

**THIS CIRCULAR 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 adviser immediately.

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.



**KAREX BERHAD**

(Registration No. 201201034091 (1018579-U))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- I. PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF KAREX BERHAD ("KAREX") (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE ESOS ("PROPOSED ESOS"); AND**
- II. PROPOSED ALLOCATION OF ESOS OPTIONS TO DIRECTORS OF KAREX AND PERSONS CONNECTED TO THEM UNDER THE PROPOSED ESOS**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**RHB Investment Bank Berhad**

(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Karex Berhad ("**Company**") will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities from the broadcast venue at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via online meeting platform at <https://meeting.boardroomlimited.my> on Thursday, 8 June 2023 at 10.00 a.m. For further information, please refer to the Notice of EGM and Administrative Guide in order to register, participate (including to pose questions) and vote remotely via the RPEV.

The Notice of the EGM and the Form of Proxy can be downloaded at the Company's website at <https://www.karex.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate and vote at the EGM is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. In such event, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and shall be deposited at the Company's Registered Office at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating and voting remotely at the EGM should you subsequently wish to do so. Alternatively, members may deposit the Form of Proxy by electronic means with the Company's Share Registrar through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) not less than 48 hours before the EGM. For further information on the electronic submission of the Form of Proxy and participation at the EGM, kindly refer to the Administrative Guide which is enclosed together with this Circular.

Last date and time for registration for remote participation and voting at the virtual EGM and for lodgement of the Form of Proxy : Tuesday, 6 June 2023 at 10.00 a.m.

Date and time of the EGM : Thursday, 8 June 2023 at 10.00 a.m.

This Circular is dated 5 May 2023

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## DEFINITIONS

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

"Act"	: Companies Act, 2016
"Board"	: Board of Directors of Karex
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"By-Laws"	: The rules, terms and conditions governing the Proposed ESOS as may be amended, modified and/or supplemented from time to time, the draft of which is set out in Appendix I of this Circular
"Circular"	: This circular dated 5 May 2023 in relation to the Proposed ESOS
"Constitution"	: Constitution of Karex
"Date of Offer"	: The date on which an offer is served in accordance with the By-Laws
"Directors"	: The directors of Karex and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"Effective Date"	: The date on which the last of the approvals and conditions in the By-Laws have been obtained and/or complied with
"EGM"	: Extraordinary General Meeting
"Eligible Persons"	: Eligible Directors (including non-executive Directors) and eligible employees of Karex Group (excluding dormant subsidiaries, if any), as the case may be, who meet the eligibility criteria for participation in the Proposed ESOS as set out in the By-Laws
"EPS"	: Earnings per Share
"ESOS"	: Employees' share option scheme
"ESOS Committee"	: The committee consisting of Directors and/or other persons as shall be appointed and duly authorised from time to time by the Board, to implement and administer the Proposed ESOS in accordance with the provisions of the By-Laws
"ESOS Option Period"	: The period during which an ESOS Option may be exercised as may be specified in the offer
"ESOS Options"	: The options to be granted to the Eligible Persons which may be exercised to subscribe for new Karex Shares during the ESOS Option Period at the Exercise Price in accordance with the By-Laws
"ESOS Period"	: The duration of the Proposed ESOS as set out in the By-Laws
"Exercise Price"	: The price at which the Eligible Persons is required to pay for each new Karex Share pursuant to the exercise of an ESOS Option
"FPE"	: Financial period ended

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**DEFINITIONS (CONT'D)**

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"FYE"	: Financial year ended
"Karex" or the "Company"	: Karex Berhad
"Karex Group" or the "Group"	: Collectively, Karex and its subsidiaries
"Karex Shares" or the "Shares"	: Ordinary shares in Karex
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 18 April 2023, being the latest practicable date prior to the date of this Circular
"Market Day"	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
"MFRS 2"	: Malaysian Financial Reporting Standard 2
"NA"	: Net assets
"Proposed ESOS"	: Proposed establishment of an ESOS of up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) at any point in time during the duration of the ESOS
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
"RHBIB" or the "Principal Adviser"	: RHB Investment Bank Berhad
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Surprise Holiday"	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"VWAP"	: Volume weighted average market price

References to "our Company" in this Circular are to Karex and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

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**DEFINITIONS (CONT'D)**

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Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by the Company, such as in its quarterly results or annual reports, is due to rounding.

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## EXECUTIVE SUMMARY

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*This Executive Summary highlights only the salient information of the Proposed ESOS in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed ESOS before voting at the forthcoming EGM.*

Salient information	Description	Reference to Circular
Summary of the Proposed ESOS	Karex proposes to undertake the establishment of an ESOS of up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) at any point in time during the duration of the ESOS.	Section 2 of this Circular
Rationale and justification for the Proposed ESOS	<ul style="list-style-type: none"><li>• The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of Karex Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in Karex and help to achieve the objectives as set out below:<ul style="list-style-type: none"><li>i. to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;</li><li>ii. to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;</li><li>iii. to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of Karex;</li><li>iv. to attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive; and</li><li>v. to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Karex Shares, upon exercising of the ESOS Options.</li></ul></li><li>• The Proposed ESOS is also extended to the non-executive directors of Karex Group to recognise their contribution in respect of their responsibilities as non-executive directors and to enable them to participate in the future growth of the Group.</li></ul>	Section 3 of this Circular

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
Approvals required/obtained for the Proposed ESOS	<ul style="list-style-type: none"><li>• The Proposed ESOS is subject to the following approvals being obtained:<ul style="list-style-type: none"><li>i. Bursa Securities, had, vide its letter dated 13 April 2023 approved the listing and quotation of such number of new Karex Shares, representing up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the ESOS on the Main Market of Bursa Securities, subject to the conditions as set out in Section 6 of this Circular; and</li><li>ii. the shareholders of Karex, for the Proposed ESOS at the forthcoming EGM by way of poll.</li></ul></li><li>• In addition, the Company will also seek for its shareholders' approval to waive their statutory pre-emptive rights pursuant to Section 85(1) of the Act which must be read together with Clause 54 of the Constitution to be offered the Karex Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in the Company.</li><li>• The Proposed ESOS is not conditional upon any other proposals undertaken or to be undertaken by the Company.</li></ul>	Section 6 of this Circular
Interests of Directors, major shareholders, chief executive and/or persons connected	<ul style="list-style-type: none"><li>• All the Directors and chief executive of Karex are eligible to participate in the Proposed ESOS and are therefore deemed interested to the extent of their respective individual proposed allocations under the Proposed ESOS as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS.</li><li>• All the Directors and chief executive of Karex have abstained and will continue to abstain from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective individual proposed allocations as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS.</li></ul>	Section 7 of this Circular

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
	<ul style="list-style-type: none"><li>• The Directors, major shareholders and chief executive of Karex will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to them as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM. They will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to them and persons connected to them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM.</li></ul>	
Directors' statement and recommendation	<ul style="list-style-type: none"><li>• The Board (save for the respective interested Directors who have abstained from forming any opinion and making any recommendations relating to their respective individual proposed allocations as well as allocations to persons connected to them, if any), having considered all aspects of the Proposed ESOS, is of the opinion that the Proposed ESOS and the proposed allocation to the Directors and persons connected to them pursuant to the Proposed ESOS, if any, are in the best interest of the Company.</li><li>• Accordingly, the Board (save for the respective interested Directors who have abstained from forming any opinion and making any recommendations relating to their respective individual proposed allocations as well as allocations to persons connected to them, if any) recommends that you <b>vote in favour</b> of the ordinary resolutions pertaining to the Proposed ESOS and the proposed allocation to the Directors and persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM.</li></ul>	Section 11 of this Circular

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**KAREX BERHAD**

(Registration No. 201201034091 (1018579-U))  
(Incorporated in Malaysia)

**Registered Office**

10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3 Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

5 May 2023

**Board of Directors**

Dato' Dr. Ong Eng Long @ Ong Siew Chuan (*Chairman/Senior Independent Non-Executive Director*)  
Professor Dato' Dr. Adeeba binti Kamarulzaman (*Independent Non-Executive Director*)  
Dato' Edward Siew Mun Wai (*Independent Non-Executive Director*)  
Chew Fook Aun (*Independent Non-Executive Director*)  
Lam Juan Juan (*Non-Independent Non-Executive Director*)  
Goh Yen Yen (*Non-Independent Non-Executive Director*)  
Goh Leng Kian (*Executive Director*)  
Goh Miah Kiat (*Executive Director/Chief Executive Officer*)

**To: Our shareholders**

Dear Sir/Madam,

**PROPOSED ESOS**

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**1. INTRODUCTION**

On 23 March 2023, RHBIB had, on behalf of the Board, announced that the Company proposes to establish an ESOS of up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) at any point in time during the duration of the ESOS.

On 13 April 2023, RHBIB had, on behalf of the Board, announced that Bursa Securities had vide its letter 13 April 2023, approved the listing and quotation of such number of new Karex Shares, representing up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the ESOS on the Main Market of Bursa Securities, subject to the conditions as set out in Section 6 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND THE PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS AND PERSONS CONNECTED TO THEM UNDER THE PROPOSED ESOS, IF ANY, TO BE TABLED AT THE FORTHCOMING EGM.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ESOS AND THE PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS AND PERSONS CONNECTED TO THEM UNDER THE PROPOSED ESOS, IF ANY, TO BE TABLED AT THE FORTHCOMING EGM.**

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

The Proposed ESOS entails the granting of ESOS Options to the Eligible Persons to subscribe for new Karex Shares at the Exercise Price during the ESOS Period in the manner set out in the By-Laws and subject to the Proposed ESOS not contravening any foreign laws, regulatory requirements and/or administrative constraints in the respective countries in which the foreign subsidiaries of Karex operate. For avoidance of doubt, Eligible Persons shall include the non-executive directors of the Company.

In the event that any foreign laws, regulatory requirements and/or administrative constraints prevent or restrict the ability of Karex to allow the Eligible Persons in their foreign subsidiaries to participate in the Proposed ESOS, as alternative, a cash settled performance based scheme may be made available to them.

The Proposed ESOS will be implemented and administered by an 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 ESOS Committee will have the sole and absolute discretion in implementing and administering the ESOS as it may deem fit, in accordance with the provisions set out in the By-Laws.

The salient features of the Proposed ESOS are set out below:

### **2.1 Maximum number of new Shares available under the Proposed ESOS**

The maximum number of new Karex Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not exceed in aggregate 10% of the total number of issued Shares of Karex (excluding treasury shares, if any) at any point in time during the ESOS Period.

### **2.2 Basis of allotment and maximum allowable allotment**

The maximum number of new Karex Shares that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, among others, where relevant, the Eligible Person's performance, contribution, employment grade, seniority, length of service, the potential contribution of the Eligible Person to the success of the Group and such other factors that the ESOS Committee may deem relevant in its discretion and shall be subject to the following:

- i. the total number of new Karex Shares to be issued under the Proposed ESOS shall not exceed the amount stipulated in Section 2.1 of this Circular;
- ii. the allocation to any individual Eligible Person, who either individually or collectively, through persons connected with him/her, holds 20% or more of the total number of issued Shares of Karex (excluding treasury shares, if any), must not exceed 10% of the total number of new Karex Shares (excluding treasury shares, if any) to be issued under the Proposed ESOS;

- iii. the directors and senior management of Karex Group (excluding dormant subsidiaries, if any) do not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to persons connected with them, if any; and
- iv. not more than 70% of the total number of new Karex Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the directors and senior management of the Group (excluding dormant subsidiaries, if any) who are Eligible Persons ("**Maximum Allocation**"). The Maximum Allocation was determined after taking into consideration, the number of Eligible Persons falling within the grading of directors and senior management of the Group, as well as their position, seniority, length of service, performance and contribution to the Group,

provided always that it is in accordance with the Listing Requirements or any prevailing guideline issued by Bursa Securities as amended from time to time.

For the avoidance of doubt, the ESOS Committee has the absolute discretion in determining whether the ESOS Options will be granted in a single tranche or on a staggered basis over the ESOS Period.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his own allocation of the ESOS Options or persons connected with him.

The ESOS Committee has the discretion to determine whether the ESOS Options are subject to any vesting period or vesting conditions and whether such vesting conditions are subject to performance target(s). The vesting period or condition(s), if any, shall be stated in the offer letter to the Eligible Person.

## **2.3 Eligibility**

Subject to the discretion of the ESOS Committee, only Eligible Persons who meet the following conditions as at the Date of Offer shall be eligible to participate in the Proposed ESOS:

- i. he/she shall have attained the age of 18 years old and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- ii. he/she falls under one of the following categories:
  - (a) employed on a full-time basis and is on the payroll of Karex or any company within the Group (excluding dormant subsidiaries, if any) and has been confirmed and not served a notice of resignation or received a notice of termination prior to the Date of Offer; or
  - (b) in the case of a director, he/she has been appointed to the board of directors of Karex or any company within the Group (excluding dormant subsidiaries, if any) and not served a notice of resignation or received a notice of termination prior to the Date of Offer; or
  - (c) employed under a contract for a fixed duration of not less than 1 year in Karex or any company within the Group (excluding dormant subsidiaries, if any) and has not served a notice of resignation or received a notice of termination prior to the Date of Offer; and

- iii. fulfills any other eligibility criteria including but not limited to the performance targets, appraisals and assessments and/or falls within such grade/category as may be set by the Group (excluding dormant subsidiaries, if any) that may be determined by the ESOS Committee from time to time at its sole and absolute discretion,

provided always that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the ESOS Committee on or prior to the Effective Date.

A director, major shareholder or chief executive officer of the Company or holding company of the Company ("**Interested Parties**") or a person connected with any of the Interested Parties who is an Eligible Person is eligible to participate in the Proposed ESOS. The specific allocation of ESOS Options granted by the Company to such Interested Party and/or persons connected with them under the Proposed ESOS must be approved by the shareholders of the Company at a general meeting.

The ESOS Committee may, in its sole and absolute discretion, change or waive any of the conditions of eligibility as set out above. The selection of any Eligible Person to participate and the number of ESOS Options to be offered under the ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

## **2.4 Duration**

The Proposed ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date or such longer period as may be permitted by Bursa Securities.

On or before the expiry of the above initial 5-year period, the ESOS may be extended by the Board at its absolute discretion upon recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for an additional period of up to 5 years, but will not in aggregate exceed 10 years from the Effective Date. The Company shall make the necessary announcement to Bursa Securities should there be any extension of the tenure of the ESOS on or before the expiry of the initial 5-year period.

## **2.5 Retention period**

The new Karex Shares to be allotted and issued to the Eligible Persons pursuant to the By-Laws will not be subject to any retention period or restriction of disposal, transfer and/or assignment, unless the ESOS Committee stipulates otherwise in the offer or it is prohibited by any applicable laws, regulations and guidelines.

Notwithstanding the above, the Eligible Person who is a non-executive director of the Group (excluding dormant subsidiaries, if any) must not sell, transfer or assign the new Karex Shares obtained through the exercise of the ESOS Options granted to him for a period of 1 year from the Date of Offer or such other period as may be prescribed by Bursa Securities.

## **2.6 Basis of determining the Exercise Price**

Subject to any adjustments made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price of the ESOS Options which the Eligible Person is entitled to subscribe for the new Karex Shares, to be determined by the Board upon recommendation of the ESOS Committee, shall be fixed based on the 5-day VWAP of Karex Shares immediately preceding the Date of Offer, with either a premium or a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities from time to time.

## **2.7 Ranking of the ESOS Options and new Karex Shares to be issued arising from the exercise of the ESOS Options**

The ESOS Options shall not carry any right to vote at any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such ESOS Options are exercised into new Karex Shares.

The new Karex Shares to be allotted and issued upon the exercise of the ESOS Options will, upon allotment and issuance, rank equally in all respects with the then existing Karex Shares except that the new Karex Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the date of allotment and issuance of such new Karex Shares.

## **2.8 Alteration of share capital**

Subject to the By-Laws, in the event of any alteration in the capital structure of the Company during the ESOS Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, capital reduction, subdivision or consolidation of shares or any other variation of capital, the Company shall cause such adjustment to be made to:

- i. the Exercise Price; and/or
- ii. the number of new Karex Shares comprised in the ESOS Options granted to each Eligible Person (excluding the ESOS Options already exercised).

## **2.9 Modification, variation and/or amendment**

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (not later than 5 Market Days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, that the said modification, variation and/or amendment is in compliance with the Listing Requirements and the Rules of Bursa Depository.

## **2.10 Termination**

Subject to the compliance with the Listing Requirements, the ESOS may be terminated by the Company at any time during the ESOS Period before its expiry without obtaining the approvals of consents from the Eligible Persons or the shareholders of the Company provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- i. the effective date of termination of the ESOS ("**Termination Date**");
- ii. the number of ESOS Options exercised and/or Karex Shares vested; and
- iii. the reasons for termination of the ESOS.

In the event of termination as stipulated in the By-Laws, the following provisions shall apply:

- i. no further offers shall be made by the ESOS Committee from the Termination Date;
- ii. all offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
- iii. all outstanding ESOS Options which have yet to be exercised by the Eligible Persons shall be automatically lapsed on the Termination Date.

## 2.11 Proposed allocation

Paragraph 6.06(1) of the Listing Requirements states that the Company must not issue any shares to its Directors, major shareholders or chief executive or a person connected with them unless its shareholders in a general meeting have approved the specific allotment to be made to them. Accordingly, the Company will seek its shareholders' approval at the forthcoming EGM for the proposed allocation of the ESOS Options to the following persons:

	Name	Designation
(i)	Dato' Dr. Ong Eng Long @ Ong Siew Chuan	Chairman/Senior Independent Non-Executive Director
(ii)	Professor Dato' Dr. Adeeba binti Kamarulzaman	Independent Non-Executive Director
(iii)	Dato' Edward Siew Mun Wai	Independent Non-Executive Director
(iv)	Chew Fook Aun	Independent Non-Executive Director
(v)	Lam Jiuan Jiuan <sup>(a)</sup>	Non-Independent Non-Executive Director
(vi)	Goh Yen Yen <sup>(b)</sup>	Non-Independent Non-Executive Director
(vii)	Goh Leng Kian <sup>(c)</sup>	Executive Director
(viii)	Goh Miah Kiat <sup>(d)</sup>	Executive Director/Chief Executive Officer
(ix)	Boong Siew Choon <sup>(e)</sup>	Supply Chain Director
(x)	Goh Mui Gek <sup>(f)</sup>	Sales Director

### Notes:

- (a) Lam Jiuan Jiuan is the spouse of Lam Yiu Pang, Albert, the sibling of Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek.
- (b) Goh Yen Yen is the sibling of Lam Jiuan Jiuan, Goh Leng Kian, Goh Ai Noi and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek.
- (c) Goh Leng Kian is the spouse of Boong Siew Choon, the sibling of Lam Jiuan Jiuan, Goh Yen Yen, Goh Ai Noi and Goh Yin as well as the uncle of Goh Miah Kiat and Goh Mui Gek.
- (d) Goh Miah Kiat is the sibling of Goh Mui Gek and the nephew of Lam Jiuan Jiuan, Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin.
- (e) Boong Siew Choon is the spouse of Goh Leng Kian.
- (f) Goh Mui Gek is the sibling of Goh Miah Kiat and the niece of Lam Jiuan Jiuan, Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin.

## **2.12 Listing and quotation of the new Karex Shares to be issued arising from the exercise of the ESOS Options**

Bursa Securities had, vide its letter dated 13 April 2023, approved the listing and quotation of such number of new Karex Shares, representing up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities.

## **2.13 Utilisation of proceeds**

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the Exercise Price.

The proceeds arising from the exercise of the ESOS Options as and when received within the ESOS Period are expected to be utilised for the working capital requirements of Karex Group, which may include payment of trade and other payables and defraying marketing and administrative expenses. The proceeds are expected to be utilised within 12 months from the receipt of such proceeds. However, the proceeds to be utilised for each component of working capital requirements are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

The estimated expenses in relation to the Proposed ESOS is approximately RM0.40 million.

## **2.14 Equity fundraising exercises in the past 12 months**

The Company has not undertaken any equity fundraising exercises in the past 12 months before the announcement of the Proposed ESOS.

# **3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED ESOS**

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of Karex Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in Karex and help to achieve the objectives as set out below:

- i. to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- ii. to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iii. to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of Karex;
- iv. to attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive; and
- v. to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Karex Shares, upon exercising of the ESOS Options.

The Proposed ESOS is also extended to the non-executive directors of Karex Group to recognise their contribution in respect of their responsibilities as non-executive directors and to enable them to participate in the future growth of the Group.

#### 4. EFFECTS OF THE PROPOSED ESOS

##### 4.1 Issued share capital

The Proposed ESOS is not expected to have an immediate effect on the existing issued share capital of the Company until such time when the new Karex Shares are issued arising from the exercise of the ESOS Options. The issued share capital of the Company will increase progressively as and when the new Karex Shares are allotted and issued arising from the exercise of the ESOS Options.

The pro forma effects of the Proposed ESOS on the issued share capital of Karex are set out below:

	No. of Shares	RM
Issued share capital as at the LPD	1,053,460,761	324,243,586
Shares to be issued assuming full exercise of the ESOS Options	105,346,076	65,314,567 <sup>(a)</sup>
<b>Enlarged issued share capital</b>	<b>1,158,806,837</b>	<b>389,558,153</b>

**Note:**

- (a) Calculated based on the illustrative Exercise Price of RM0.62 per ESOS Option, which represents a discount of approximately 9.12% to the 5-day VWAP of Karex Shares up to and including the LPD of RM0.6822.

##### 4.2 Consolidated NA per Share 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 ESOS Options granted under the Proposed ESOS are exercised into new Karex Shares. 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 ESOS Options granted under the Proposed ESOS and the Exercise Price.

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

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

at such point of exercise of the ESOS Options.

##### 4.3 Substantial shareholders' shareholdings

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

For illustration purposes only, the pro forma effects of the Proposed ESOS on the Company's substantial shareholders' shareholdings, assuming that the maximum allocation allowed under the By-Laws is issued to substantial shareholders who are Eligible Persons, namely Lam Jiuan Jiuan, Goh Leng Kian, Goh Yen Yen and Goh Miah Kiat, are set out in the ensuing page.

Substantial shareholders	I				II			
	Shareholding as at the LPD				After the Proposed ESOS			
	Direct	Indirect	%	No. of Shares	Direct	Indirect	%	No. of Shares
After I and assuming full exercise of the ESOS Options					Direct	Indirect	%	No. of Shares
					%	No. of Shares	%	No. of Shares
Karex One Limited	184,250,000	17.49	-	-	184,250,000	17.49	-	184,250,000
Maryen Holdings Limited	121,460,400	11.53	-	-	121,460,400	11.53	-	121,460,400
Lam Yiu Pang, Albert	49,312,456	4.68	232,177,056 <sup>(a)</sup>	22.04	49,312,456	4.68	232,177,056 <sup>(a)</sup>	4.26
Lam Jiuwan Jiuwan <sup>#</sup>	19,087,456	1.81	262,402,056 <sup>(b)</sup>	24.91	19,087,456	1.81	262,402,056 <sup>(b)</sup>	2.56
Goh Leng Kian <sup>#</sup>	41,468,865	3.94	184,823,750 <sup>(c)</sup>	17.54	41,468,865	3.94	184,823,750 <sup>(c)</sup>	4.49
Goh Yen Yen <sup>#</sup>	12,062,456	1.15	121,460,400 <sup>(d)</sup>	11.53	12,062,456	1.15	121,460,400 <sup>(d)</sup>	1.95
Goh Yin	19,181,170	1.82	121,460,400 <sup>(d)</sup>	11.53	19,181,170	1.82	121,460,400 <sup>(d)</sup>	1.66
Goh Ai Noi	-	-	211,286,056 <sup>(e)</sup>	20.06	-	-	211,286,056 <sup>(e)</sup>	-
Goh Miah Kiat <sup>#</sup>	48,950,097	4.65	184,250,000 <sup>(f)</sup>	17.49	48,950,097	4.65	184,250,000 <sup>(f)</sup>	5.13

**Notes:**

- <sup>#</sup> For illustration purposes only, assuming the allotment and issuance of up to 10,534,607 new Karex Shares each to Lam Jiuwan Jiuwan, Goh Leng Kian, Goh Yen Yen and Goh Miah Kiat who are Eligible Persons under the Proposed ESOS, being not more than 10% of the total number of new Karex Shares to be issued under the Proposed ESOS based on the issued share capital of Karex as at the LPD. For the avoidance of doubt, the Company has not established an ESOS Committee which shall have the sole and absolute discretion on the allocation of new Karex Shares that may be offered to any Eligible Person. In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his own allocation of the ESOS Options or persons connected with him.
- (a) Deemed interested by virtue of his interest in AJNA Holdings Limited and Maharani Limited pursuant to Section 8 of the Act and the interest held by his spouse, Lam Jiuwan Jiuwan in Karex.
- (b) Deemed interested by virtue of her interest in AJNA Holdings Limited, Maharani Limited and Karex One Limited pursuant to Section 8 of the Act and the interest held by her spouse, Lam Yiu Pang, Albert in Karex pursuant to Section 59(1)(c) of the Act.
- (c) Deemed interested by virtue of his interest in Karex One Limited pursuant to Section 8 of the Act and the interest held by his spouse, Boong Siew Choon in Karex pursuant to Section 59(1)(c) of the Act.
- (d) Deemed interested by virtue of her interest in Maryen Holdings Limited pursuant to Section 8 of the Act.
- (e) Deemed interested by virtue of her interest in Karex One Limited and Jeyya Ltd pursuant to Section 8 of the Act.
- (f) Deemed interested by virtue of his interest in Karex One Limited pursuant to Section 8 of the Act.

#### 4.4 Earnings and EPS

The Proposed ESOS is not expected to have any immediate effect on the consolidated earnings and consolidated EPS of the Group until such time when the ESOS Options are granted and exercised. However, any potential effect on the consolidated EPS of the Group in the future would depend on the impact of the MFRS 2, the number of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, amongst others, the number of ESOS Options granted and vested and the Exercise Price, will need to be measured at the grant date and to be recognised as an expense over the vesting period. Therefore, this may affect the future earnings of the Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Company has taken 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 the ESOS Options in the future.

However, the consolidated EPS of the Group will be diluted because of the Company's enlarged issued share capital arising from the issuance of the new Karex Shares as and when the ESOS Options are exercised in the future.

The effects of any exercise of the ESOS Options on the consolidated EPS of the Group would depend on the returns to be generated by the Group from utilisation of the proceeds from the exercise of the ESOS Options.

#### 4.5 Convertible securities

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

### 5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Karex Shares as traded on Bursa Securities for the past 12 months from May 2022 to April 2023 are set out below:

	High RM	Low RM
<b>2022</b>		
May	0.405	0.360
June	0.410	0.365
July	0.390	0.365
August	0.380	0.350
September	0.370	0.335
October	0.415	0.340
November	0.645	0.400
December	0.740	0.630
<b>2023</b>		
January	0.855	0.710
February	0.860	0.710
March	0.765	0.640
April	0.700	0.600
Last transacted market price on 22 March 2023 (being the last trading day prior to the announcement of the Proposed ESOS on 23 March 2023)		0.680
Last transacted market price on the LPD		0.670

(Source: Bloomberg)

## 6. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSED ESOS

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

- i. Bursa Securities, for the listing and quotation of such number of new Karex Shares, representing up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the ESOS on the Main Market of Bursa Securities, which was obtained vide its letter dated 13 April 2023, subject to the following conditions:

No.	Condition	Status of compliance
(i)	Karex is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation;	To be complied.
(ii)	RHBIB is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and	To be complied.
(iii)	Karex is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of the listing fees payable; and	To be complied.

- ii. the shareholders of Karex, for the Proposed ESOS at the forthcoming EGM by way of poll.

The Proposed ESOS is not conditional upon any other proposals undertaken or to be undertaken by the Company.

Pursuant to Section 85(1) of the Act which must be read together with Clause 54 of the Constitution, the shareholders of the Company have pre-emptive rights to be offered any new Karex Shares which rank equally to the existing issued Karex Shares or other convertible securities.

Section 85(1) of the Act provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the Constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

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Clause 54 of the Constitution provides as follows:

"54. Subject to any direction to the contrary that may be given by the Company in general meeting, all new Shares or other convertible Securities shall, before issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause."

In order for the Board to issue any new Shares or other convertible securities without any pre-emptive rights, such pre-emptive rights must be waived. By approving the resolutions in relation to the Proposed ESOS which entail the allotment and issuance of new Karex Shares (including the new Shares to be issued arising from the exercise of the ESOS Options) in the Company, the shareholders of the Company are waiving their pre-emptive rights pursuant to Section 85(1) of the Act which must be read together with Clause 54 of the Constitution to first be offered the Karex Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in the Company.

## **7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM**

All the Directors and chief executive of Karex are eligible to participate in the Proposed ESOS and are therefore deemed interested to the extent of their respective individual proposed allocations under the Proposed ESOS as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS. Notwithstanding that, all the Directors of Karex have deliberated on the Proposed ESOS and have agreed to present the Proposed ESOS to the shareholders of the Company for their consideration and approval.

Accordingly, all the Directors and chief executive of Karex have abstained and will continue to abstain from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective individual proposed allocations as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS. The Directors and chief executive of Karex will also abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to them as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM. The Directors and chief executive of Karex will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to the Directors and chief executive, as well as persons connected to them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM.

The major shareholders of Karex will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to them as well as the proposed allocations to persons connected to them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM. The major shareholders of Karex will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocations to them and persons connected to them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM.

Save as disclosed above, none of the Directors, major shareholders, chief executive of Karex and/or persons connected to them, if any, has any interest, direct and/or indirect, in the Proposed ESOS.

The direct and/or indirect shareholdings of the Directors, major shareholders, chief executive of Karex and/or persons connected to them as at the LPD are set out below:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
<b>Directors and chief executive of Karex</b>				
Dato' Dr. Ong Eng Long @ Ong Siew Chuan	860,000	0.08	-	-
Professor Dato' Dr. Adeeba binti Kamarulzaman	-	-	-	-
Dato' Edward Siew Mun Wai	-	-	-	-
Chew Fook Aun	-	-	-	-
Lam Jiuan Jiuan <sup>(a)</sup>	19,087,456	1.81	262,402,056 <sup>(a)</sup>	24.91
Goh Yen Yen <sup>(b)</sup>	12,062,456	1.15	121,460,400 <sup>(b)</sup>	11.53
Goh Leng Kian <sup>(c)</sup>	41,468,865	3.94	184,823,750 <sup>(c)</sup>	17.54
Goh Miah Kiat <sup>(d)</sup>	48,950,097	4.65	184,250,000 <sup>(d)</sup>	17.49
<b>Major shareholders of Karex</b>				
Karex One Limited	184,250,000	17.49	-	-
Lam Yiu Pang, Albert <sup>(e)</sup>	49,312,456	4.68	232,177,056 <sup>(e)</sup>	22.04
Goh Ai Noi <sup>(f)</sup>	-	-	211,286,056 <sup>(f)</sup>	20.06
Goh Yin <sup>(g)</sup>	19,181,170	1.82	121,460,400 <sup>(g)</sup>	11.53
Maryen Holdings Limited	121,460,400	11.53	-	-
<b>Persons connected to the Directors, major shareholders and/or chief executive of Karex</b>				
Boong Siew Choon <sup>(h)</sup>	573,750	0.05	41,468,865 <sup>(h)</sup>	3.94
Jeyya Ltd	27,036,056	2.57	-	-
Maharani Limited	16,014,600	1.52	-	-
AJNA Holdings Limited	12,825,000	1.22	-	-
Goh Mui Gek <sup>(i)</sup>	138,750	0.01	-	-

**Notes:**

- (a) Lam Jiuan Jiuan is the spouse of Lam Yiu Pang, Albert, the sibling of Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek. Her deemed interest in Karex is by virtue of her interest in AJNA Holdings Limited, Maharani Limited and Karex One Limited pursuant to Section 8 of the Act and the interest held by her spouse, Lam Yiu Pang, Albert in Karex pursuant to Section 59(11)(c) of the Act.
- (b) Goh Yen Yen is the sibling of Lam Jiuan Jiuan, Goh Leng Kian, Goh Ai Noi and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek. Her deemed interest in Karex is by virtue of her interest in Maryen Holdings Limited pursuant to Section 8 of the Act.
- (c) Goh Leng Kian is the spouse of Boong Siew Choon, the sibling of Lam Jiuan Jiuan, Goh Yen Yen, Goh Ai Noi and Goh Yin as well as the uncle of Goh Miah Kiat and Goh Mui Gek. His deemed interest in Karex is by virtue of his interest in Karex One Limited pursuant to Section 8 of the Act and the interest held by his spouse, Boong Siew Choon in Karex pursuant to Section 59(11)(c) of the Act.
- (d) Goh Miah Kiat is the sibling of Goh Mui Gek and the nephew of Lam Jiuan Jiuan, Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin. His deemed interest in Karex is by virtue of his interest in Karex One Limited pursuant to Section 8 of the Act.

- (e) *Lam Yiu Pang, Albert is the spouse of Lam Jiu-an Jiu-an. His deemed interest in Karex is by virtue of his interest in AJNA Holdings Limited and Maharani Limited pursuant to Section 8 of the Act and the interest held by his spouse, Lam Jiu-an Jiu-an in Karex.*
- (f) *Goh Ai Noi is the sibling of Lam Jiu-an Jiu-an, Goh Yen Yen, Goh Leng Kian and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek. Her deemed interest in Karex is by virtue of her interest in Karex One Limited and Jeyya Ltd pursuant to Section 8 of the Act.*
- (g) *Goh Yin is the sibling of Lam Jiu-an Jiu-an, Goh Yen Yen, Goh Leng Kian and Goh Ai Noi as well as the aunt of Goh Miah Kiat and Goh Mui Gek. Her deemed interest in Karex is by virtue of her interest in Maryen Holdings Limited pursuant to Section 8 of the Act.*
- (h) *Boong Siew Choon is the spouse of Goh Leng Kian. Her deemed interest in Karex is by virtue of the interest held by her spouse, Goh Leng Kian in Karex.*
- (i) *Goh Mui Gek is the sibling of Goh Miah Kiat and the niece of Lam Jiu-an Jiu-an, Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin.*

## 8. ESTIMATED TIME FRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to the receipt of all required approvals, the Proposed ESOS is expected to be implemented by the 2<sup>nd</sup> quarter of 2023.

The tentative timetable for the implementation of the Proposed ESOS is set out below:

Date/Month	Events
8 June 2023	Convening of EGM to obtain the approval from the shareholders of Karex for the Proposed ESOS
End June 2023	Announcement made on the effective date of the implementation of the ESOS

## 9. FINANCIAL AND OPERATIONAL IMPACT OF COVID-19 ON THE GROUP

Karex Group is principally involved in the manufacturing and sale of sexual wellness, medical and other health related products.

For the 6-month FPE 31 December 2022, the Group recorded revenue of approximately RM273.54 million, representing an increase of approximately RM74.04 million or 37.11% as compared to revenue of approximately RM199.50 million for the corresponding period in the preceding year. The increase in revenue was mainly attributable to the increase in sales in the sexual wellness segment particularly in the Asia and Americas regions.

The Group recorded profit before tax of approximately RM5.65 million for the 6-month FPE 31 December 2022 as compared to loss before tax of approximately RM2.44 million for the corresponding period in the preceding year. The improvement in profitability was mainly attributable to the increase in sales, easing of global logistic disruptions and normalisation of freight rates and raw material prices.

As at the LPD, the Group does not have material adverse financial and operational impact from Covid-19.

(Source: Management of Karex)

## 10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS, there is no corporate exercise which has been announced by the Company but has yet completed as at the date of this Circular.

## 11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the respective interested Directors who have abstained from forming any opinion and making any recommendations relating to their respective individual proposed allocations as well as allocations to persons connected to them, if any), having considered all aspects of the Proposed ESOS, is of the opinion that the Proposed ESOS and the proposed allocation to the Directors and persons connected to them, if any, pursuant to the Proposed ESOS are in the best interest of the Company.

Accordingly, the Board (save for the respective interested Directors who have abstained from forming any opinion and making any recommendations relating to their respective individual proposed allocations as well as allocations to persons connected to them, if any) recommends that you **vote in favour** of the ordinary resolutions pertaining to the Proposed ESOS and the proposed allocation to the Directors and persons connected to them, if any, pursuant to the Proposed ESOS to be tabled at the forthcoming EGM.

## 12. EGM

The forthcoming EGM will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities from the broadcast venue at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via online meeting platform at <https://meeting.boardroomlimited.my> on Thursday, 8 June 2023 at 10.00 a.m., for the purpose of considering and if thought fit, passing the ordinary resolutions to give effect to the Proposed ESOS and the proposed allocation of ESOS Options to Directors and persons connected to them under the Proposed ESOS, if any.

A member entitled to participate and vote at the forthcoming EGM is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. In such event, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and shall be deposited at the Company's Registered Office at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating and voting remotely at the forthcoming EGM should you subsequently wish to do so. Alternatively, members may deposit the Form of Proxy by electronic means with the Company's Share Registrar through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) not less than 48 hours before the EGM. For further information on the electronic submission of the Form of Proxy and participation at the forthcoming EGM, kindly refer to the Administrative Guide which is enclosed together with this Circular.

## 13. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

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

**DATO' DR. ONG ENG LONG @ ONG SIEW CHUAN**  
Chairman/Senior Independent Non-Executive Director

## DRAFT BY-LAWS

**KAREX BERHAD**  
**(REGISTRATION NO. 201201034091 (1018579-U))**

**BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME FOR THE ELIGIBLE DIRECTORS  
AND EMPLOYEES OF KAREX BERHAD AND ITS SUBSIDIARIES (EXCLUDING DORMANT  
SUBSIDIARIES, IF ANY)**

**1. DEFINITIONS AND INTERPRETATIONS**

- 1.1 In the By-Laws, unless the context otherwise requires, the following terms shall have the following meanings:

"Act"	:	Companies Act 2016
"Adviser"	:	Any person who is eligible to act as a principal adviser that fulfils the requirements set out in the Guidelines on Submission of Corporate and Capital Market Product Proposals as well as Chapter 7A of the Licensing Handbook issued by the Securities Commission Malaysia
"Auditor"	:	The external auditor for the time being of the Company or such other firm of auditor registered with the Audit Oversight Board of Malaysia
"Board"	:	Board of Directors of Karex, as may be constituted from time to time
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"By-Laws"	:	The rules, terms and conditions governing the ESOS as may be amended, modified and/or supplemented from time to time
"CDS"	:	Central Depository System governed under SICDA
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
"Constitution"	:	Constitution of Karex
"Date of Acceptance"	:	The date on which the ESOS Committee receives the written notice from an Eligible Person accepting an Offer
"Date of Offer"	:	The date on which an Offer is served in accordance with the By-Laws
"Depository Rules"	:	Rules of Bursa Depository
"Directors"	:	Director shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"Effective Date"	:	The date on which the last of the approvals and conditions in By-Law 18 have been obtained and/or complied with

## DRAFT BY-LAWS (CONT'D)

"Eligible Person"	:	Eligible Directors (including non-executive Directors) and eligible employees of Karex Group, as the case may be, who meet the eligibility criteria for participation in the ESOS as set out in the By-Laws
"ESOS"	:	Employees' Share Option Scheme
"ESOS Committee"	:	The committee consisting of Directors and/or other persons as shall be appointed and duly authorised by the Board, to implement and administer the ESOS in accordance with the provisions of the By-Laws
"ESOS Option Certificate"	:	The certificate issued by the ESOS Committee confirming the grant of the ESOS Option to an Eligible Person, the Exercise Price together with the number of Karex Shares comprised in the ESOS Option, and where applicable, the ESOS Option Period and any vesting conditions as specified in the Offer Letter (as defined in By-Law 5.6)
"ESOS Option Period"	:	The period during which an ESOS Option may be exercised as may be specified in the Offer
"ESOS Options"	:	The options to be granted to a Participant which may be exercised to subscribe for new Karex Shares during the ESOS Option Period at the Exercise Price pursuant to the ESOS
"ESOS Period"	:	The duration of the ESOS as set out in By-Law 18.1 and subject to By-Laws 18.3 and 22
"Exercise Price"	:	The price at which a Participant is required to pay for each new Karex Share pursuant to the exercise of an ESOS Option
"Karex" or "Company"	:	Karex Berhad (Registration No. 201201034091 (1018579-U))
"Karex Group" or "Group"	:	Collectively, Karex and its subsidiaries (excluding dormant subsidiaries, if any) and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the ESOS Option Period unless determined by the Board and/or ESOS Committee, in its absolute discretion, that any such subsidiary of Karex shall not fall within this expression)
"Karex Shares" or "Shares"	:	Ordinary shares in the Company
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"Market Day"	:	Any day between Monday to Friday, both days inclusive, which is not a public holiday and a day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
"Maximum Allowable Allotment"	:	The maximum number of new Karex Shares that may be offered and allotted to an Eligible Person in accordance with By-Law 4

## DRAFT BY-LAWS (CONT'D)

"Offer"	:	An offer to take up the ESOS Options to subscribe for new Karex Shares as made in writing by the ESOS Committee to any Eligible Person in accordance with the By-Laws and the granting of the ESOS Options to subscribe for the new Karex Shares to the Eligible Persons, in accordance with the By-Laws
"Offer Period"	:	A period of 30 calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee
"Participant"	:	Eligible Person who has duly accepted the Offer in accordance with the By-Laws
"person connected"	:	Person connected has the same meaning as that assigned to "person connected" in Paragraph 1.01 of the Listing Requirements
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the Depository Rules as issued pursuant to the SICDA
"RM" and "sen"	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
"Senior Management"	:	Such employees as the ESOS Committee may determine to be senior management, subject to criteria determined at the sole and absolute discretion of the ESOS Committee from time to time
"SICDA"	:	Securities Industry (Central Depositories) Act 1991
"Surprise Holiday"	:	Means a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"Terms of Reference"	:	The terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and/or responsibilities under the By-Laws
UK Company	:	A subsidiary company within the Group which is incorporated in the United Kingdom
UK Participant	:	A Participant who is an employee of the UK Company who fulfils the criteria of eligibility set out in By-law 3
U.S. Company	:	A subsidiary company within the Group which is incorporated in the United States of America
U.S. Participant	:	A Participant who is an employee of the U.S. Company who fulfils the criteria of eligibility set out in By-law 3
"Unexercised ESOS Options"	:	ESOS Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the ESOS Option Period has not expired
United Kingdom	:	United Kingdom of Great Britain and Northern Ireland
U.S.	:	United States

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**DRAFT BY-LAWS (CONT'D)**


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## 1.2 In this By-Laws:

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and Listing Requirements and any policies and/or guidelines of the Bursa Securities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities);
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of the By-Laws so far as such modification or re-enactment applies or is capable of applying to any ESOS Options offered and accepted within the ESOS Period and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns;
- (d) words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- (e) words importing the masculine gender include the feminine genders and all such words shall be construed interchangeably in that manner;
- (f) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (g) the headings in the By-Laws are inserted for convenience only and shall not be taken into account in the interpretation of the By-Laws; and
- (h) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day, and if an event is to occur on a stipulated day which falls after the expiry of the ESOS Period then the stipulated day will be taken to be the last Market Day of the ESOS Period.

- 1.3 In the event of any change in the name of the Company from its present name, all references to "Karex Berhad" in the By-Laws and all other documents pertaining to the ESOS shall be deemed to be references to the Company's new name.

**2. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE ESOS**

- 2.1 The maximum number of new Karex Shares which may be made available under the ESOS shall not in aggregate exceed 10% of the total number of issued Karex Shares (excluding treasury shares, if any) at any point of time during the duration of the ESOS as provided in By-Law 18.

**DRAFT BY-LAWS (CONT'D)**

Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Karex Shares comprised in the ESOS Options granted under the ESOS exceeds the aggregate 10% of the total number of issued Karex Shares (excluding treasury shares, if any) as a result of the Company purchasing, cancelling or reducing its own shares in accordance with Section 127 of the Act or undertaking any other corporate proposal resulting in the reduction of its total number of issued Shares (excluding treasury shares, if any), all the ESOS Options granted prior to such purchase, cancellation and/or the reduction of the issued share capital of the Company will remain valid or exercisable in accordance with the provisions of the By-Laws. For the avoidance of doubt, no further Offers shall be made until the total number of new Karex Shares comprised in the ESOS Options to be allotted and issued under the ESOS falls below 10% of the total number of issued Karex Shares (excluding treasury shares, if any) in the Company.

- 2.2 Each ESOS Option shall be exercisable into 1 new Karex Share, in accordance with the By-Laws.

### **3. ELIGIBILITY**

- 3.1 The Eligible Persons of the Karex Group who meet the following conditions as at the Date of Offer are eligible to participate in the ESOS:

- (a) he/she shall have attained the age of 18 years old and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) if he/she falls under one of the following categories:
  - (i) employed on a full time basis and is on the payroll of Karex or any company within the Group and has been confirmed and not served a notice of resignation or received a notice of termination prior to the Date of Offer; or
  - (ii) in the case of a Director, he/she has been appointed to the board of directors of Karex or any company within the Group and not served a notice of resignation or received a notice of termination prior to the Date of Offer; or
  - (iii) employed under a contract for a fixed duration of not less than 1 year in Karex or any company within the Group and has not served a notice of resignation or received a notice of termination prior to the Date of Offer; and
- (c) fulfils any other eligibility criteria including but not limited to the performance targets, appraisals and assessments and/or falls within such grade/category as may be set by Karex Group that may be determined by the ESOS Committee from time to time, at its sole and absolute discretion,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the ESOS Committee on or prior to the Effective Date.

In determining the eligibility and allocation of Eligible Persons to participate in the ESOS, the ESOS Committee will take into account among others, the performance targets, appraisals and past and future contributions of the Eligible Persons to the Karex Group, and such other factors that the ESOS Committee deems relevant from time to time. For avoidance of doubt, the selection of Eligible Persons for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee. The decision of the ESOS Committee shall be final and binding.

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**DRAFT BY-LAWS (CONT'D)**


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- 3.2 Eligibility, however, does not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options or the new Shares comprised in the ESOS unless the ESOS Committee has made an Offer to the Eligible Person in the manner as set out in By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.
- 3.3 A set of eligibility and allocation criteria as determined by the ESOS Committee from time to time shall be made available to all Eligible Persons of the Group. The Company and/or the ESOS Committee shall ensure that the allocation of the new Shares pursuant to the ESOS shall be verified by the audit committee at the end of each financial year.
- 3.4 The ESOS Committee may, in its sole and absolute discretion, change or waive any of the conditions of eligibility as set out in By-Law 3.1. The selection of any Eligible Person to participate and number of ESOS Options to be offered under the ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be binding and final.
- 3.5 If the Eligible Person is:
- (a) a Director, major shareholder, chief executive of Karex or a holding company of Karex; or
  - (b) a person connected to such Director, major shareholder, chief executive of Karex or a holding company of Karex,

the specific allocation of ESOS Options granted by the Company to such Eligible Person must first be approved by the shareholders of Karex at a general meeting, unless such approval is no longer required under the Listing Requirements and they shall not participate in the deliberation or discussion of their own allocation.

#### **4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 4.1 Subject to By-Law 2 and any adjustments which may be made under By-Law 14, the maximum number of new Shares that may be offered to an Eligible Person under the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, among others and where relevant, the performance, contribution, employment grade, seniority, length of service and the potential contribution of the Eligible Person to the success of Karex Group and shall be subject to the following:
- (a) the Directors and Senior Management of the Group do not participate in the deliberation or discussion of their own allocation as well as allocation to persons connected with them, if any;
  - (b) not more than 70% of the total new Shares to be issued under the ESOS shall be allocated in aggregate to the Directors and/or Senior Management of Karex Group; and
  - (c) not more than 10% of the total number of new Shares (excluding treasury shares, if any) to be issued under the ESOS shall be allocated to Eligible Persons who, either individually or collectively through persons connected with to them, hold 20% or more of the total number of issued Karex Shares (excluding treasury shares),

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities, as amended from time to time.

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**DRAFT BY-LAWS (CONT'D)**


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- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than 1 position within the Karex Group, and by holding such positions, the Eligible Person is in more than 1 category, shall only be entitled to the Maximum Allowable Allotment of any 1 of those categories. The ESOS Committee shall be entitled at its sole and absolute discretion to determine the applicable category.
- 4.4 In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of Shares available under the ESOS as stipulated under By-Law 2.1.
- 4.5 In the event that an Eligible Person is redesignated, demoted or moved to a lower category for whatever reason, the Eligible Person's Maximum Allowable Allocation may be reduced as the ESOS Committee may in its sole and absolute discretion determine.
- 4.6 The ESOS Committee may at its sole and absolute discretion decide whether the granting of the ESOS Options to the Eligible Person will be based on:
- (a) 1 single offer at a time determined by the ESOS Committee; or
  - (b) several offers where the vesting of the ESOS 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 maximum number of Shares as stipulated in By-Law 2.

In the event the ESOS Committee decides that the vesting of the ESOS Options is to be staggered or made in several tranches, the number of ESOS Options to be granted pursuant to each vesting of the ESOS Options and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each vesting of the ESOS Options shall be separate and independent from the others.

- 4.7 In the event that an Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his own allocation of the ESOS Options or person connected to him.

## **5. OFFER**

- 5.1 (a) The ESOS Committee shall, within the ESOS Period as specified in By-Law 18, make Offers to any Eligible Person (based on the eligibility criteria as set out in By-Law 3) whom the ESOS Committee may in its sole and absolute discretion select to subscribe for new Karex Shares under the ESOS. Further Offers of ESOS Options may be made to those who become eligible to participate under the ESOS.
- (b) Notwithstanding By-Law 5.1(a) above, where it involves a grant of ESOS Option to Eligible Persons who are members of the ESOS Committee, such grant of ESOS Options shall be decided by the Board subject to By-Law 3.

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**DRAFT BY-LAWS (CONT'D)**

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- 5.2 During the ESOS Period, the actual number of new Karex Shares arising from the exercise of the ESOS Options which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustment that may be made under By-Law 14, shall be in multiples of and not less than 100 Karex Shares and always in multiples of 100 Karex Shares or such amount constituting 1 board lot as permitted by Bursa Securities to be traded on Bursa Securities but subject to the Maximum Allowable Allotment as set out in By-Law 4.
- 5.3 Subject to By-Law 4, nothing herein shall prevent the ESOS Committee from making more than 1 Offer to an Eligible Person after the first Offer made at any 1 time provided always that the total aggregate number of new Karex Shares to be offered to the Eligible Persons (inclusive of Karex Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment of such Eligible Person. Each Offer made to any Eligible Person by the ESOS Committee shall be separate and independent from any previous or later Offer made by the ESOS Committee to that Eligible Person.
- 5.4 Any Offer made by the ESOS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.5 Unless otherwise approved in writing by the ESOS Committee in its sole and absolute discretion, an Offer shall within 30 calendar days from the Date of Offer or such other period as the ESOS Committee may determine, automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Karex Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 6.
- 5.6 The ESOS Committee will in its letter of offer ("**Offer Letter**") to an Eligible Person set out the following information, including:
- (a) the number of ESOS Options that are being offered to the Eligible Person;
  - (b) the number of the new Karex Shares that may be subscribed for under the Offer;
  - (c) the Exercise Price;
  - (d) the ESOS Option Period;
  - (e) the closing date for acceptance of the Offer;
  - (f) the manner of exercise of the ESOS Options;
  - (g) any vesting conditions as may be stipulated by the ESOS Committee, if any; and
  - (h) any other information deemed necessary by the ESOS Committee, if any.
- 5.7 The Company shall keep and maintain at its expense a register of Participants as required under Section 129 of the Act and shall enter in that register:
- (a) the names of the Participant;
  - (b) the addresses of the Participant;
  - (c) the Maximum Allowable Allotment;
  - (d) the number of ESOS Options offered;
  - (e) the number of ESOS Options accepted;

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**DRAFT BY-LAWS (CONT'D)**


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- (f) the number of ESOS Options exercised;
  - (g) the Date of Offer; and
  - (h) the Exercise Price.
- 5.8 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.6 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within 14 calendar days of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for ESOS Options which have already been exercised as at the date of the revised Offer Letter.
- 5.9 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the ESOS Options are being offered under the ESOS:
  - (a) Date of Offer;
  - (b) Exercise Price of ESOS Options offered;
  - (c) number of ESOS Options offered;
  - (d) market price of its securities on the Date of Offer;
  - (e) number of ESOS Options offered to each Director, if any; and
  - (f) vesting period of the ESOS Options offered.

**6. ACCEPTANCE OF THE OFFER**

- 6.1 An Offer made by the ESOS Committee to an Eligible Person under By-Law 5 which shall be valid during the Offer Period, and such Offer shall be accepted by the Eligible Person within the Offer Period by giving a written notice to the ESOS Committee in such form as may be prescribed by the ESOS Committee of such acceptance and accompanied by a payment to the Company of a non-refundable cash consideration of RM1.00 only for the grant of the ESOS Options (regardless of the number of Karex Shares comprised therein), a confirmation by the Eligible Persons that they agree to be bound by the terms of these By-Laws and an acknowledgement that they have been provided with a copy of these By-laws. The day of receipt of such written notice shall constitute the Date of Acceptance.
- 6.2 If the Offer is not accepted in the manner prescribed by the ESOS Committee, such Offer shall upon the expiry of the Offer Period automatically lapse and shall be null and void and be of no effect, and the new Karex Shares comprised in such ESOS Options may, at the sole and absolute discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 6.3 Within 30 calendar days after due acceptance of the Offer in accordance with the By-Laws, the ESOS Committee shall issue to the Participant an ESOS Option Certificate in such form as may be determined by the ESOS Committee from time to time confirming the grant of the ESOS Option to a Participant, the Exercise Price together with the number of Karex Shares comprised in the ESOS Option, and where applicable, the ESOS Option Period and any vesting conditions, if any, as specified in the Offer Letter.

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DRAFT BY-LAWS (CONT'D)

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**7. EXERCISE PRICE**

- 7.1 Subject to any adjustments in accordance with By-Law 14, the Exercise Price at which the Participant is entitled to subscribe for the new Karex Shares, to be determined by the Board upon recommendation of the ESOS Committee, shall be fixed based on the 5-day volume weighted average market price of the Shares as traded on the Main Market of Bursa Securities immediately preceding the Date of Offer, and at the ESOS Committee's discretion with either a:

- (a) premium; or
- (b) discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities from time to time.

The ESOS may be implemented in tranches, with each tranche being assigned with a different Exercise Price. The Exercise Price shall be stipulated in each ESOS Option Certificate.

- 7.2 The Exercise Price as determined by the Board shall be conclusive and binding on the Participants and shall be subject to any adjustments in accordance with By-Law 14.

**8. EXERCISE OF ESOS OPTIONS**

- 8.1 Subject to By-Law 9, an ESOS Option granted to a Participant under the ESOS is exercisable only by that Participant (in accordance with the terms set out in the Offer Letter) while the Participant is in the employment by or appointment in the Karex Group within the ESOS Option Period. In respect of a UK Participant, it is a condition of exercise of the ESOS Option by the UK Participant that the UK Participant enters into a s431 Election (as defined below) in the manner set out in By-law 8.9 below. In respect of a U.S. Participant, it is a condition of exercise of the ESOS Option by the U.S. Participant in the manner set out in By-Laws 8.10 and 8.11 below.

- 8.2 Subject to any adjustments in accordance with By-Law 14, the ESOS Committee may, at any time and from time to time before or after an ESOS Option is granted pursuant to By-Law 6, limit the exercise of the ESOS Option to a maximum number of new Karex Shares and/or such percentage of the total new Karex Shares relevant to the ESOS Options during such periods (as determined by the ESOS Committee) within the ESOS Option Period and impose any other terms and conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion including amending/varying any terms and conditions imposed earlier subject always to By-Law 16.

- 8.3 All ESOS Options to the extent that they have not been exercised upon the expiry of the ESOS Option Period or ESOS Period (whichever the earlier) shall automatically lapse and become null and void and have no further effect.

- 8.4 The Participant shall notify the ESOS Committee in writing in the prescribed form of the Participant's intention to exercise the ESOS Option ("**Notice of Exercise**") within the period that may be stipulated by the ESOS Committee. The ESOS Option may be exercised in respect of such lesser number of Karex Shares as the Participant may so decide to exercise the ESOS Option subject to By-Law 5.2. Such partial exercise of the ESOS Option shall not preclude the Participant from exercising the ESOS Option as to the balance thereof at any time in the future but within the ESOS Option Period. The ESOS Option Certificate shall be endorsed by the ESOS Committee stating, inter-alia, the number of new Karex Shares which remain capable of being exercised.

- 8.5 In the event the balance of Karex Shares exercisable by a Participant in accordance with the By-Laws shall be less than 100 Karex Shares, the said balance shall, if exercised, be exercised in a single tranche.

## DRAFT BY-LAWS (CONT'D)

- 8.6 Every such Notice of Exercise shall be accompanied by the relevant ESOS Option Certificate and a remittance in Ringgit Malaysia in the form of remittance by way of bank transfer, a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the subscription monies in relation to the number of Karex Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Karex Shares to the Participant in accordance with the Listing Requirements, Constitution, SICDA and the Depository Rules, despatch the notice of allotment to the Participant and make an application for the listing and quotation of the new Karex Shares within 8 Market Days from the receipt by the Company of the aforesaid notice and remittance from the Participant or such other period as may be prescribed by Bursa Securities.
- 8.7 The Participant who exercises his/her ESOS Option shall provide the ESOS Committee with his/her CDS Account number in the notice referred to in By-Law 8.4. The new Karex Shares to be issued pursuant to the exercise of an ESOS Option will be credited directly into the CDS Account of the Participant and a notice of allotment stating the number of ESOS Shares credited into the CDS Account will be issued to the Participant. No physical share certificate will be issued to the Participant.
- 8.8 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Participant of the rejection of the Notice of Exercise and the Participant shall then be deemed not to have exercised his/her ESOS Options.
- 8.9 In respect of a UK Participant, it is a condition of exercise of his/her ESOS Options that the UK Participant shall enter into a joint election with the UK Company under Section 431 of the Income Tax (Earnings and Pensions) Act 2003 of the United Kingdom ("**s431 Election**"), in the form set out in **Appendix 1** of this By-laws as may be amended from time to time, within 14 days from the date on which the UK Participant is issued the Shares pursuant to the exercise of his/her ESOS Options.
- 8.10 In respect of a U.S. Participant, he/ she is subject to the terms and conditions of the U.S. Sub-Plan to this By-laws (a copy of which is attached in **Appendix 2** of this By-laws). Rule 701 of the Securities Act 1933 ("**1933 Act**") ("**Rule 701**") only provides an exemption for transactions in which the securities are offered or sold by the issuer. The securities acquired by the U.S. Participant pursuant to Rule 701 will be "restricted securities" as that term is defined by the U.S. Securities and Exchange Commission (because the shares were exempted from registration under the 1933 Act). Resales of these shares must comply with the registration requirements of the 1933 Act or fit within an exemption. The restricted securities should be stamped, printed or recorded with the following legend (to be included in the U.S. Participant's stock option agreement in view that the securities to be offered cannot be stamped, printed or recorded as they will be listed and quoted on the stock exchange):

*"THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") AND APPLICABLE STATE SECURITIES LAWS IN ACCORDANCE WITH APPLICABLE REGISTRATION REQUIREMENTS OR AN EXEMPTION THEREFROM. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THIS CERTIFICATE MUST BE SURRENDERED TO THE ISSUER OR ITS TRANSFER AGENT AS A CONDITION PRECEDENT TO THE SALE, TRANSFER, PLEDGE OR HYPOTHECATION OF ANY INTEREST IN ANY OF THE SECURITIES REPRESENTED HEREBY."*

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**DRAFT BY-LAWS (CONT'D)**


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- 8.11 In addition, shares issued to the U.S. Participants (when the ESOS Options are exercised) should be stamped, printed or recorded with the following legend (to be included in the stock option agreement should a U.S. national reside outside the U.S. and/or non-U.S. service providers are permitted to participate in the ESOS in view that the securities to be offered cannot be stamped, printed or recorded as they will be listed and quoted on the stock exchange):

*"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") AND ARE BEING OFFERED PURSUANT TO THE EXEMPTION AFFORDED BY REGULATION S PROMULGATED UNDER THE ACT SOLELY OUTSIDE OF THE UNITED STATES AND SOLELY TO NON-U.S. PERSONS (AS DEFINED IN REGULATION S) AND IN SPECIFIC RELIANCE UPON THE REPRESENTATIONS BY THE HOLDER THAT AT THE TIME OF THE OFFER OR SALE OF THE SECURITIES TO THE HOLDER, THE HOLDER WAS NOT A U.S. PERSON AS DEFINED IN REGULATION S AND (B) AT THE TIME OF THE OFFER AND SALE OF THE SECURITIES TO THE HOLDER AND ON THE DATE OF PURCHASE, THE HOLDER WAS OUTSIDE OF THE UNITED STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS UNLESS AND UNTIL REGISTERED UNDER THE ACT, AN EXEMPTION IS AVAILABLE, OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH, INCLUDING WITHOUT LIMITATION RULE 904 OF REGULATION S PROMULGATED UNDER THE ACT."*

**9. NON-TRANSFERABILITY, TERMINATION OF UNEXERCISED ESOS OPTIONS AND SUSPENSION**

- 9.1 Subject to By-Laws 9.2 and 9.3, any Unexercised ESOS Option in respect of the ESOS shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable, as the case may be, without any claim against the Company and the ESOS Committee upon occurrence any 1 or more of the following events:

- (a) service of a notice of resignation of the Participant; or
- (b) service of a notice of termination on or termination or cessation of employment of the Participant with the Karex Group by reason of breach of contract or misconduct; or
- (c) bankruptcy of the Participant; or
- (d) termination of the ESOS pursuant to By-Law 22; or
- (e) any other circumstances acceptable to the ESOS Committee in its exercise of discretion.

The Karex Shares in respect of such Unexercised ESOS Option may be re-offered to other Eligible Persons at the sole and absolute discretion of the ESOS Committee.

- 9.2 In the event of the termination or cessation of employment of the Participant in any of the following circumstances:
- (a) retirement at or after attaining normal retirement age under the Karex Group's retirement policy; or
  - (b) retirement before the normal retirement age with the consent of his/her employer being a company within the Karex Group; or

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DRAFT BY-LAWS (CONT'D)

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- (c) resignation or termination of the employment of the Participant by reason of ill-health, injury or physical or mental disability; or
- (d) expiration of the employment contract of the Participant; or
- (e) retrenchment or redundancy, pursuant to the acceptance by that Participant of a voluntary separation scheme offered by the Karex Group; or
- (f) any other circumstances as may be determined by the ESOS Committee,

the ESOS Committee may, subject to their sole and absolute discretion, permit the exercise of any Unexercised ESOS Option by the Participant within 30 calendar days from the date of occurrence of any of the circumstances set out in By-Law 9.2 herein subject to such terms and conditions as may be prescribed, notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

Any Unexercised ESOS Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after 30 calendar days from the date of occurrence of the circumstances set out in By-Law 9.2 above, as the case may be, without any liability to or right to claim against the Company and the ESOS Committee. The Karex Shares in respect of such ESOS Option may be re-offered to other Eligible Persons at the sole and absolute discretion of the ESOS Committee.

- 9.3 In the event of death of the Participant, By-Law 9.2 shall apply mutatis mutandis to the Participant's legal or personal representatives as if the Participant's legal or personal representatives were the Participant.
- 9.4 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to the By-Law 9.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the ESOS Option Period has not commenced or has not expired.
- 9.5 In the event that a Participant is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Participant), the ESOS Committee have the right, at its sole and absolute discretion, to suspend the rights of the Participant to exercise the Participant's ESOS Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Participant, provided always that:
  - (a) in the event such Participant shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Participant to exercise the Participant's ESOS Option as if such disciplinary proceeding had not been instituted in the first place; or
  - (b) in the event such Participant is found guilty of the charge and the same results in the dismissal or termination of service of such Participant, the ESOS Option shall immediately upon pronouncement of the dismissal or termination of service of such Participant, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Participant in any other forum; or

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DRAFT BY-LAWS (CONT'D)

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- (c) in the event such Participant is found guilty of the charge but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Participant may continue to exercise the Participant's ESOS Option and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
- (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the ESOS Option Period, the ESOS Option of such Participant shall immediately lapse on the expiry of the ESOS Option Period without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the validity of such disciplinary proceedings 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 the By-Laws.

- 9.6 Any Offer which has been made by the ESOS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6 arising from the Participant's death, cessation or termination of employment with the Kaxex Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 9.7 The ESOS Committee may, in its sole and absolute discretion, change or waive any of the requirements and/or timing as set out in the By-Law 9.2.

# 10. TAKE-OVER AND COMPULSORY ACQUISITION, DISPOSAL OF ASSETS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 10.1 In the event:
  - (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional, any Unexercised ESOS Options may immediately be exercised by the Participant or Participant's legal and personal authorised representatives, as the case may be, during the offer period (as defined under the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia) or until the expiry of the ESOS Option Period, whichever is earlier;
  - (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Kaxex Shares under the provisions of the Act and/or Capital Markets And Services Act, 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, any Unexercised ESOS Options may immediately be exercised by the Participant or Participant's legal and personal representatives, as the case may be, from the date of service of the said notice to the Company until and inclusive of the date on which the right of the compulsory acquisition is exercised or until the expiry of the ESOS Option Period, whichever is earlier; or
  - (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any Unexercised ESOS Options may immediately be exercised by the Participant or Participant's legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the date prescribed by the ESOS Committee within the ESOS Option Period,

**DRAFT BY-LAWS (CONT'D)**

subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

In the event of:

- (a) the court sanctioning a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies or a privatisation via selective capital reduction, the ESOS Committee may permit the exercise of any Unexercised ESOS Options by the Participant or Participant's legal and personal representatives, as the case may be, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court or a date to be specified by the ESOS Committee within the ESOS Option Period up to such period as may be determined by the ESOS Committee provided that no ESOS Options shall be exercised after the expiry of the ESOS Option Period; or
- (b) in the event the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any Unexercised ESOS Options by the Participant or Participant's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the ESOS Option Period;

subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the ESOS Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

- 10.2 All ESOS Options which the ESOS Committee permits to be exercisable pursuant to By-Law 10 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the ESOS Option Period has not commenced or has not expired.

## **11. RANKING OF NEW SHARES**

- 11.1 The new Karex Shares to be allotted and issued upon the exercise of the ESOS Options shall, upon allotment and issuance, rank equally in all respects with the then existing Karex Shares except that the new Karex Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date (i.e. the date as at the close of business on which the name of shareholders must appear on the Record of Depositors with the Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions) precedes the date of allotment and issuance of such new Karex Shares.
- 11.2 The Participants shall not in any event be entitled to any dividends, rights, allotments and/or any other distributions until and unless such Participants exercise their ESOS Options into new Karex Shares and such new Shares are credited into the Participant's respective CDS Accounts.
- 11.3 The ESOS Options shall not carry any right to vote at any general meeting of the Company or rank for any distributions in the event of any voluntary or involuntary liquidation or dissolution of the Company until and unless the Shares issued and allotted arising from the exercise of the ESOS Options have been issued, allotted and credited into the CDS Accounts of the Participants.

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**DRAFT BY-LAWS (CONT'D)**


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- 11.4 The new Shares under the ESOS will be subjected to all the Constitution relating to transfer, transmission or otherwise of the Karex Shares.

**12. RETENTION PERIOD**

- 12.1 The ESOS Shares to be allotted and issued and/or transferred to the Participants pursuant to the By-Laws will not be subject to any retention period or restriction of disposal, transfer and/or assignment unless the ESOS Committee stipulates otherwise in the Offer or prohibited by any applicable laws, regulation and guidelines.
- 12.2 The expression “retention period” referred to in By-Law 12.1 shall mean the period in which the ESOS Shares allotted and issued and/or transferred pursuant to the ESOS must not be sold, transferred, assigned or otherwise disposed of by the Participant.
- 12.3 The ESOS Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restriction on transfer as it deems fit. An Eligible Person should note that the Shares are encouraged for him/her to hold as an investment rather than for any speculative purposes and/or the realisation of any immediate gain.
- 12.4 Notwithstanding By-Laws 12.1 and 12.3, a Participant, who is a non-executive Director, must not sell, transfer or assign the Shares obtained through the exercise of the ESOS Options granted to him for a period of 1 year from the Date of Offer or such other period as may be prescribed by Bursa Securities.

**13. LISTING AND QUOTATION OF THE NEW SHARES**

- 13.1 Upon the exercise of any ESOS Options in accordance with By-Law 8, the Company shall apply to Bursa Securities for the listing and quotation of such new Karex Shares on the Main Market of Bursa Securities.
- 13.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list the Shares for which the Participant is entitled to subscribe.

**14. ALTERATION OF SHARE CAPITAL DURING THE ESOS OPTION PERIOD**

- 14.1 In the event of any alteration in the capital structure of the Company during the ESOS Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, capital reduction, subdivision or consolidation of shares or capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustments (if any) to be made to:
- (i) the Exercise Price; and/or
  - (ii) the number of the new Shares comprised in the ESOS Options granted to each Participant (excluding ESOS Options already exercised).

## DRAFT BY-LAWS (CONT'D)

Any adjustment pursuant to this By-Law 14 shall be made in accordance with the following formula:

- (a) If and whenever a Karex Share by reason of any consolidation or subdivision or conversion of Shares, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A \times C}{B}$$

$$\text{New number of Shares under ESOS Options} = \frac{D \times B}{A}$$

Where:

- A = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion
- B = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion
- C = existing Exercise Price
- D = existing number of Shares comprised in the ESOS Options in respect of the rights to subscribe for new Shares so far as unexercised

Each such adjustment will be effective from the commencement of the next Market Day following the entitlement for such issue.

If and whenever the Company shall make any issue of Shares to its ordinary shareholders credited by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of new Karex Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Karex Shares comprised in the ESOS Options} = \left[ T \times \frac{A + B}{A} \right] - T$$

where:

- A = the aggregate number of issued and fully paid Shares on 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 forms of distributions) immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully-paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable); and
- T = existing number of the new Shares comprised in the ESOS Options held.

**DRAFT BY-LAWS (CONT'D)**

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

- (b) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to its 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 its ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
  - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

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

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

and in respect of the case referred to in By-Law 14.1(c)(ii) hereof, the additional number of the new Karex Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Karex Shares comprised in the ESOS Options} = \left[ T \times \frac{C}{C - D^*} \right] - T$$

where:

- T = T as in By-Law 14.1(b);
- C = the Current Market Price (as defined in By-Law 14.1(g)) of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under By-Law 14.1(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for the Shares under By-Law 14.1(c)(iii) above, the value of rights attributable to 1 Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 14.1(c) hereof, the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to 1 Share.

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

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

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**DRAFT BY-LAWS (CONT'D)**


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where:

C = C as in By-Law 14.1(c);

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

F = the number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Share or security convertible into Shares or 1 additional security with rights to acquire or subscribe for Shares; and

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

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

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

where:

C = C as in By-Law 14.1(c);

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

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

For the purpose of By-Law 14.1(c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within By-Law 14.1(b) hereof) or other securities credited by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable).

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

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

- (c) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) or By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

## DRAFT BY-LAWS (CONT'D)

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Karex Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

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

where:

B = B as in By-Law 14.1(b) above;

C = C as in By-Law 14.1(c) above;

G = the aggregate number of issued Shares on the entitlement date;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;

H\* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of 1 additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share, as the case may be;

I\* = the subscription price of 1 additional Share under the offer or invitation to acquire or subscribe for Shares; and

T = T as in By-Law 14.1(b) above.

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

- (d) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Karex Shares as provided in By-Law 14.1(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Karex Shares or securities with rights to acquire or subscribe for Karex Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Karex Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Karex Shares comprised in the ESOS Options} = \left[ T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

**DRAFT BY-LAWS (CONT'D)**

where:

C = C as in By-Law 14.1(c) above;

G = G as in By-Law 14.1(d) above;

H = H as in By-Law 14.1(d) above;

H\* = H\* as in By-Law 14.1(d) above;

I = I as in By-Law 14.1(d) above;

I\* = I\* as in By-Law 14.1(d) above;

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

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

T = T as in By-Law 14.1(b) above.

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

- (e) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Karex Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Karex Shares comprised in the ESOS Options which a Participant may be entitled to be issued with, shall be calculated as follows:

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

where:

B = B as in By-Law 14.1(b) above;

C = C as in By-Law 14.1(c) above;

G = G as in By-Law 14.1(d) above;

H = H as in By-Law 14.1(d) above;

H\* = H\* as in By-Law 14.1(d) above;

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**DRAFT BY-LAWS (CONT'D)**


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- I = I as in By-Law 14.1(d) above;
- I\* = I\* as in By-Law 14.1(d) above;
- J = J as in By-Law 14.1(e) above;
- K = K as in By-Law 14.1(e) above; and
- T = T as in By-Law 14.1(b) above.

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

For the purposes of By-Laws 14.1(c), (d), (e) and (f) above, the “Current Market Price” in relation to 1 existing Share for any relevant day shall be the volume weighted average market prices for 5 consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments (other than on a bonus issue) must be confirmed in writing by either the Auditor or Adviser, acting as an expert and not as arbitrator, upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, provided always that:

- (A) any adjustment to the Exercise Price shall be rounded down to the nearest 1 sen;
- (B) in the event that a fraction of a new Share arising from the adjustment referred to in this By-Law 14 would otherwise be required to be issued, the Participant’s entitlement shall be rounded down to the nearest whole number;
- (C) upon any adjustment being made pursuant to this By-Law 14, the ESOS Committee shall, within 15 Market Days of the effective date of the alteration in the capital structure of the Company, notify the Participant (or his legal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of new ESOS Options thereafter to be issued; and
- (D) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 14.

In addition, the Company shall, at the request of the Participant, furnish such Participant with a copy of the certificate from the Auditor or Adviser (as the case may be) to the effect that the opinion of such Auditor or Adviser (as the case may be), acting as an expert and not an arbitrator, on whether the adjustment is fair and reasonable either generally or as regard such Participant, and such certification shall be final and binding on all parties.

For the avoidance of doubt, any adjustments to the Exercise Price and/or the number of the new Shares comprised in the ESOS Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditor or Adviser (as the case may be).

- 14.2 No adjustments shall be made to the Exercise Price and/or the number of the new Shares comprised in the ESOS Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:
- (i) an issue of new Shares upon the exercise of ESOS Options pursuant to the ESOS; or
  - (ii) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company; or
  - (iii) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the Group; or

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**DRAFT BY-LAWS (CONT'D)**


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- (iv) private placement or restricted issue or special issue of new Shares by the Company; or
  - (v) an issue of securities as a special issue of new Shares to Bumiputera parties or investors approved by the Ministry of International Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation; or
  - (vi) a purchase by the Company of its own Shares and the cancellation of all or a portion of the Shares pursuant to the relevant provisions of the Act; or
  - (vii) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including Directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
  - (viii) any issue of Shares by the Company pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.
- 14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such parts of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such parts of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.2 is applicable.
- 14.4 Notwithstanding the provisions referred to in the By-Laws, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price and/or the number of ESOS Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of ESOS Options notwithstanding that no such adjustment formula has been explicitly set out in the By-Laws.
- 15. ADMINISTRATION OF THE ESOS**
- 15.1 The ESOS shall be administered by the ESOS Committee consisting of such persons appointed by the Board from time to time. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee and appoint replacement members to the ESOS Committee, assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to the By-Laws, as well as to amend, modify or vary the Terms of Reference. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board.
- 15.2 The ESOS Committee may for the purpose of administering the ESOS do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 15.3 The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the ESOS or in any agreement providing for an ESOS Option in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective.

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**DRAFT BY-LAWS (CONT'D)**


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**16. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE ESOS**

- 16.1 Subject to By-Law 16.2 and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting a confirmation letter to Bursa Securities and the amended By-Laws (not later than 5 Market Days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, that the said modification, variation and/or amendment is in compliance with the Listing Requirements pertaining to share issuance schemes and Depository Rules pursuant to Paragraph 2.12 of the Listing Requirements.
- 16.2 Subject to By-Law 16.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) materially prejudice any rights which would have accrued to any Participant without his/her prior consent; or
  - (b) increase the number of Shares available under the ESOS beyond the maximum imposed by By-Law 2.1; or
  - (c) alter any matter which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements to the advantage of any Participant or group of Participants or all Participants;
- unless a shareholders' approval is obtained at a general meeting.
- 16.3 For the purpose of complying with the Listing Requirements, the By-Laws shall not be amended or altered in any way whatsoever for the advantage of the Participants without the prior approval of shareholders in general meeting.
- 16.4 The ESOS Committee shall not be later than 5 Market Days of any modification and/or amendment made pursuant to the By-Laws, notify the Participant in writing of any modification and/or amendment made pursuant to the By-Laws.

**17. LIQUIDATION OF THE COMPANY**

- 17.1 In the event that any order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised ESOS Options shall automatically lapse and shall be null and void and have no further effect, in which event the ESOS Option shall be automatically terminated on the following date:
- (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
  - (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

Notwithstanding the above, the ESOS Committee will consider, to the extent permitted by law, whether or not to allow exercise of any unexercised or partially exercised ESOS Options subject to such terms and conditions as may be prescribed and will take into account all circumstances on case-to-case basis, including (but not limited to) the contributions of the Participants.

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**DRAFT BY-LAWS (CONT'D)**


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**18. DURATION**

18.1 The effective date for the implementation of the ESOS shall be such date to be determined and announced by the Board following full compliance with all relevant requirements of the Listing Requirements including the following ("**Effective Date**"):

- (a) approval of Bursa Securities for the listing and quotation of the new Karex Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS;
- (b) approval of the Shareholders for the ESOS at a general meeting;
- (c) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (d) approvals of any other relevant regulatory authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals (if any).

18.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date of implementation of the ESOS together with a certified true copy of a resolution passed by the shareholders of the Company in a general meeting approving the ESOS. The confirmation letter shall be submitted to Bursa Securities no later than 5 Market Days after the Effective Date.

18.3 The ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date or such longer period as may be permitted by Bursa Securities.

On or before the expiry of the above initial 5-year period, the ESOS may be extended by the Board at its absolute discretion upon recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for an additional period of up to 5 years, but will not in aggregate exceed 10 years from the Effective Date ("**ESOS Period**"). The Company shall make the necessary announcement to Bursa Securities should there be any extension of the tenure of the ESOS on or before the expiry of the initial 5-year period.

On expiry of the ESOS, any ESOS Options which have yet to be granted, vested or exercised (whether fully or partially) shall be deemed cancelled and be null and void.

18.4 Any extended ESOS 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. Unless otherwise required by the Bursa Securities, no further approvals shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices on each Participant and make any announcements to Bursa Securities (if required) within 30 calendar days prior to the expiry of the ESOS.

**19. FEES, COSTS, EXPENSES AND TAXES**

19.1 Save as otherwise provided for in the ESOS and the Constitution, all fees, costs and expenses incurred in relation to the ESOS relating to the allotment and issuance of the new Shares pursuant to the exercise of any ESOS Option, shall be borne by the Company.

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**DRAFT BY-LAWS (CONT'D)**


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All taxes (including income tax), if any, arising from the exercise of any ESOS Option under the ESOS shall be borne by the Eligible Person. In respect of a UK Participant, the UK Participant shall bear income tax and both employee Class 1 and employer Class 1 National Insurance Contributions ("NIC") on the value of the Shares received (determined by multiplying the number of Shares received by the trading price of the Shares on the date the Shares are credited into the CDS Account of the UK Participant) less the Exercise Price paid by the said UK Participant. The 'trading price' is taken to be the closing price for the day (or if more than one closing value is quoted, the lower value plus half of the difference between the two figures).

- 19.2 Notwithstanding this, the Participant shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the ESOS Options under the ESOS and any holding or dealing of Shares to be allotted and issued pursuant to the exercise of the ESOS Options, including brokerage commissions and stamp duties.
- 19.3 Any cost in relation to the loss of ESOS Option Certificate will be fully borne by the Participant and such Participant will have to sign a statutory declaration to declare the loss of the ESOS Option Certificate.

## **20. DISPUTES/ DIFFERENCES**

- 20.1 In the event of any dispute or difference between the ESOS Committee and an Eligible Person or Participant, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Participant, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Participant, as the case may be, within 14 calendar days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the Auditors, for the time being of the Company, which the ESOS Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 20.2 Notwithstanding the foregoing provisions of By-Law 20.1 above, matters concerning adjustments made pursuant to By-Law 14 shall be referred to the Auditor or Adviser, acting as an expert and not as arbitrator and whose decision shall be final and binding in all respects.

## **21. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP**

- 21.1 If the Participant who was in the employment of a company in the Group which was subsequently divested from the Group resulting in that company ceasing to be a subsidiary, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of such company ceasing to be a subsidiary, shall be null and void and be of no effect. Such Participant shall not be eligible to participate for further ESOS Options under the ESOS.
- 21.2 In the event that the Participant is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing share issuance scheme in which the Participant will be entitled to participate, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of transfer shall be null and void and be of no effect.

If the associated company does not have an existing share issuance scheme in which the Participant will be entitled to participate, the ESOS Committee shall have the sole and absolute discretion to determine whether the ESOS Options unexercised by the Participant will continue to be capable of exercise and the period in which it is capable of being exercised.

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DRAFT BY-LAWS (CONT'D)

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In the event that:

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 7 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 employee 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 an employee of the Previous Company will be eligible to participate in this ESOS for its remaining ESOS Option Period, if the affected employee becomes an Eligible Person within the meaning under the By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Karex Group pursuant to subsection (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the ESOS Period, the ESOS shall apply to the employees 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 1 and the By-Laws shall apply.

- 21.3 A company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from 50% and above to less than 50% so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

## 22. TERMINATION OF THE ESOS

- 22.1 Subject to the compliance with the requirements of Bursa Securities and any other authorities, the ESOS may be terminated by the Company at any time during the ESOS Period 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. The announcement shall include:

- (a) the effective date of termination of the ESOS (“**Termination Date**”);
- (b) the number of ESOS Options exercised or Shares vested; and
- (c) the reasons for termination of the ESOS.

- 22.2 In the event of termination as stipulated by By-Law 22.1 above, the following provisions shall apply:

- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
- (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
- (c) all outstanding ESOS Options which have yet to be exercised by the Participants shall be automatically lapsed on the Termination Date.

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**DRAFT BY-LAWS (CONT'D)**


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**23. DISCLAIMER OF LIABILITY**

- 23.1 Notwithstanding any provisions contained herein and subject to the Act, the Company, the Board and the ESOS Committee shall not under any circumstances and in any event be held liable to any person for any cost, charges, losses, expenses, damages or liabilities whatsoever arising, including but not limited to any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares subscribed for by a Participant.

**24. ESOS NOT A TERM OF EMPLOYMENT**

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

**25. NO COMPENSATION**

- 25.1 No Eligible Person or Participant who ceases to hold office in or employment with the Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 25.2 The Company, the Board and/or the ESOS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Participant or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to exercise his ESOS Options, ceasing to be valid pursuant to the By-Laws, as may be amended from time to time in accordance with By-Law 16 hereof.

**26. RIGHTS OF PARTICIPANTS**

- 26.1 The ESOS Options shall not carry any right to vote at any general meeting of the Company. The Participant shall not in any event be entitled to any dividends, rights and/or other entitlement on his Unexercised ESOS Options.
- 26.2 Subject to the Constitution, all Participants 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.

**27. ERRORS AND OMISSIONS**

- 27.1 If in consequence of an error or omission, the ESOS Committee discovers/determines that:
- (a) an Eligible Person who was selected by the ESOS Committee has not been given the opportunity to participate in the ESOS on any occasion; or
  - (b) the number of Shares allotted and issued to any Participant pursuant to an exercise of ESOS Options under the ESOS on any occasion is found to be incorrect,

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**DRAFT BY-LAWS (CONT'D)**

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and such error or omission cannot be corrected within the relevant period specified in the ESOS, the ESOS Committee may do all such acts and things to rectify such error or omission, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the ESOS and/or the aggregate number of new Shares to which the Participant is correctly entitled to is credited into his/her CDS Account and/or to withdraw the Offer given to the employee or Director who was erroneously selected as an Eligible Person.

**28. CONSTITUTION**

- 28.1 Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the By-Laws of the ESOS and the Constitution, the Constitution shall at all times prevail save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

**29. NOTICE**

- 29.1 Any notice under the ESOS required to be given to or served upon the ESOS Committee by an Eligible Person or a Participant or any correspondence to be made between an Eligible Person or Participant to the ESOS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter or electronic media, including but not limited to electronic mail.
- 29.2 Unless otherwise provided in the By-Laws, any notice which under the ESOS is required to be given to or served upon an Eligible Person or Participant or any correspondence to be made with an Eligible Person or Participant shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile, registered letter or electronic media, including but not limited to electronic mail, addressed to the Eligible Person or Participant at the place of employment or at the last facsimile number or address known to the Company as being his/her facsimile number or address or electronic mail address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, if by registered letter would in the ordinary course of post be delivered and if by electronic mail, is sent with a notification received after the sending of notice.
- 29.3 Notwithstanding By-Law 29.2, where any notice is required to be given by the Company or the ESOS Committee under the By-Laws in relation to matters which may affect all the Eligible Persons or Participants, as the case may be, the Company or ESOS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 29.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Participants, as the case may be.

**30. SEVERABILITY**

- 30.1 If at any time any provision of the By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

**31. DECISION OF THE ESOS COMMITTEE**

- 31.1 Any decision and/or determination made by the ESOS Committee under the By-Laws shall, in the absence of any manifest of error, be final and binding.

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**DRAFT BY-LAWS (CONT'D)**


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**32. GOVERNING LAW**

- 32.1 The ESOS, the By-Laws and all ESOS Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer in accordance with the By-Laws and terms of the ESOS and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.
- 32.2 Any Eligible Person to whom the Offer is granted is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they are granted the Offers.

**33. MULTIPLE ESOS**

- 33.1 The Company may implement more than 1 share issuance scheme, provided that the aggregate number of Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the Listing Requirements.

**34. MULTIPLE JURISDICTIONS**

- 34.1 In order to facilitate the making of any ESOS Options under the ESOS, the ESOS Committee and/or the Board may provide for such special terms to apply to any ESOS Options who are employed by the Group in any particular jurisdiction, or who are nationals or any particular jurisdiction that is outside Malaysia, as the ESOS Committee and/or the Board may consider necessary and/or appropriate to accommodate the differences in local law, tax policy or custom. Moreover, the ESOS Committee and/or the Board may approve such supplements to or amendments, restatement or alternative versions of this ESOS as it may consider necessary and/or appropriate for such purposes, without thereby affecting the terms of this ESOS as is in effect for any other purpose. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of this ESOS as then in effect unless this ESOS could have been amended to eliminate such inconsistency.
- 34.2 Any Participant to whom the ESOS Options is offered, is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Participant represents, warrants and agrees that he/she has and will continue to observe all applicable laws and regulations in the jurisdiction in which he/she accepts the Offer.
- 34.3 In the event that any foreign laws, regulatory requirements and/or administrative constraints prevent or restrict the ability of the Company to allow the Eligible Persons in their foreign subsidiaries to participate in the ESOS, as alternative, a cash settled performance based scheme may be made available to them.

**[END OF BY-LAWS]**

## DRAFT BY-LAWS (CONT'D)

## APPENDIX 1

**Joint Election under section 431 of Income Tax (Earnings and Pensions) Act 2003  
("ITEPA") for full or partial disapplication of Chapter 2 of the ITEPA**

**One Part Election****1. Between**

the Employee  
whose National Insurance Number is

*[insert name of employee]*  
*[insert NINO]*

and

the Company (who is the Employee's employer)  
of Company Registration Number

*[insert name of company]*  
*[insert CRN]*

**2. Purpose of Election**

This joint election is made pursuant to section 431(1) or 431(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. An election under section 431(2) will ignore one or more of the restrictions in computing the charge on acquisition. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

**Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of the ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.**

**3. Application**

This joint election is made not later than 14 days after the date of acquisition of the securities by the employee and applies to:

Number of securities  
Description of securities  
Name of issuer of securities

*[insert number]*  
*[insert description]*  
*[insert name of issuer]*

\* acquired by the Employee on  
\* to be acquired by the Employee between  
\* to be acquired by the Employee after  
under the terms of

*[insert date]*  
*[dd/mm/yyyy]* and *[dd/mm/yyyy]*  
*[dd/mm/yyyy]*  
*[insert scheme/plan name]*

(\* delete as appropriate)

**4. Extent of Application**

This election disapplies (\* delete as appropriate):

- \* S.431(1) ITEPA: All restrictions attaching to the securities, or
- \* S431(2) ITEPA: The following specified restriction : *[details of specified restriction]*

This election will become irrevocable upon the later of its signing or the acquisition (\* and each subsequent acquisition) of employment-related securities to which this election applies.

In signing this joint election, we agree to be bound by its terms as stated above.

Position in company

*Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the employee and employer in respect of that and any later acquisition.*

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## DRAFT BY-LAWS (CONT'D)

## APPENDIX 2

## U.S. Sub-Plan

## to the

**By-Laws of the Employees' Share Option Scheme ("ESOS") for the Eligible Directors and Employees of Karex Berhad and Its Subsidiaries (Excluding Dormant Subsidiaries, if any)****I. Overview**

ESOS Options ("Options") granted to U.S. Participants under the U.S. Sub-Plan to the By-Laws of the Employees' Share Option Scheme for the Eligible Directors and Employees of Karex Berhad and Its Subsidiaries (excluding Dormant Subsidiaries, if any) (the "By-Laws") are intended to be Non-Statutory Stock Options for U.S. tax purposes. Non-Statutory Stock Options shall comply in all respects with the United States Internal Revenue Code of 1986, as amended, (the "Code") for the U.S. Participants (as defined hereinafter).

**II. Interpretation**

The following terms and conditions are intended to replace, where applicable, or supplement the terms of the By-Laws for grants made to U.S. Participants. For the purposes of this U.S. Sub-Plan, the definitions set out in the By-Laws shall apply to this U.S. Sub-Plan as such definitions apply to the By-Laws (unless replaced or supplemented) and in addition the following terms shall have the following meanings (unless the context requires otherwise):

- a) **"Beneficiary"** means the legal representatives of the U.S. Participant's estate entitled by will or the laws of descent and distribution to receive the benefits under a U.S. Participant's Option upon a U.S. Participant's death, provided that, if and to the extent authorized by the Board, a U.S. Participant may be permitted to designate a Beneficiary by separate written designation hereunder, in which case the "Beneficiary" instead will be the person, persons, trust or trusts (if any are then surviving) which have been designated by the U.S. Participant in his or her most recent written beneficiary designation filed with the Board to receive the benefits specified under the U.S. Participant's Option upon such U.S. Participant's death. Unless otherwise determined by the Board, any designation of a Beneficiary other than a U.S. Participant's spouse shall be subject to the written consent of such spouse.
- b) **"Board"** means the board of directors of the Company.
- c) **"Code"** means the United States Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation, and regulations thereto.
- d) **"Date of Grant"** means, with respect to Non-Statutory Stock Options, the date specified in Treasury Regulation Section 1.409A-1(b)(5)(vi)(B).
- e) **"Exchange Act"** means the U.S. Securities Exchange Act of 1934, as amended.
- f) **"Non-Statutory Stock Option"** means an Option not intended to be or which does not qualify as an Incentive Stock Option under the Code.
- g) **"Securities Act"** means the U.S. Securities Exchange Act of 1933, as amended.

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**DRAFT BY-LAWS (CONT'D)**


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- h) **"Subsidiary"** means a corporation, company, partnership or other form of business organization of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent or more of the total combined voting power of all classes of stock or other form of equity ownership or has a significant financial interest, as determined by the Board.
- i) **"U.S Participants"** means the Participants who are employed by the U.S subsidiaries of Karex located in the U.S and subject to tax in the U.S (including those working outside the U.S, i.e. U.S citizens and green card holders)."

**III. Exercise Price**

In the case of a Non-Statutory Stock Option granted to any U.S. Participants, the Exercise Price shall not be less than 100% of the fair market value per Karex Share on the date of grant determined as follows (a) if the Karex Shares are listed or quoted for trading on an exchange, the value will be deemed to be the closing or last offer price, as applicable, of the Karex Shares on the principal exchange upon which such securities are traded or quoted on the date prior to the date of grant, provided, if such date is not a trading day, on the last market trading day prior to such date; and (b) if the Karex Shares are not listed or quoted for trading on an exchange, the fair market value of the Karex Shares shall be determined by the Board, consistent with the requirements of Section 409A of the Code with respect to Non- Statutory Stock Options.

**IV. Leave of Absence**

For purposes of the Option grants, any leave of absence which exceeds three (3) months shall be considered as a termination of employment unless reemployment upon expiration of such leave is guaranteed by statute or contract.

**V. Expiration Date and Term of Options**

The Option term shall not exceed ten (10) years in any event. An Option shall expire on (i) the expiration of the By-Laws or (ii) ten (10) years from the Date of Grant, whichever earlier.

**VI. Eligibility**

Non-Statutory Stock Options may be granted under the U.S. Sub-Plan only to Eligible Persons. For purposes of the U.S. Sub-Plan, an "Eligible Person" means (i) an employee of the Company or any Subsidiary, which term shall include any common-law employee as well as any person whom the Company or Subsidiary classifies as an employee (including any officer who is an employee) for employment tax purposes (whether or not such classification is correct), and any person who has been offered employment by the Company or Subsidiary, provided that such prospective employee may not receive any payment or exercise any right relating to an Option until such person has commenced employment with the Company or Subsidiary (each, an "employee") or (ii) a non-employee executive officer or non-employee director of the Company or Subsidiary. A person shall not cease to be an employee in the case of (i) any military, sick leave or other bona fide leave of absence approved by the Company or (ii) transfers between locations of the Company or between or among the Company, and its Subsidiaries, or any successor. Neither service as a director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company for purposes of the U.S. Sub-Plan.

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**DRAFT BY-LAWS (CONT'D)**

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**VII. Corporate Events and Adjustments**

All assumptions and substitutions of Options granted under the U.S. Sub-Plan shall be determined in accordance with Code Section 409A of the Code (Non-Statutory Stock Options). No adjustment shall be made to the terms or conditions of an Option under the terms of the By-Laws unless the adjustment would not otherwise cause adverse tax consequences to the U.S. Participant under Code Section 409A or result in the loss of Incentive Stock Option status under Code Section 424 (without the U.S. Participant's consent).

**VIII. Section 409A**

The Company intends that Options granted pursuant to the By-Laws to U.S. Participants be exempt from or comply with Section 409A of the Code (including any amendments or replacements of such section), and the By-Laws shall be so construed. Notwithstanding other provisions of this U.S. Sub-Plan or any Offer Letters hereunder, unless otherwise determined by the Board in its sole and absolute discretion, no Option shall be granted, deferred, accelerated, extended, settled, paid out or modified under this U.S. Sub-Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a U.S. Participant. In the event that it is reasonably determined by the Board that, as a result of Section 409A of the Code, payments in respect of any Option under the By-Laws may not be made at the time contemplated by the terms of the By-Laws or the relevant Offer Letter, as the case may be, without causing the U.S. Participant holding such Option to be subject to taxation under Section 409A of the Code, including as a result of the fact that the U.S. Participant is a "specified employee" under Section 409A of the Code, the Company will make such payment on the first day that would not result in the U.S. Participant incurring any tax liability under Section 409A of the Code. The Company shall use commercially reasonable efforts to implement the provisions of this Section in good faith; provided, that neither the Company, the Board nor any of the Company's employees, directors or representatives shall have any liability to U.S. Participants with respect to this Section. Notwithstanding any provision of the By-Laws to the contrary, in the event that following such effective date the Board determines that any Option may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after such effective date), the Board may adopt such amendments to the By-Laws and the applicable Offer Letter or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Board determines are necessary or appropriate to (a) exempt the Option from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Option, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

**IX. Withholding Taxes**

To the extent required by law, the Company may withhold or cause to be withheld income and other taxes with respect to any income recognized by a U.S. Participant by reason of the exercise of an Option, and as a condition to the receipt of any Option the U.S. Participant shall agree that if the amount payable to him or her by the Company or any Subsidiary employing the U.S. Participant in the ordinary course is insufficient to pay such taxes, then the U.S. Participant shall upon the request of the Company pay to the Company an amount sufficient to satisfy its tax.

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**DRAFT BY-LAWS (CONT'D)**

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**X. U.S. Securities Law Restrictions**

The Karex Shares to be issued from exercised Options have not been registered under the U.S. Securities Act and may not be offered or sold in the United States or to U.S. persons unless the Karex Shares are registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act is available.

Regardless of whether the offering and sale of shares under this U.S. Sub-Plan to the ESOS have been registered under the U.S. Securities Act or have been registered or qualified under the securities laws of any U.S. state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the U.S. Securities Act, the securities laws of any state or any other law.

**XI. Limitation on Rights Conferred under U.S. Sub-Plan**

Neither this U.S. Sub-Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or U.S. Participant the right to continue as an Eligible Person or U.S. Participant or in the employment or service of the Company or a Subsidiary, (ii) interfering in any way with the right of the Company or a Subsidiary to terminate any Eligible Person's or U.S. Participant's employment or service at any time, (iii) giving an Eligible Person or U.S. Participant any claim to be granted any Option under the By-Laws or to be treated uniformly with other U.S. Participants and employees, or (iv) conferring on a U.S. Participant any of the rights of a shareholder of the Company unless and until the U.S. Participant is duly issued or transferred Karex Shares in accordance with the terms of an Option, or an Option is duly exercised. Except as expressly provided in this U.S. Sub-Plan and an Offer Letter, neither this U.S. Sub-Plan nor any Offer Letter shall confer on any person other than the Company and the U.S. Participant any rights or remedies thereunder.

**XII. Effective Date**

This U.S. Sub-Plan shall become effective upon the implementation of the ESOS in accordance with the By-Laws (the "Effective Date"). It shall continue in effect for a term of five years from such date unless extended or terminated under the terms of the By-Laws. The Board may at any time amend the U.S. Sub-Plan; provided, however, no amendment shall adversely affect outstanding Options without the consent of the U.S. Participant. The By-Laws may be terminated at any time by action of the Board, but any such termination will not terminate Options then outstanding, without the consent of the U.S. Participant. For avoidance of doubt, upon termination of the By-Laws, (i) no further Offers shall be made from the termination date; (ii) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the termination date; and (iii) all outstanding ESOS Options which have yet to be exercised by the U.S. Participants shall lapse on the termination date with the consent of the U.S. Participants.

**XIII. Governing Law**

This U.S. Sub-Plan shall in all respects be governed by and be construed in accordance with the laws of the State of Delaware, without giving effect to the principals of conflicts of laws, and applicable provisions of U.S. federal law. The state and federal courts located within the State of Delaware shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this U.S. Sub-Plan and accordingly any proceedings, suit or action arising out of this U.S. Sub-Plan shall be brought in such courts.

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**DRAFT BY-LAWS (CONT'D)**

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**XIV. Miscellaneous**

- a) Notwithstanding the rules, terms and conditions contained in this U.S. Sub-Plan (which is only applicable to the U.S. Participants), in the event of any conflict or inconsistency should arise between the By-Laws and U.S. Sub-Plan, the provisions of this U.S. Sub-Plan shall prevail at all times.
- b) Further, pursuant to By-Law 15.2 of the By-Laws, the ESOS Committee (as defined in the By-Laws) shall administer the ESOS in such manner as it shall in its discretion and delegate to the Board the rights and powers relating to the ESOS to perform such acts as are deemed necessary or expedient to administer the U.S. Sub-Plan.

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**ADDITIONAL INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST**

RHBIB, being the Principal Adviser to Karex for the Proposed ESOS, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHBIB, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended credit facilities amounting to RM32.00 million ("**Credit Facilities**") (with an amount of approximately RM7.32 million outstanding) to Karex Group. The Credit Facilities represent approximately 0.11% of the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022.

Notwithstanding the above, RHBIB is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to Karex for the Proposed ESOS is mitigated by the following:

- (a) RHBIB is a licensed investment bank and its appointment as the Principal Adviser to Karex for the Proposed ESOS is in the ordinary course of its business and RHBIB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to Karex for the Proposed ESOS;

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**ADDITIONAL INFORMATION (CONT'D)**


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- (b) the Credit Facilities were approved by RHB Banking Group's in its ordinary course of business and approved by its relevant credit committee and granted on an arm's length basis. The Credit Facilities are not material when compared to the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022;
- (c) the Corporate Finance division of RHBIB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHBIB confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to Karex for the Proposed ESOS.

**3. MATERIAL COMMITMENTS**

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group:

<b>Capital commitments</b>	<b>RM'000</b>
Contracted but not provided for:	
<ul style="list-style-type: none"> <li>• Property, plant and equipment</li> </ul>	<u><b>5,635</b></u>

**4. CONTINGENT LIABILITIES**

As at the LPD, there is no contingent liability incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group.

**5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

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**ADDITIONAL INFORMATION (CONT'D)**

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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Company's Registered Office at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- i. Constitution of Karex;
- ii. audited consolidated financial statements of Karex Group for the past 2 financial years up to the FYE 30 June 2022 and the latest unaudited consolidated financial statements of Karex Group for the 6-month FPE 31 December 2022;
- iii. draft By-Laws; and
- iv. letter of consent and declaration of conflict of interest referred to in Section 2 above.

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## KAREX BERHAD

(Registration No. 201201034091 (1018579-U))  
(Incorporated in Malaysia)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of Karex Berhad will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities from the broadcast venue at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via online meeting platform at <https://meeting.boardroomlimited.my> on Thursday, 8 June 2023 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

#### ORDINARY RESOLUTION 1

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF KAREX BERHAD ("KAREX" OR THE "COMPANY") (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE ESOS ("PROPOSED ESOS")**

**"THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board of Directors of Karex ("**Board**") to establish the ESOS of up to 10% of the total number of issued shares of Karex (excluding treasury shares, if any) from time to time for the benefit of eligible directors and employees of Karex and its subsidiaries ("**Karex Group**" or "**Group**") (excluding dormant subsidiaries, if any) who meet the eligibility criteria for participation in the Proposed ESOS ("**Eligible Persons**"), and the Board be and is hereby authorised to:

- (i) establish, appoint and authorise an ESOS committee ("**ESOS Committee**") to implement and administer the Proposed ESOS for the benefit of the Eligible Persons, in accordance with the rules, terms and conditions of the Proposed ESOS as may be modified, varied and/or amended from time to time ("**By-Laws**") as set out in Appendix I of the Circular. The members of the ESOS Committee shall comprise Directors and/or other persons as shall be appointed and duly authorised from time to time by the Board;
- (ii) allot and issue from time to time such number of new ordinary shares in Karex ("**Karex Shares**" or "**Shares**") as may be required to be allotted and issued pursuant to the exercise of the options granted under the Proposed ESOS ("**ESOS Options**"), **PROVIDED THAT** the total number of new Shares to be issued under the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued shares of Karex (excluding treasury shares, if any) at any point in time during the duration of the ESOS **AND THAT** the new Shares to be allotted and issued upon the exercise of any ESOS Options will, upon allotment and issuance, rank equally in all respects with the then existing Karex Shares, save and except that they will not be entitled to any dividend, right, allotment, and/or other distribution, that may be declared, made or paid prior to the date of allotment and issuance of such new Shares to be issued arising from the exercise of the ESOS Options;
- (iii) do all necessary and make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the new Shares which may from time to time be allotted and issued arising from the exercise of the ESOS Options;

- (iv) add, modify, vary 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, variations and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications, variations and/or amendments, deeds or undertakings, to deliver and/or impose such terms and conditions and/or delegate part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed ESOS;
- (v) extend the duration of the ESOS, if the Board deems fit, for up to a maximum period of an additional 5 years ("**Extension**") upon the recommendation by the ESOS committee, **PROVIDED ALWAYS** that the initial ESOS period of 5 years and such Extension made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities, and that the Board be and is hereby authorised to implement the Extension and do all such acts and things and to execute all necessary documents to give full effect to and complete the Extension with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities and to take all steps and actions as may be required by the relevant authorities and as the Board may deem necessary and/or expedient to finalise, implement and give full effect to and complete the Extension; and
- (vi) to make the necessary application to Bursa Securities for the listing and quotation of the new Shares (as adjusted or modified from time to time pursuant to the By-Laws) that may hereafter from time to time be allotted and issued pursuant to the Proposed ESOS.

**THAT** pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 54 of the Constitution of the Company ("**Constitution**"), approval be hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered any new Karex Shares ranking equally to the existing issued Karex Shares arising from any allotment and issuance of new Shares to the Eligible Persons pursuant to the Proposed ESOS;

**THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute all such documents and enter into all such arrangements, agreements, deeds and/or undertakings with any parties as they may deem fit necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed ESOS and terms of the By-Laws with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Board may deem fit or necessary or expedient in the best interest of the Company.

**AND THAT** the draft By-Laws, as set out in Appendix I of the Circular, be and is hereby approved and adopted."

## **ORDINARY RESOLUTIONS 2 TO 11**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DIRECTORS OF KAREX AND PERSONS CONNECTED TO THEM UNDER THE PROPOSED ESOS**

**"THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to authorise the ESOS committee, at any time throughout the duration of the ESOS, to offer and grant to the following persons, ESOS Options to subscribe for new Shares under the Proposed ESOS:

(i)	Dato' Dr. Ong Eng Long @ Ong Siew Chuan ( <i>Chairman/Senior Independent Non-Executive Director</i> )	Ordinary Resolution 2
(ii)	Professor Dato' Dr. Adeeba binti Kamarulzaman ( <i>Independent Non-Executive Director</i> )	Ordinary Resolution 3
(iii)	Dato' Edward Siew Mun Wai ( <i>Independent Non-Executive Director</i> )	Ordinary Resolution 4
(iv)	Chew Fook Aun ( <i>Independent Non-Executive Director</i> )	Ordinary Resolution 5
(v)	Lam Juiuan Juiuan <sup>(a)</sup> ( <i>Non-Independent Non-Executive Director</i> )	Ordinary Resolution 6
(vi)	Goh Yen Yen <sup>(b)</sup> ( <i>Non-Independent Non-Executive Director</i> )	Ordinary Resolution 7
(vii)	Goh Leng Kian <sup>(c)</sup> ( <i>Executive Director</i> )	Ordinary Resolution 8
(viii)	Goh Miah Kiat <sup>(d)</sup> ( <i>Executive Director/Chief Executive Officer</i> )	Ordinary Resolution 9
(ix)	Boong Siew Choon <sup>(e)</sup> ( <i>Supply Chain Director</i> )	Ordinary Resolution 10
(x)	Goh Mui Gek <sup>(f)</sup> ( <i>Sales Director</i> )	Ordinary Resolution 11

**Notes:**

- (a) Lam Juiuan Juiuan is the spouse of Lam Yiu Pang, Albert, the sibling of Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek.
- (b) Goh Yen Yen is the sibling of Lam Juiuan Juiuan, Goh Leng Kian, Goh Ai Noi and Goh Yin as well as the aunt of Goh Miah Kiat and Goh Mui Gek.
- (c) Goh Leng Kian is the spouse of Boong Siew Choon, the sibling of Lam Juiuan Juiuan, Goh Yen Yen, Goh Ai Noi and Goh Yin as well as the uncle of Goh Miah Kiat and Goh Mui Gek.
- (d) Goh Miah Kiat is the sibling of Goh Mui Gek and the nephew of Lam Juiuan Juiuan, Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin.
- (e) Boong Siew Choon is the spouse of Goh Leng Kian.
- (f) Goh Mui Gek is the sibling of Goh Miah Kiat and the niece of Lam Juiuan Juiuan, Goh Yen Yen, Goh Leng Kian, Goh Ai Noi and Goh Yin.

Provided always that:

- (a) the abovementioned persons must not participate in the deliberation and/or discussion of their own respective allocation;
- (b) not more than 10% of the total number of new Shares to be issued under the Proposed ESOS would be allocated to any one of the abovementioned persons who, either singly or collectively through persons connected to them, holds 20% or more of the total number of issued shares of the Company; and
- (c) the allocation of ESOS Options to the abovementioned persons shall be subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws, the Main Market Listing Requirements of Bursa Securities, or any prevailing guideline issued by Bursa Securities, as amended from time to time.

**THAT** at any one time during the duration of the Proposed ESOS, not more than 70% of the total number of ESOS Options available under the Proposed ESOS could be allocated, in aggregate to the directors and senior management of Karex Group (excluding dormant subsidiaries, if any) pursuant to the Proposed ESOS.

**THAT** pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 54 of the Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered new Karex Shares ranking equally to the existing issued Karex Shares.

**AND THAT** the Board is also authorised to allot and issue the corresponding number of new Shares arising from the exercise of the ESOS Options that may be granted to them under the Proposed ESOS."

## By Order of the Board

**LIM LEE KUAN (SSM PC NO. 202008001079) (MAICSA 7017753)**  
**TEO MEE HUI (SSM PC NO. 202008001081) (MAICSA 7050642)**  
**ELIZABETH ALLISON DE ZILVA (SSM PC NO. 202008002112) (MAICSA 7030086)**  
Company Secretaries

Selangor Darul Ehsan  
5 May 2023

### Notes:

1. *The Company will continue to leverage on technology to facilitate communications with its shareholders by conducting the EGM on a virtual basis where shareholders are only allowed to participate remotely through live streaming and online remote voting using RPEV facilities via online meeting platform available at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate (including to pose questions) and vote remotely via RPEV facilities.*
2. *The conduct of a virtual EGM is in line with the Guidance Note and Frequently Asked Questions ("**the Revised Guidance Note and FAQ**") by the Securities Commission Malaysia on 7 April 2022.*
3. *Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), and exempt authorised nominees which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate and vote instead of him at the EGM, and that such proxy need not be a member.*
4. *Where a member appoints more than 1 proxy (subject always to a maximum of 2 proxies at each meeting), the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in an 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 authorised nominee as defined under SICDA, it may appoint 1 proxy 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 appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.*
7. *The instrument appointing the proxy may be made in a hard copy form or by electronic means, not less than 48 hours before the time appointed for holding the EGM, as follows:*
  - (a) **In hard copy form**  
*The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Company's Registered Office at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.*
  - (b) **By electronic means**  
*The Form of Proxy can also be lodged electronically with the Company's Share Registrar through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com). Please follow the procedures provided in the Administrative Guide for the EGM in order to deposit the Form of Proxy electronically.*
8. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the electronic EGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) at least 48 hours before this meeting.*
9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote on a poll.*
10. *Only a depositor whose name appears on the Record of Depositors as at 1 June 2023 shall be entitled to participate and vote at this meeting or appoints a proxy or proxies to participate and vote on his behalf.*

**Explanatory Notes:**

Section 85(1) of the Companies Act 2016 states that:

*"Subject to the Constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."*

Clause 54 of the Constitution states that:

*"54. Subject to any direction to the contrary that may be given by the Company in general meeting, all new Shares or other convertible Securities shall, before issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause."*

*In order for the Board to issue any new Shares without any pre-emptive rights, such pre-emptive rights must be waived. By approving the resolutions in relation to the Proposed ESOS which entail the allotment and issuance of new Karex Shares (including the new Shares to be issued arising from the exercise of the ESOS Options) in the Company, the shareholders of the Company are waiving their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 54 of the Constitution to first be offered the Karex Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in the Company.*

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**KAREX BERHAD**

(Registration No. 201201034091 (1018579-U))  
(Incorporated in Malaysia)

**Administrative Guide for the Extraordinary General Meeting (“EGM”)**

Date	8 June 2023 (Thursday)
Time	10.00 am
Meeting Platform	<a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>
Broadcast Venue	12 <sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

**VIRTUAL MEETING**

The Company will continue to leverage on technology to facilitate communication with its shareholders by conducting the EGM on a virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities.

The conduct of a virtual EGM is in line with the revised Guidance Note and Frequently Asked Questions (“**the Revised Guidance Note and FAQ**”) by the Securities Commission Malaysia on 7 April 2022. The Revised Guidance Note and FAQ states that in a virtual general meeting where only essential individuals are physically present to conduct the virtual general meeting. All shareholders in a virtual general meeting participate in the meeting online.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting. **NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES** shall be physically present at the Broadcast Venue on the day of the EGM.

We strongly encourage you to participate in the virtual EGM via the RPEV facilities provided to exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the EGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.

Kindly ensure that you are connected to the internet at all times to participate and vote when our virtual EGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the EGM is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

**ENTITLEMENT TO PARTICIPATE AND VOTE**

Only a depositor whose name appears on our Record of Depositors as at **1 June 2023** shall be entitled to attend, participate and vote at the EGM or appoint a proxy(ies) to participate and vote on his/her behalf by returning the proxy form.

**LODGEMENT OF PROXY FORM**

If you are unable to attend the EGM via the online meeting platform and wish to appoint proxy to vote on your behalf, please deposit your proxy form at the registered office of the Company at **10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur** via post/courier/by hand not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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## ADMINISTRATIVE GUIDE (CONT'D)

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Alternatively, the proxy appointment may also be lodged electronically at <https://investor.boardroomlimited.com>, which is free and available to all individual shareholders, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof, and in default the instrument of proxy shall not be treated as valid. For further information, kindly refer to Steps 1 & 2 “**ONLINE REGISTRATION PROCEDURE**” below.

If you wish to participate in the EGM personally, please do not submit any proxy form. You will not be allowed to participate in the EGM together with a proxy appointed by you.

### **REVOCATION OF PROXY**

If you have submitted your Proxy Form prior to the EGM and subsequently decide to appoint another person or wish to participate in the EGM yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the EGM. On revocation, your proxy(ies) will not be allowed to participate in the EGM. In such event, you should advise your proxy(ies) accordingly.

### **VOTING PROCEDURES**

The voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn. Bhd. (“**Boardroom**”) as the Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and SKY Corporate Services Sdn. Bhd. as Independent Scrutineer to verify the poll results.

During the EGM, the Chairman will invite the Poll Administrator to provide a brief on the e-Voting housekeeping rules.

For the purpose of the EGM, e-Voting can be carried out by using either personal smart mobile phones, tablets, personal computers or laptops.

The polling will only commence after the announcement of the poll being opened is made by the Chairman and will remain active until such time when the Chairman announces the closure of poll.

The Independent Scrutineer will verify the poll result reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or otherwise.

### **ONLINE REGISTRATION PROCEDURE**

<b>Step 1</b>  Register online with Boardroom Smart Investor Portal (“ <b>BSIP</b> ”) for Individual and Corporate Shareholder <b>(for first time registration only)</b>	<p>(Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2 to submit your request for Remote Participation user ID and Password.)</p> <ul style="list-style-type: none"><li>• Access the website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a>.</li><li>• Click &lt;&lt;<b>Register</b>&gt;&gt; to sign up as a user.</li><li>• Select “<b>Account Type</b>” to “<b>Sign Up As Shareholder</b>” or “<b>Sign Up As Corporate Holder</b>”.</li><li>• Complete registration and upload required documents such as softcopy of MyKad (front and back) or Passport and authorisation letter (template available) for Corporate Holder.</li><li>• Enter a valid mobile number, email address and password. Click “<b>Sign Up</b>”.</li><li>• You will receive an email from BSIP for email address verification. Click “<b>Verify E-mail Address</b>” to continue with the registration.</li><li>• Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click “<b>Request OTP Code</b>” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click “<b>Enter</b>” to complete the process.</li></ul> <p>An email will be sent to you within one (1) business day informing you on the approval of your BSIP account. You can login to BSIP at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> with email address and password that you have provided during the registration to proceed with the next step.</p>
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## ADMINISTRATIVE GUIDE (CONT'D)

<p><b>Step 2</b></p> <p>Submit Request for Remote Participation</p> <p><i>Note: You must be a registered BSIP user. If not, return to Step 1</i></p>	<p>(Note: The registration for RPEV facilities will open on <b>5 May 2023</b>. Please note that the closing time to submit your request is not less than forty-eight (48) hours before the time of holding the EGM)</p> <p><b>For Individual/ Corporate Members</b></p> <ol style="list-style-type: none"> <li>Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a>.</li> <li>Select "<b>KAREX BERHAD EXTRAORDINARY GENERAL MEETING</b>" from the list of Meeting Event and click "<b>Enter</b>"</li> <li>To attend the virtual EGM remotely <ul style="list-style-type: none"> <li>Click on "<b>Register for RPEV</b>".</li> <li>Read and accept and General Terms and Conditions and enter your CDS account no to submit your request.</li> </ul> </li> <li>To appoint proxy <ul style="list-style-type: none"> <li>Click "<b>Submit eProxy Form</b>".</li> <li>Select the company you would like to be represented (if more than one), for Corporate Shareholders.</li> <li>Read and accept the General Terms and Conditions and enter your CDS account no. Then insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate "<b>Discretionary</b>".</li> </ul> </li> </ol> <p><b>For Authorised Nominees and Exempt Authorised Nominees</b></p> <ol style="list-style-type: none"> <li>Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>Select "<b>KAREX BERHAD EXTRAORDINARY GENERAL MEETING</b>" from the list of Meeting Event and click "<b>Enter</b>".</li> <li>Click "<b>Submit eProxy Form</b>".</li> <li>Select the company you would like to be represented (if more than one).</li> <li>Proceed to download the file format for "<b>Submission of Proxy Form</b>".</li> <li>Prepare the file for the appointment of proxy/proxies by inserting the required data.</li> <li>Proceed to upload the duly completed Proxy Appointment file.</li> <li>Review and confirm your proxy/proxies appointment and click "<b>Submit</b>".</li> <li>Download or print the eProxy form as acknowledgement.</li> </ol> <p><b>For Corporate Shareholders/Authorised Nominees/ Exempt Authorised Nominees/Attorneys</b>, you may also write to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required.</p>
<p><b>Step 3</b></p> <p>Email Notification</p>	<ul style="list-style-type: none"> <li>You will receive notification from Boardroom that your request(s) has been received and is being verified.</li> <li>Upon system verification against the Record of Depositors of the EGM as at <b>1 June 2023</b>, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.</li> <li>If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom.</li> <li>Please note that the closing date and time to submit your request is by <b>Tuesday, 6 June 2023 at 10.00 am</b>.</li> </ul>

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## ADMINISTRATIVE GUIDE (CONT'D)

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### **ON THE DAY OF THE EGM**

<b>Step 4</b> Login to Virtual Meeting Platform	(Note: The quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users) <ul style="list-style-type: none"><li>• The Virtual Meeting Platform will be opened for login one (1) hour before the commencement of the EGM.</li><li>• The Meeting Platform can be accessed via one of the following methods:<ul style="list-style-type: none"><li>√ Scan the QR Code provided in the email notification; or</li><li>√ Navigate to the website at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>.</li></ul></li><li>• Insert the Meeting ID No. and sign in with the user ID and password provided to you via the email notification in Step 3.</li></ul>
<b>Step 5</b> Participate	(Note: Please follow the User Guides provided in the confirmation email above to view the live webcast, submit questions and vote) <ul style="list-style-type: none"><li>• If you would like to view the live webcast, select the broadcast icon.</li><li>• If you would like to ask a question during the EGM, select the messaging icon.</li><li>• Type your message within the chat box, once completed click the send button.</li></ul>
<b>Step 6</b> Voting	<ul style="list-style-type: none"><li>• Once the EGM is opened for voting, the polling icon will appear with the resolutions and your voting choices until the Chairman declares the end of the voting session.</li><li>• To vote, select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</li><li>• To change your vote, re-select another voting direction.</li><li>• If you wish to cancel your vote, please press “<b>Cancel</b>”.</li></ul>
<b>Step 7</b> End of Participation	<ul style="list-style-type: none"><li>• Upon the announcement by the Chairman on the closure of the EGM, the live webcast will end and the messaging window will be disabled.</li><li>• You can now logout from the Meeting Platform.</li></ul>

### **GIFT POLICY**

There will be no distribution of door gifts or vouchers for shareholders/proxies who participate at the EGM.

### **RECORDING/PHOTOGRAPHY**

No recording or photography of the EGM proceedings is allowed without prior written permission or consent.

### **ENQUIRY**

If you have any enquiries prior to the EGM or if you wish to request for technical assistance to participate in the virtual meeting, please contact Boardroom during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.), details as follows:

#### **Boardroom Share Registrars Sdn. Bhd.**

Address : 11<sup>th</sup> Floor, Menara Symphony  
No. 5 Jalan Professor Khoo Kay Kim Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
General Line : 603-7890 4700 (Helpdesk)  
Fax Number : 603-7890 4670  
Email : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

**KAREX BERHAD**(Registration No.201201034091 (1018579-U))  
(Incorporated in Malaysia)**FORM OF PROXY**

No. of shares held	
CDS account no.	

I/ We \_\_\_\_\_ \*NRIC/ Passport / Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITAL)of \_\_\_\_\_  
(FULL ADDRESS)

and telephone no./ email address \_\_\_\_\_ being \*a member/ members

of **Karex Berhad (201201034091 (1018579-U))** hereby appoint:

Full Name and Address (in Block Letters) (First Proxy)	NRIC No./ Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:		

\*and/or

Full Name and Address (in Block Letters) (Second Proxy)	NRIC No./ Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:		

or failing \*him/ her the Chairperson of the Meeting as \*my/ our proxy/ proxies to participate and vote for \*me/ us on \*my/ our behalf at the Extraordinary General Meeting ("EGM") of Karex Berhad ("**Company**") which will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("**RPEV**") facilities from the broadcast venue at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via online meeting platform at <https://meeting.boardroomlimited.my> on Thursday, 8 June 2023 at 10.00 a.m.

\*My/ our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	PROPOSED ESOS		
2	PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' DR. ONG ENG LONG @ ONG SIEW CHUAN		
3	PROPOSED ALLOCATION OF ESOS OPTIONS TO PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN		
4	PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' EDWARD SIEW MUN WAI		
5	PROPOSED ALLOCATION OF ESOS OPTIONS TO CHEW FOOK AUN		
6	PROPOSED ALLOCATION OF ESOS OPTIONS TO LAM JUAN JUAN		
7	PROPOSED ALLOCATION OF ESOS OPTIONS TO GOH YEN YEN		
8	PROPOSED ALLOCATION OF ESOS OPTIONS TO GOH LENG KIAN		
9	PROPOSED ALLOCATION OF ESOS OPTIONS TO GOH MIAH KIAT		
10	PROPOSED ALLOCATION OF ESOS OPTIONS TO BOONG SIEW CHOON		
11	PROPOSED ALLOCATION OF ESOS OPTIONS TO GOH MUI GEK		

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

\* *Strike out whichever is not desired*

Signature of Member(s)/ Common Seal

Date: \_\_\_\_\_

**Notes:**

- The Company will continue to leverage on technology to facilitate communications with its shareholders by conducting the EGM on a virtual basis where shareholders are only allowed to participate remotely through live streaming and online remote voting using RPEV facilities via online meeting platform available at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate (including to pose question) and vote remotely via RPEV facilities.
- The conduct of a virtual EGM is in line with the Guidance Note and Frequently Asked Questions ("**the Revised Guidance Note and FAQ**") by the Securities Commission Malaysia on 7 April 2022.
- Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), and exempt authorised nominees which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate and vote instead of him at the EGM, and that such proxy need not be a member.



**Notes (cont'd):**

4. Where a member appoints more than 1 proxy (subject always to a maximum of 2 proxies at each meeting), the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in an 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 authorised nominee as defined under SICDA, it may appoint 1 proxy 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 appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
7. The instrument appointing the proxy may be made in a hard copy form or by electronic means, not less than 48 hours before the time appointed for holding the EGM, as follows:
  - (a) **In hard copy form**  
The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Company's Registered Office at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.
  - (b) **By electronic means**  
The Form of Proxy can also be lodged electronically with the Company's Share Registrar through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com). Please follow the procedures provided in the Administrative Guide for the EGM in order to deposit the Form of Proxy electronically.
8. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the electronic EGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) at least 48 hours before this meeting.
9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice of EGM will be put to vote on a poll.
10. Only a depositor whose name appears on the Record of Depositors as at 1 June 2023 shall be entitled to participate and vote at this meeting or appoints a proxy or proxies to participate and vote on his behalf.

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AFFIX  
STAMP

**The Company Secretaries**  
**KAREX BERHAD**  
**(Registration No. 201201034091 (1018579-U))**  
10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3 Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

2nd Fold Here

Fold This Flap For Sealing