

## **APEX EQUITY HOLDINGS BERHAD (“APEX” OR THE “COMPANY”)**

### **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARES SCHEME (“PROPOSED ESS”)**

This announcement is dated 9 August 2022 (“**Announcement**”).

#### **1. INTRODUCTION**

On behalf of the Board of Directors of Apex (“**Board**”), Malacca Securities Sdn. Bhd. (“**Malacca Securities**”) wishes to announce that the Company is proposing to establish an employees’ shares scheme (“**ESS**”) of up to 15% of the total number of issued ordinary shares in Apex (“**Apex Shares**” or the “**Shares**”) (excluding any treasury shares) at any point in time during the tenure of the scheme for eligible Directors and employees of Apex and its subsidiaries (excluding dormant subsidiaries, if any) (“**Apex Group**”) or the “**Group**”).

Further details on the Proposed ESS are set out in the ensuing sections of this Announcement.

#### **2. PROPOSED ESS**

The Proposed ESS entails the granting to selected eligible Directors (including non-executive Directors but shall not include alternate and/or substitute Directors) and/or eligible employees of Apex Group who meet the criteria of eligibility for participation in the Proposed ESS as set out in the by-laws governing the same (“**By-Laws**”) (“**Eligible Person(s)**”) the following awards (“**Awards**”):-

- (i) the right to receive new and/or existing Apex Shares (“**ESS Shares**”) at specified dates; and/or
- (ii) ESS options which entitle the Eligible Persons to whom an offer has been made under the Proposed ESS (“**Selected Persons**”) the right to exercise and receive Apex Shares (“**ESS Options**”) at specified dates at pre-determined prices,

provided that prior to such specified future date of vesting or exercise, as the case may be, the relevant service condition(s) of the Selected Persons and/or the relevant condition(s) as may be stipulated by the ESS Committee (as defined below) in the offer, are duly fulfilled unless the ESS Committee otherwise determines.

##### **2.1 Size of the Proposed ESS**

The maximum number of Awards which may be granted shall not at any point in time in aggregate exceed 15% of the total number of issued shares of Apex (excluding treasury shares, if any) during the duration of the Proposed ESS (“**Maximum Awards**”).

In the event where the Company purchases or cancels its own shares or undertakes any other corporate proposal resulting in the number of Apex Shares to be issued under the Proposed ESS to exceed 15% of the total number of issued shares of Apex (excluding treasury shares, if any), no further Awards can be offered until the number of Apex Shares to be issued under the Proposed ESS falls below the 15% threshold.

## 2.2 Eligibility

Subject to the determination and sole discretion of the ESS Committee and provisions under the By-Laws, only Eligible Persons who meet the following conditions as at the date on which an offer is made by the ESS Committee in writing ("**Offer**") are eligible to participate in the Proposed ESS:-

- (i) If the Eligible Person has attained the age of 18 years on the date of Offer;
- (ii) If the Eligible Person is serving a specific designation under an employment contract of any company within Apex Group (excluding dormant subsidiaries, if any);
- (iii) if the Eligible Person is a Director (including non-executive Director but shall not include alternate and/or substitute Director) or any Director within the Apex Group (excluding dormant subsidiaries, if any);
- (iv) if the Eligible Person is neither an undischarged bankrupt nor subject to any bankruptcy proceedings; and
- (v) if the Eligible Person has fulfilled any other eligibility criteria and/or falls within such grade/category set by Apex Group (excluding dormant subsidiaries, if any) as may be determined by the ESS Committee at its sole discretion from time to time.

The eligibility for consideration under the Proposed ESS does not confer an Eligible Person a right to participate in the Proposed ESS unless the ESS Committee has made the Offer to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the By-Laws.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the allotment of Apex Shares to any of the Directors, chief executive officer and/or persons connected with them pursuant to the Proposed ESS must be approved by the shareholders of Apex in a general meeting.

## 2.3 Basis of Allocation and Maximum Allowable Allotment

The allocation of Awards to an Eligible Person shall be determined entirely at the discretion of the ESS Committee and subject to the provisions set out in the By-Laws after taking into consideration amongst others, the position, performance, ranking, length of service and his/her potential contribution to APEX Group and any other factors deemed appropriate by the ESS Committee.

Notwithstanding the foregoing, subject to any adjustments which may be made in accordance with the By-Laws, the aggregate number of Awards that may be allocated to an Eligible Person shall be subject to the following:-

- (i) the Directors (including non-executive Directors but shall not include alternate and/or substitute Directors) and senior management do not participate in the deliberation and discussion of their own allocation and/or allocation to persons connected to them;
- (ii) not more than 80% of the total Awards to be issued under the Proposed ESS shall be allocated to the Directors and/or senior management of APEX Group; and
- (iii) not more than 10% of the total Awards to be issued under the Proposed ESS shall be allocated to any Selected Persons who, either singly or collectively through persons connected to them, hold 20% or more of the total number of issued shares of APEX (excluding treasury shares, if any).

## **2.4 Duration of the Proposed ESS**

The Proposed ESS shall continue to 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 discretion whether or not upon the recommendation of the ESS Committee, to extend in writing the tenure of the Proposed ESS for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years. The Proposed ESS shall continue to be in force commencing on the date which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with, or such longer period allowed by the relevant authorities. In the event that the Proposed ESS is extended, APEX shall make the necessary announcements to Bursa Securities prior to the proposed extension of the ESS. For the avoidance of doubt, no further sanction, approval, consent or authorisation of the shareholders of APEX in a general meeting is required for any such extension.

On expiry of the Proposed ESS, any offer which have yet to be accepted by the Selected Person and any Awards which has yet to be released or vested (whether fully or partially) shall be deemed cancelled and be null and void.

## **2.5 Retention Period**

A participant who is a non-executive Director must not sell, transfer or assign any APEX Shares obtained pursuant to an Offer made to him/her or new APEX Shares obtained through the exercise of ESS Options within one (1) year from the date of the offer of the Awards to him/her.

Save for the above, there is no retention period unless stipulated by the ESS Committee.

## **2.6 ESS Share subscription price and ESS Options exercise price**

The subscription price of APEX Shares and exercise price of the ESS Options awarded under the Proposed ESS shall not be priced at a discount (as determined by the ESS Committee) of more than 10% of the five (5)-day volume weighted average market price (“**VWAP**”) of APEX Shares immediately preceding the date of the Offer (or such basis as the relevant authorities may permit).

## **2.7 Acceptance of the Offer**

The Offer may only be accepted by the Selected Person (“**Participant**”) during the Offer period in such form and manner as may be prescribed in the Offer and shall be accompanied by a non-refundable sum of RM1.00 only payable to the Company in the event the Offer comprises ESS Options. The date of receipt by the ESS Committee of such form together with the money shall be the date of acceptance of the Offer by the Selected Person, provided that the Proposed ESS is not terminated pursuant to the By-Laws.

In the event that the Selected Person fails to accept the Offer in the manner prescribed within the Offer period, the Offer shall automatically lapse and shall then be null and void provided that the ESS Committee shall not be precluded from making a fresh Offer, on such terms as the ESS Committee may so decide, to the Selected Person subsequently.

## **2.8 Ranking of the APEX Shares pursuant to the Proposed ESS**

The APEX Shares to be allotted and issued and/or transferred from treasury shares (as the case may be) upon the vesting of the Shares Grant pursuant to the Awards and/or upon the exercise of the ESS Options pursuant to the Awards, shall upon allotment and issuance or transfer from treasury shares (as the case may be), carry the same rights with existing APEX Shares, save and except that the APEX Shares so issued and/or transferred will not be entitled for any dividends, rights, allotments and/or other distribution declared, made or paid to shareholders, the entitlement date of which is prior to the date of transfer or allotment of the APEX Shares to be issued.

## **2.9 Listing and Quotation of the new APEX Shares issued pursuant to the Proposed ESS**

An application will be made for the listing and quotation for the new APEX Shares to be issued pursuant to the Proposed ESS on the Main Market of Bursa Securities.

## **2.10 Alteration of Capital**

In the event of any alteration in the capital structure of APEX during the scheme period (whether by way of capitalisation of profit or reserves, rights issues, reduction, subdivision or consolidation of capital or otherwise but excluding any cancellation of capital which is lost or unrepresented by available assets), the Board, in accordance to the By-Laws, shall have the discretion, whether to make adjustments to the:-

- (i) subscription price for the ESS Shares and/or the exercise price of the ESS Options; and/or
- (ii) number of APEX Shares comprised in the Awards.

Any adjustment will be made in accordance with the provisions of the By-Laws.

## **2.11 ESS Committee**

The Proposed ESS will be implemented and administered by an ESS committee ("**ESS Committee**"), the members of which shall be duly appointed and authorised by the Board. The ESS Committee will have sole and absolute discretion in administering the Proposed ESS subject to the terms of reference which the Board may establish to regulate and govern the ESS Committee's functions and responsibilities under the By-Laws. The ESS Committee shall have the absolute discretion in determining whether the Awards will be granted in one (1) single tranche or on a staggered basis over the duration of the Proposed ESS.

The ESS Committee shall comprise persons from the Board and/or senior management of the APEX Group and shall ensure that the respective Directors and/or senior management do not participate in the deliberation or discussion of their own allocation and/or allocation to persons connected to them. A Selected Person who is a member of the ESS Committee shall abstain from deliberations in respect of any Awards granted or to be granted to that Selected Person and/or persons connected to them.

In implementing the Proposed ESS, the ESS Committee may in its absolute discretion decide that the Awards be satisfied by any of the following methods:-

- (i) issuance of new APEX Shares;
- (ii) acquisition of existing APEX Shares from the open market;
- (iii) transferring APEX treasury shares;
- (iv) payment by cash; or
- (v) any combination of the above.

In considering the settlement of the Awards, the ESS Committee will take into consideration, amongst others, factors such as the prevailing market price of APEX Shares, funding considerations and dilutive effects on APEX's capital base.

## **2.12 Amendment, variation and/or modification to the Proposed ESS**

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESS Committee may at any time recommend to the Board any additions, amendments and/or modifications to and/or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend, modify and/or delete all or any part of the By-Laws upon such recommendation.

The approval of the shareholders of the Company in a general meeting shall not be required in respect of additions, amendments and/or modifications to and/or deletions of the By-Laws save and except if such additions, amendments and/or modifications and/or deletions would:-

- (i) increase the number of Awards available beyond the Maximum Awards; or
- (ii) provide an advantage to any Participant or group of Participants or all the Participants unless otherwise permitted under the provisions of the Listing Requirements.

### **2.13 Fees, costs and expenses**

All fees, costs and expenses incurred in relation to the Proposed ESS including but not limited to the costs and expenses (including stamp duty, if any) relating to the allotment and issue and/or transfer of the ESS Share(s) pursuant to an Award and/or Apex Share(s) upon the exercise of any ESS Option(s) (excluding the Exercise Price of such ESS Option(s)), shall be borne by the Company.

However, each Participant will be solely responsible for any taxes (including income tax) which may be levied on the Participant arising out of or as a result of such allotment and issuance and/or transfer of Apex Shares.

### **2.14 Termination of the Proposed ESS**

Notwithstanding anything set out in the By-Laws and subject always to compliance with the Listing Requirement and any other relevant rules or requirements, the Proposed ESS may be terminated by the Company at any time before its expiry without obtaining the approvals or consents from the Participants or its shareholders provided that the Company makes an announcement immediately to Bursa Securities. In the event of such termination:-

- (i) no further Offers shall be made by the ESS Committee from the termination date;
- (ii) all Offers which have yet to be accepted by Selected Persons shall automatically lapse on the termination date;
- (iii) all outstanding ESS Options which have yet to be exercised by the Participants shall automatically lapse on the termination date; and
- (iv) all Unvested Awards will cease to be capable of being vested in the relevant Participants.

## **3. UTILISATION OF PROCEEDS**

The Company will not receive any proceeds from the granting of any Awards and subsequent allotment and listing of ESS Shares.

The Company will not receive any proceeds from the ESS Options until such time the ESS Options are exercised by the participant. The actual proceeds to be received from the ESS Options will be dependent on amongst others, the number of ESS Options exercised at the relevant point in time and the exercise price.

APEX intends to utilise such proceeds for the working capital of APEX Group. The specific usage of proceeds earmarked for working capital and timeframe for utilisation of such proceeds will be decided by the Group at the material time such proceeds is received as it is dependent on, amongst others, the quantum received and the cashflow requirements of the Group at the material time.

Pending the utilisation of proceeds from the exercise of ESS Options, the proceeds would be placed as deposits with licensed financial institutions and/or short-term money market instruments, as the Board deems fit. The Company proposes to utilise such interest/profits arising from the deposits/financial instruments for general working capital purposes.

#### 4. RATIONALE FOR THE PROPOSED ESS

The Company believes it is important to continue to motivate, incentivise and reward its employees and also to align the interests of the Eligible Persons with the corporate goals of APEX Group. The Proposed ESS is intended to:-

- (i) reward Eligible Persons for their contribution towards APEX Group;
- (ii) create a sense of loyalty and ownership amongst the employees, by giving the employees an opportunity to participate in the equity of the Company;
- (iii) increase the level of commitment and dedication of the Eligible Persons by rewarding them with an equity stake in the Company; and
- (iv) provide incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group.

The Proposed ESS is also extended to include the non-executive Directors of APEX Group in recognition of their contributions towards the growth and performance of APEX Group. In addition, the opportunity to participate in the equity of the Company is an incentive for their continuous efforts and contributions to the development and growth of the APEX Group.

#### 5. EFFECTS OF THE PROPOSED ESS

##### 5.1 Issued Share capital

The Proposed ESS will not have an immediate effect on the existing issued share capital of the Company until and unless new ESS Shares are vested and/or ESS Options are exercised pursuant to the Awards granted under the Proposed ESS. The issued share capital of APEX will increase progressively depending on the number of Awards vested and exercised.

For illustration purposes, the pro forma effects of the Proposed ESS on the issued share capital of APEX as at 19 July 2022, being the latest practicable date prior to this announcement (“LPD”) are as follows:-

	<b>No. of Shares</b>	<b>RM</b>
	<i>’000</i>	<i>’000</i>
Issued share capital as at the LPD	213,563	221,940
(less) Treasury shares	(10,923)	(7,459)
	202,640	214,481
Shares to be issued pursuant to the Proposed ESS	30,396	29,597
<b>Enlarged issued share capital</b>	<b>233,036</b>	<b>244,078</b>

**Note:-**

- (i) Assuming all 15% of the Awards granted in relation to the Proposed ESS are settled via issuance of new APEX shares at an issue price of RM0.9737 each, discount of RM0.1081 or 9.99% to the 5-day VWAP of APEX shares up to LPD of RM1.0818.

## **5.2 Net assets (“NA”), NA per Share and gearing**

The Proposed ESS will not have an immediate effect on the consolidated NA of the APEX Group and NA per APEX Share until such time when the Awards are granted. Any potential effect on the consolidated NA of the APEX Group and NA per APEX Share would depend on, amongst others, the number of APEX Shares to be issued pursuant to the Awards, fair value of the Awards and the exercise price of the ESS Options.

The Proposed ESS is not expected to have any material effect on the APEX Group’s gearing level.

## **5.3 Earnings and Earnings Per Share**

The Proposed ESS is not expected to have any material effect on the earnings and EPS of the APEX Group until such time when the Awards are granted.

The potential effect on the EPS of the Group cannot be determined at this juncture as it would depend on amongst others, the number of Awards granted and/or exercised, and the various factors that affect the fair value of the Awards to be granted.

The Board has taken note of the potential effect of the Proposed ESS on the Group’s earnings and will take this into consideration in administering the Proposed ESS.

The estimated expenses of the establishment of the Proposed ESS will be funded by internally generated funds of the Group.

## **5.4 Substantial shareholder’s shareholdings**

The Proposed ESS is not expected to have any immediate effect on the substantial shareholders’ shareholdings in the Company until and unless the new APEX Shares are issued pursuant to the vesting of the Awards under the Proposed ESS. Any potential effect on the Company’s substantial shareholders’ shareholdings in the Company would depend on the number of new APEX Shares issued at the relevant point in time.

## **5.5 Convertible securities**

As at the LPD, the Company does not have any convertible securities in issue.

## **6. APPROVALS REQUIRED**

The Proposed ESS is subject to the following approvals/consents being obtained:-

- (i) Bursa Securities for the listing and quotation for the new APEX Shares to be issued arising from the granting of new ESS Shares and/or the exercise of ESS Options.
- (ii) shareholders of APEX at an extraordinary general meeting (“**EGM**”); and
- (iii) any other relevant authorities and/or parties, where applicable.

The Proposed ESS is not conditional upon any other corporate exercise/scheme which has been announced but not yet completed and/or any other corporate exercise/scheme by APEX.

## **7. DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors, chief executive and major shareholders are interested in the Proposed ESS. The Directors of the Company are only deemed interested in respect of their respective allocation ("**Interested Director**"), as well as allocations to persons connected with them, if any, under the Proposed ESS. Any Interested Director will abstain from deliberating on their respective allocations and the allocations of any persons connected to them under the Proposed ESS at the relevant Board meetings.

The Interested Directors will also abstain from voting and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in APEX on the resolutions pertaining to their respective allocations as well as allocations to persons connected with them (if any) under the Proposed ESS at the EGM to be convened.

Any proposed allocation of Awards to interested Directors, chief executive and persons connected to them is subject to the approval of the shareholders of the Company.

## **8. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed ESS including but not limited to the rationale and financial effects of the Proposed ESS is of the opinion that the Proposed ESS is in the best interest of APEX Group.

## **9. ESTIMATED TIMEFRAME TO COMPLETION**

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities and shareholders being obtained and conditions met, the Board expects the Proposed ESS to be implemented in the 4th quarter of year 2022.

## **10. APPLICATION TO THE AUTHORITIES**

The application to the relevant authorities shall be made within 1 month from the date of this Announcement.

## **11. ADVISER**

Malacca Securities has been appointed as the Adviser for the Proposed ESS.