applicable laws, and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him at any time prior to the expiry of the said period of three (3) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the Options held by him within this period, the unexercised Options shall be automatically terminated on the expiry of the said period of three (3) months or on the Specified Date, whichever is the earlier.
- 16.2 In the event that the take-over offer is made on the basis that acceptance is unconditional, a Grantee shall within three (3) months of the date the take-over offer is made or before the first (1<sup>st</sup>) closing date of the take-over offer, whichever is earlier, be entitled to exercise all or any of the Options held by him as at the date of such take-over offer was made, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of three (3) months or the first (1<sup>st</sup>) closing date of the take-over offer, whichever is the earlier.
- 16.3 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled at any time upon which compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date such scheme of compromise or arrangement becomes effective.

## 17. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is holding directorship in or employed by such company shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment until the expiry of three (3) months from the date of completion of such divestment subject to such exercise being made within the Option Period and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the said three (3) months period.
- 17.2 For the purposes of **By-Law 17.1**, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.
- 17.3 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Financial Reporting Standard issued by the Malaysian Accounting Standards Board) or to any related

companies (as defined in Section 6 of the Act) of the Company which have an existing employees' share issuance scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options unexercised on the date of transfer shall be null and void and be of no effect.

17.4 In the event that:

- (a) an Eligible Person who was employed in a company which is related to the Company pursuant to Section 6 of the Act (that is to say, a company which does not fall within the definition of "the Group") and is subsequently transferred from such company to any company within the Group; or
- (b) an Eligible Person who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the "**Previous Company**"), such Eligible Person of the Previous Company will be eligible to participate in this Scheme for its remaining Option Period, if the affected Eligible Person becomes an "**Eligible Person**" within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in Section 5 of the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the Eligible Person of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of "**Eligible Person**" under **By-Law 3** and the provisions of the By-Laws shall apply.

## **18. WINDING UP**

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

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

19.1 The effective date for the implementation and launching of the Scheme shall be the date of full compliance with all the relevant requirements of the Listing Requirements including the following:

- (a) the submission of the final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements;
- (b) the receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued from the exercise of the Options under the Scheme;
- (c) the approval of the Company's shareholders in a general meeting for the Scheme;
- (d) the approval(s) of any other relevant authorities, if any; and
- (e) the fulfilment of all conditions attaching to the aforesaid approvals, if any.

19.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a general meeting. The confirmation letter must be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

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## APPENDIX II – DRAFT BY-LAWS (CONT'D)

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- 19.3 The Scheme shall be in force for a period of five (5) years from the Effective Date, provided always that on or before the expiry thereof, the Board shall have the absolute discretion, without the approval of the Company's shareholders in a general meeting, to extend the duration of the Scheme (as the Board may deem fit) for up to a further five (5) years provided that the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required). Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force.

For avoidance of doubt, the duration of the Scheme shall not in aggregate exceed ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date.

- 19.4 Offers can only be made during the existence of the Scheme and before the Date of Expiry.
- 19.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.
- 19.6 Notwithstanding the provisions of **By-Law 19.3**, and subject always to compliance with Bursa Securities and any other regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated at any time during the duration of the Scheme by the ESOS Committee upon approval of the Board without obtaining the consents from the Grantees or approvals from the shareholders of the Company provided that the Company makes an announcement which shall include the effective date of termination ("**Termination Date**"), number of Options exercised or Shares vested and reasons for termination immediately to Bursa Securities pursuant to the Listing Requirements.
- 19.7 Upon termination of the Scheme, the following shall apply:
- (a) the ESOS Committee shall make no further Offers;
  - (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date;
  - (c) all Offers which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
  - (d) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated and be null and void on the Termination Date.

For the avoidance of doubt, Options which have been exercised but where the new Shares have yet to be issued or registered in the name of the Eligible Person or his estate as at the date of the resolution to terminate the Scheme shall remain effective and the Company shall issue and register the new Shares accordingly.

## 20. SUBSEQUENT EMPLOYEE SHARES OPTION SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees share option scheme after the Date of Expiry or after the termination of the Scheme pursuant to **By-Law 19.6**, provided that the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

## 21. ADMINISTRATION

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## APPENDIX II – DRAFT BY-LAWS (CONT'D)

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- 21.1 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.
- 21.2 Without limiting the generality of **By-Law 21.1**, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transaction, agreement, deed, documents or arrangement, and make rules, regulations or impose terms and conditions, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the ESOS Committee as it shall deem fit.

### 22. AMENDMENTS TO THE BY-LAWS

- 22.1 Subject to **By-Law 22.2**, the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting a confirmation letter to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to employees share option scheme and Rules of the Depository (as defined under the Listing Requirements) pursuant to the Listing Requirements.
- 22.2 The approval of the shareholders of the Company in general meeting shall not be required for any amendments to the By-Laws PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:
- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
  - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by **By-Law 6.1**; or
  - (c) 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
- 22.3 For the purpose of complying with the provisions of Appendix 6E of the Listing Requirements, the provisions of **By-Laws 4, 5, 6, 8, 10, 11, 12, 13, 15, 18, 19** and this **By-Law 22** shall not be amended or altered in any whatsoever to the advantage of Eligible Persons or Grantees without the prior approval of the Company's shareholders in a general meeting.

### 23. RIGHTS OF GRANTEE

- 23.1 The Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, distributions, rights or other entitlement on his unexercised Options.
- 23.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the usual business hours on any working day at the Registered Office of the Company.

### 24. 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 nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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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 Company.

**25. NO COMPENSATION FOR TERMINATION**

No Eligible Persons shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws. 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. The rights of any Eligible Person under the terms of his/her employment with any company in the Group shall not be affected by his/her employment participation in the Scheme nor shall such participation or the Options afford such Eligible Person any additional rights to compensation or damages due to the termination of such employment for any reason whatsoever;
- (b) this Scheme shall not confer on any legal or equitable right or other rights under any other laws (other than those constituting the Options) against the Company or any company(ies) in the Group, or give rise to any course of legal action or in equity or under any other laws against the Company or company(ies) in the Group;
- (c) no Grantee or his/her personal or legal representative or any third party shall bring any claim action or proceeding against the Company, company in the Group, the ESOS Committee or the Board for any compensation, loss or damage whatsoever arising from the termination, suspension or cancellation of his/her rights to exercise of his/her Options or his/her Options ceasing to be valid pursuant to the provision of these By-Laws; and
- (d) the Company, the Board or the ESOS Committee or the company in the Group shall not in any event be liable to the Grantee and/or his/her personal or legal representative or any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage/loss arising from the termination, breach or non-performance of these By-Laws or any loss suffered by reason of any change/adjustment in the price of the Share any other cause or reason whatsoever.

**26. DISPUTES**

Any disputes arising hereunder shall be referred for decision by the Board, whose decision shall be final and binding in all respects, provided that any Directors of such Board meeting convened to determine the dispute who are also in the ESOS Committee shall abstain from deliberations and 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.

**27. COSTS AND EXPENSES**

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

**28. TAXES**

Any income tax arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

**29. CONSTITUTION**

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

**30. SEVERABILITY**

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

**31. DISCLOSURES IN ANNUAL REPORT**

The Company will make such disclosures in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements including (where applicable) a statement by the audit committee verifying that the allocation of Options pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Persons.

**32. GOVERNING LAW**

The Scheme and these By-Laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

**33. NOTICE**

33.1 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 address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given 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; or
- (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 upon the date of delivery in the timestamp in such electronic media.

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

33.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address or any other business address which may be notified in writing by the ESOS Committee from time to time.

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**Attachment 1**

The Subscription Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the ESOS Committee and certified by the external auditors or a licensed investment bank (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) If and whenever a consolidation or subdivision or conversion of the Shares occurs, the Subscription Price and the Shares comprised in the Options so far as unexercised ("**Revised Number of Shares Under Option**") shall be adjusted, calculated or determined in the following manner:

$$\text{New Subscription Price} = \frac{S \times U}{V}$$

$$\text{Revised Number of Shares Under Option} = \frac{T \times V}{U}$$

Where:-

- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised
- U = Aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of the Company immediately preceding such consolidation, subdivision or conversion; and
- V = Aggregate number of Shares in the share capital of the Company after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities after such consolidation or subdivision or conversion) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the additional Shares comprised in the Options so far as unexercised ("**Additional Shares Under Option**") shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

Where:-

- A = The aggregate number of issued Shares immediately before such capitalisation issue;
- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

(c) If and whenever the Company shall make:

- (i) 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
- (ii) Any offer or invitation to ordinary shareholders where under they may acquire or subscribe for new Shares by way of rights; or
- (iii) Any offer or invitation to ordinary shareholders by way of rights where under they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares;

then and in any such case, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:-

S = Existing Subscription Price

C = The Current Market Price (as defined in paragraph (h) below) of one (1) 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 or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (A) In the case of an offer or invitation to acquire or subscribe for new Shares under paragraph (c)(ii) above or for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by a licensed investment bank, of that portion of the Capital Distribution attributable to one (1) Share.

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

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

Where:-

C = C in this paragraph (c);

E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into new Shares or one (1) additional security with rights to acquire or subscribe for new Shares;

## APPENDIX II – DRAFT BY-LAWS (CONT'D)

F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share or security convertible into new Shares or right to acquire or subscribe for new Shares; and

1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:-

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;

C = C in this paragraph (c); and

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

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

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

Where:-

C = C in this paragraph (c);

E\* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) new Share;

F\* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share; and

1 = One (1).

For the purpose of this paragraph (c), "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature). Any dividend charged or provided for in the accounts of any period or made 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 income statement of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:-

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**


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$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = The aggregate number of issued Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for new Shares as the case may be;
- H\* = The aggregate number of Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights;
- I = The subscription price of one (1) new Share under an offer or invitation to acquire or subscribe for new Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) new Share as the case may be;
- I\* = The subscription price of one (1) new Share under the offer or invitation to acquire or subscribe for new Shares;
- B = B in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in paragraph (c)(iii) above, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H\* = H\* as in paragraph (d) above;
- I = I as in paragraph (d) above;

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**


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I*	=	I* as in paragraph (d) above;
J	=	The aggregate number of new Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for new 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) new Share;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for new Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for new Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	J as in paragraph (e) above;
K	=	K as in paragraph (e) above;
B	=	B as in paragraph (b) above;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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

$$\text{New Subscription Price} = \frac{S \times (L + M)}{L + N}$$

Where:-

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

For the purposes of this paragraph (g) the "Total Effective Consideration" shall be determined by the Directors of the Company with the concurrence of the Company's external auditors or a licensed investment bank and shall be:

- (i) In the case of the issue of new Shares, the aggregate consideration receivable by the Company on payment in full for such new 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 subscription for new 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, discounts 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 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 this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on the Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determined the offering/issue price of such Shares. Each such adjustment will

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last dealt price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:

- (a) On any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Subscription Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a) to (g) of **By-Law 15.1** (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditors or a licensed investment bank may agree;
- (d) If for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditors or a licensed investment bank may agree; and
- (e) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

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**APPENDIX III – INFORMATION ON THE PREVIOUS ESOS**

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<b>Implementation date</b>	: 25 August 2020
<b>Duration of scheme</b>	: 5 years
<b>Termination date</b>	: 4 February 2021
<b>Maximum number of new Shares available under Previous ESOS</b>	: The maximum number of new Shares which may be issued and allotted under the Previous ESOS shall not in aggregate exceed 15% of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the tenure of the Previous ESOS.
<b>Number of options offered under the Previous ESOS</b>	: Nil
<b>Maximum allocation to Directors and senior management since commencement of the Previous ESOS</b>	: Nil



## **BCM ALLIANCE BERHAD**

[Registration No. 201501009903 (1135238-U)]  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of BCM Alliance Berhad (“**BCM**” or the “**Company**”) will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 4 March 2021 at 2.30 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution:-

#### **ORDINARY RESOLUTION 1**

**PROPOSED PRIVATE PLACEMENT OF UP TO 144,434,000 NEW ORDINARY SHARES IN THE COMPANY, REPRESENTING 30% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AND AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT** subject to the approval of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board of Directors of the Company (“**Board**” or “**Directors**”) to allot and issue up to 144,434,000 new ordinary shares in the Company (“**BCM Shares**” or “**Shares**”) (“**Placement Shares**”), representing 30% of the existing total number of issued shares of the Company, by way of private placement to independent third-party investor(s) to be identified later in 1 or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the circular to the shareholders of the Company (“**Shareholders**”) dated 17 February 2021 (“**Circular**”) (“**Proposed Private Placement**”);

**THAT** the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of the Shares up to and including the last trading day immediately preceding the Price-Fixing Date;

**THAT** the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes and in such manner as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds in the manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

**THAT** the Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares;

**THAT** the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement;

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement.”

## **ORDINARY RESOLUTION 2**

### **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTIONS SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (“GROUP”) (“PROPOSED ESOS”)**

“**THAT** subject to the approvals 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 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 Group, excluding the subsidiaries which are dormant, and the Board be and is hereby authorised to:-

- (i) implement and administer the Scheme in accordance with the by-laws governing the Scheme (“**By-laws**”), a draft of which is set out in Appendix II of the 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 to be 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 equally 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 and issuance of such new Shares 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;

- (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 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; and
- (vi) do all such acts and things, to execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and terms of the By-laws;

**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.”

By Order of the Board  
**BCM ALLIANCE BERHAD**

**TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 201908002253)**  
**THIEN LEE MEE (LS0009760 / SSM PC NO. 201908002254)**

Company Secretaries  
Selangor Darul Ehsan  
17 February 2021

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the meeting.
2. A member of the Company entitled to attend and vote at this meeting may appoint more than one (1) proxy to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee 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.
5. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
7. To be valid the proxy form duly completed must be deposited at Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 February 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this EGM.
9. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



## BCM ALLIANCE BERHAD

[Registration No. 201501009903 (1135238-U)]  
(Incorporated in Malaysia)

### FORM OF PROXY

CDS Account No.				-				-						
No. of shares held														

I/ We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Registration No./ Passport No. \_\_\_\_\_)

of \_\_\_\_\_  
(FULL ADDRESS)

(Contact No. \_\_\_\_\_ and Email Address \_\_\_\_\_)

being a member/members of **BCM ALLIANCE BERHAD** ("Company"), hereby appoint

<b>Name of Proxy</b>	<b>NRIC No./ Passport No.</b>	<b>% of Shareholdings to be Represented</b>
<b>Address</b>		
<b>Contact No.</b>	<b>Email Address</b>	

and/ or failing him/ her

<b>Name of Proxy</b>	<b>NRIC No./ Passport No.</b>	<b>% of Shareholdings to be Represented</b>
<b>Address</b>		
<b>Contact No.</b>	<b>Email Address</b>	

or failing him/ her, the CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us on my/ our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 4 March 2021 at 2.30 p.m., or at any adjournment thereof.

Ordinary Resolution	For	Against
1. Proposed Private Placement		
2. Proposed ESOS		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Signature(s) of member(s)

#### Notes:-

- Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the meeting.
- A member of the Company entitled to attend and vote at this meeting may appoint more than one (1) proxy to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee 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.
- Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
- To be valid the proxy form duly completed must be deposited at Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 February 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this EGM.
- Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Share Registrar  
**BCM ALLIANCE BERHAD**  
[201501009903 (1135238-U)]  
Level 5, Block B  
Dataran PHB  
Saujana Resort, Section U2  
40150 Shah Alam  
Selangor Darul Ehsan

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