

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 advisers immediately.

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This Circular has been reviewed by TA Securities Holdings Berhad as the Sponsor to Smart Asia Chemical Bhd (“**SAC**” or the “**Company**”) and Principal Adviser for the Proposals (as defined herein).



SMART ASIA CHEMICAL BHD

SMART ASIA CHEMICAL BHD
(Registration No. 201901016953 (1326281-T))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) **PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME (“SIS” OR “SCHEME”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF SAC (“SAC SHARES” OR “SHARES”) (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE EMPLOYEES OF SAC AND ITS SUBSIDIARIES (“SAC GROUP” OR THE “GROUP”) (“PROPOSED SIS”); AND**
- (II) **PROPOSED ALLOCATION OF SIS OPTIONS TO CERTAIN PERSONS CONNECTED WITH THE DIRECTORS OF SAC PURSUANT TO THE PROPOSED SIS (“PROPOSED ALLOCATION”)**

(COLLECTIVELY, THE “PROPOSALS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of our Company (“**EGM**”) will be held at Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor Bahru, Johor on Thursday, 25 June 2026 at 11:00 a.m., or at any adjournment thereof. The Notice of EGM and the Proxy Form are enclosed in this Circular.

As a shareholder who is entitled to attend and vote at the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, the Proxy Form must be deposited with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least 24 hours before the time appointed for holding of the EGM or at any adjournment thereof. The Proxy Form once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, the Proxy Form shall be deemed to have been revoked.

Last date and time for lodging the Proxy Form : Wednesday, 24 June 2026 at 11:00 a.m.
Date and time of the EGM : Thursday, 25 June 2026 at 11:00 a.m.

This Circular is dated 13 April 2026

DEFINITIONS

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

| | | |
|--------------------------------|---|---|
| Act | : | Companies Act 2016 |
| Announcement | : | The announcement of the Proposals dated 16 March 2026 |
| Board | : | Board of Directors of SAC |
| 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 | : | By-Laws governing the Scheme |
| Circular | : | This circular to shareholders dated 13 April 2026 in relation to the Proposals |
| Constitution | : | Constitution of our Company |
| Date of Offer | : | The date on which an Offer is made by the SIS Committee to an Eligible Person |
| Director(s) | : | Director(s) of SAC 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 effective date for the implementation of the Proposed SIS, as determined in accordance with the Listing Requirements and the By-Laws |
| EGM | : | Extraordinary General Meeting of SAC |
| Eligible Person(s) | : | Any eligible employee(s) of our Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) who fulfil the criteria of eligibility for participation in the Proposed SIS |
| EPS | : | Earnings per Share |
| FPE | : | Financial period ended or financial period ending, as the case may be |
| FYE | : | Financial year ended or financial year ending, as the case may be |
| Grantee(s) | : | The Eligible Person(s) who has/have duly accepted the Offer(s) in accordance with the By-Laws |
| Interested Parties | : | Means director(s), major shareholder(s) and/or chief executive(s) of SAC or of a holding company of our Company |
| Interested Person(s) Connected | : | Means person(s) connected with the Interested Parties |
| Listing Requirements | : | ACE Market Listing Requirements of Bursa Securities |

DEFINITIONS (Cont'd)

| | | |
|---|---|---|
| LPD | : | 27 March 2026, being the latest practicable date prior to the date of this Circular |
| Maximum SIS Shares | : | The maximum number of new SAC Shares which may be made available under the Scheme in aggregate not exceeding 10% of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the SIS |
| MFRS 2 | : | Malaysian Financial Reporting Standard 2 on Share-based Payment as issued by the Malaysian Accounting Standards Board |
| NA | : | Net assets attributable to the owners of SAC |
| Offer(s) | : | Written offer(s) by the SIS Committee to the Eligible Person(s) to participate in the Proposed SIS |
| Option Period | : | The period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with the By-Laws |
| Option Price | : | The price payable by the Grantee(s) to subscribe for each new SAC Share upon exercise of the SIS Option(s) |
| Proposals | : | Collectively, the Proposed SIS and the Proposed Allocation |
| Proposed Allocation | : | Proposed Allocation of SIS Options to the Interested Persons Connected pursuant to the Proposed SIS |
| Proposed SIS | : | Proposed establishment of a new SIS of up to 10% of the total number of issued Shares (excluding treasury shares, if any) for the Eligible Persons |
| SAC or Company | : | Smart Asia Chemical Bhd (Registration No.: 201901016953 (1326281-T)) |
| SAC Group or Group | : | SAC and its subsidiaries, collectively |
| SAC Shares or Shares | : | Ordinary shares in SAC |
| Senior Management | : | Such employees of our Group as the SIS Committee may at its absolute discretion determine to be the senior management |
| SIS or Scheme | : | Share issuance scheme |
| SIS Committee | : | A committee to be appointed and duly authorised by our Board to implement and administer the Proposed SIS in accordance with the By-Laws |
| SIS Option(s) | : | Option(s) with right to subscribe for new SAC Shares to be granted under the Proposed SIS in accordance with the provisions of the By-Laws |
| TA Securities or Principal Adviser or Sponsor | : | TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M)) |
| VWAP | : | Volume weighted average market price |

DEFINITIONS (Cont'd)

CURRENCY

RM and sen : Ringgit Malaysia and sen

All references to “we”, “us”, “our” and “ourselves” in this Circular, if any, shall mean SAC or where the context requires, our Group.

References to “you” or “your” are to the shareholders of our Company, unless the context otherwise requires.

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. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations, enactments or rules of the stock exchange is a reference to such statutes, rules, regulations, enactments or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

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

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSALS. PLEASE READ THIS CIRCULAR (INCLUDING ITS APPENDICES) CAREFULLY FOR FURTHER DETAILS ON THE PROPOSALS BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

| | |
|---------------------------------|--|
| Summary of the Proposals | <p>(i) Proposed SIS</p> <p>The Proposed SIS entails the establishment of a new SIS of up to 10% of the total number of issued Shares (excluding treasury shares, if any) for the Eligible Persons. The Proposed SIS upon implementation, will involve the granting of SIS Options at an Option Price payable upon exercise of the SIS Options to the Eligible Persons in accordance with the By-Laws.</p> <p>(ii) Proposed Allocation</p> <p>The Proposed Allocation entails the allocation and granting of SIS Options to the Interested Persons Connected.</p> <p>Please refer to Section 3 of this Circular for further information.</p> |
| Rationale | <p>Our Board is of the view that the Proposals are an appropriate avenue of rewarding the Eligible Persons as the Proposals are intended to:</p> <ul style="list-style-type: none">(i) recognise the contributions and services of the Eligible Persons that are considered vital to the operations and continued growth of our Group and to reward such Eligible Persons by allowing them to participate in our Group's profitability by way of potentially realising capital gains that may arise from appreciation in the price of the SAC Shares;(ii) align the Eligible Persons' interests to those of the shareholders of our Company to drive longer term shareholder value enhancement;(iii) motivate the Eligible Persons towards improved performance through greater productivity and loyalty;(iv) instil a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long-term development and growth of our Group;(v) attract and retain high-calibre Eligible Persons, and in turn enable our Group to better retain its talent pool and minimise any potential loss of performing key personnel; and(vi) serve as an alternative scheme of reward instead of bonus and salary increment which would increase our Group's expenses and cash outflow. <p>Please refer to Section 4 of this Circular for further information.</p> |

EXECUTIVE SUMMARY (Cont'd)

| | |
|----------------------------------|---|
| Approvals required | <p>The Proposals are subject to the following being obtained:</p> <ul style="list-style-type: none">(i) Bursa Securities for the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options, on the ACE Market of Bursa Securities, which was obtained vide its letter dated 26 March 2026, subject to the conditions as set out in Section 8 of this Circular; and(ii) the shareholders of our Company at our forthcoming EGM. <p>Please refer to Section 8 of this Circular for further information.</p> |
| Conditionality | <p>The Proposed Allocation is conditional upon the Proposed SIS.</p> <p>The Proposed SIS is not conditional upon the Proposed Allocation.</p> <p>The Proposals are not conditional or inter-conditional upon any other corporate proposals undertaken or to be undertaken by our Company.</p> <p>Please refer to Section 9 of this Circular for further information.</p> |
| Directors' recommendation | <p>Our Board (save for Goh Chye Hin and Kee Hui Lang) recommends that the shareholders of our Company vote IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.</p> <p>Please refer to Section 12 of this Circular for further information.</p> |

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TABLE OF CONTENTS

| | PAGE |
|--|-----------------|
| EXECUTIVE SUMMARY | iv |
| LETTER TO THE SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSALS | |
| 1. INTRODUCTION | 1 |
| 2. DETAILS OF THE PROPOSED SIS | 2 |
| 3. DETAILS OF THE PROPOSED ALLOCATION | 8 |
| 4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS | 8 |
| 5. PREVIOUS EQUITY FUND-RAISING EXERCISES IN THE PAST 12 MONTHS BEFORE THE ANNOUNCEMENT OF THE PROPOSALS | 9 |
| 6. EFFECTS OF THE PROPOSALS | 10 |
| 7. HISTORICAL SHARE PRICES | 12 |
| 8. APPROVALS REQUIRED | 13 |
| 9. CONDITIONALITY OF THE PROPOSALS | 13 |
| 10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION | 13 |
| 11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM | 14 |
| 12. DIRECTORS' STATEMENT AND RECOMMENDATION | 15 |
| 13. TENTATIVE TIMEFRAME FOR COMPLETION | 15 |
| 14. EGM | 15 |
| 15. FURTHER INFORMATION | 15 |
| APPENDICES | |
| APPENDIX I DRAFT BY-LAWS | 16 |
| APPENDIX II ADDITIONAL INFORMATION | 45 |
| NOTICE OF EGM | ENCLOSED |
| PROXY FORM | ENCLOSED |



SMART ASIA CHEMICAL BHD

SMART ASIA CHEMICAL BHD
(Registration No. 201901016953 (1326281-T))
(Incorporated in Malaysia)

Registered Office:

Level 7, Mercu 3, No. 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur

13 April 2026

Board of Directors

Yau Yin Wee (*Independent Non-Executive Chairman*)
Goh Chye Hin (*Managing Director*)
Kee Hui Lang (*Non-Independent Executive Director*)
Lim Kok Beng (*Non-Independent Executive Director*)
Tan Suat Hoon (*Independent Non-Executive Director*)
Ang Hock Seng (*Independent Non-Executive Director*)
Yap Yung Chien (*Independent Non-Executive Director*)

To: The shareholders of our Company

Dear Sir / Madam,

- (I) **PROPOSED SIS; AND**
- (II) **PROPOSED ALLOCATION**

(COLLECTIVELY, THE “PROPOSALS”)

1. INTRODUCTION

On 16 March 2026, TA Securities had, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

On 17 March 2026, TA Securities had, on behalf of our Board, submitted the additional listing application in relation to the Proposed SIS to Bursa Securities. Subsequently, on 27 March 2026, TA Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 26 March 2026 approved the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any), to be issued upon exercise of the SIS Options on the ACE Market of Bursa Securities, subject to the conditions as set out in **Section 8** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT OUR BOARD’S RECOMMENDATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SIS

The Scheme, upon implementation, will involve the granting of SIS Options, at an Option Price payable upon exercise of the SIS Options to the Eligible Persons in accordance with the By-Laws.

The Scheme will be administered by the SIS Committee and shall be governed by the By-Laws.

The salient terms and conditions of the Scheme are set out below.

2.1 Maximum number of new SAC Shares available under the SIS

The maximum number of new SAC Shares to be issued under the Scheme shall not in aggregate exceed 10% of the total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of the SIS, i.e., the Maximum SIS Shares.

In the event the aggregate number of SAC Shares allocated under the Scheme exceeds the Maximum SIS Shares at any point in time as a result of our Company purchasing or cancelling its own shares in accordance with the provisions of the Act and/or undertaking any other corporate proposal(s) resulting in the reduction of our Company's total number of issued Shares, no further SIS Options shall be offered until such aggregate number of Shares to be issued under the SIS falls below the Maximum SIS Shares. Any SIS Options granted prior to the adjustment of the total number of issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the terms of the By-Laws.

2.2 Eligibility

Subject to the By-Laws, any employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the SIS Committee.

Eligible Persons who fulfil the following criteria of eligibility as at the Date of Offer shall be eligible for consideration by the SIS Committee to participate in the Scheme:

- (a) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) has either the following:
 - (i) has been employed by our Group as a full-time employee or serving in a specific designation under an employment contract with our Group for a fixed duration (or any other contract as may be determined by the SIS Committee), is on the payroll of any company within our Group, has since been confirmed in writing and is no longer under any probation, and has not served a notice of resignation or received a notice of termination prior and up to the Date of Offer; or
 - (ii) is employed by a corporation which is acquired by our Group during the duration of the SIS and becomes a subsidiary of our Group upon such acquisition, he/she must have been confirmed in writing and is no longer under any probation, and/or for such period as may be determined by the SIS Committee in our Group as at the date that such company becomes or is deemed to be a subsidiary of our Group and has not served a notice to resign or received a notice of termination prior to and up to the Date of Offer; and

- (c) is under such categories and/or fulfils such other eligibility criteria as may be determined by the SIS Committee from time to time at its absolute discretion.

The selection of any Eligible Person for participation in the SIS shall be at the sole discretion of the SIS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SIS Committee may at its sole and absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above, for purposes of selecting an Eligible Person, from time to time, provided always that no member of the SIS Committee shall participate in the deliberation or discussion of their own allocation of the SIS Options or allocation of the SIS Options to the persons connected with them.

If any Eligible Person who is an Interested Person Connected, is eligible to participate in the Scheme, the specific allocation of the SIS Options granted by our Company to such Interested Person Connected under the Scheme must first be approved by the shareholders of our Company at a general meeting, provided that such Interested Parties and/or Interested Person Connected shall not vote on the resolution approving the allocation to them and/or persons connected with them.

The eligibility for consideration under the SIS shall not confer upon the Eligible Persons a claim or right to participate in or any rights whatsoever under the SIS and an Eligible Person does not acquire or has any rights over the SIS Options unless an Offer has been made in writing by the SIS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the By-Laws.

2.3 Basis of allocation and maximum allowable allotment

The aggregate maximum number of Shares that may be allocated to any Eligible Persons shall be determined by the SIS Committee provided that the number of new Shares allocated to any Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the total number of issued Shares (excluding treasury shares, if any), shall not exceed 10% of the Maximum SIS Shares ("**Maximum Allowable Allocation**"). For the avoidance of doubt, the maximum allowable allocation to the Interested Persons Connected, namely Goh Sim Yee, Goh Ji Syuan and any persons connected to Goh Chye Hin and Kee Hui Lang ("**Interested Directors**"), shall not, in aggregate, exceed 10% of the Maximum SIS Shares.

Subject to the Maximum SIS Shares, Maximum Allowable Allocation and any adjustment which may be made under the By-Laws, the basis for determining the aggregate number of Shares that may be offered and/or allocated under the Scheme to the Eligible Persons shall be at the sole and absolute discretion of the SIS Committee after taking into consideration, among others, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of our Group.

The SIS Committee may make one or more SIS Offer to an Eligible Person provided that the aggregate number of SIS Offer so offered to an Eligible Person throughout the entire duration of the SIS does not exceed the Maximum Allowable Allocation of such Eligible Person.

The Eligible Persons shall not participate in any deliberation or discussion of their own allocation and/or those of persons connected to them.

At any point in time during the duration of the SIS, not more than 70% of the total Shares made available under the Scheme shall be allocated, in aggregate, to the Senior Management* who are Eligible Persons, on the basis that they are crucial to the performance of our Group.

Note:

- * *Refers to an employee who holds a senior position with significant managerial responsibility such as head of department or higher within our Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) and such other employees who fall within specified job grades as determined by our Group from time to time. As at the LPD, the number of individuals falling within this category amounts to 8.*

For information purposes, such allocation has been determined after taking into consideration, among others, the number of Senior Management who are Eligible Persons, as well as the need to incentivise and retain key personnel who contribute to the development and success of our Group. These Senior Management play a significant role in, among others, spearheading our Group's strategic direction and sales growth, managing our Group's operations and sales team expansion and expanding our Group's market presence in the paint and coatings industry. Through these efforts, they will contribute to the enhanced overall performance of our Group and the creation of long-term shareholder value. In this regard, the Proposed SIS will be utilised primarily as a performance-based incentive to retain and motivate such Senior Management, who are key decision-makers in our Group's business growth, to continue formulating and implementing effective business strategies that support our Group's financial performance.

In view of the above, the allocation of not more than 70% of the total Shares made available under the Scheme to the Senior Management who are Eligible Persons is appropriate, as it reflects the significance of their strategic contributions and serves to recognise and encourage their continued efforts towards enhancing our Group's overall financial performance and long-term shareholder value.

Notwithstanding the above, the SIS Committee will have the discretion to determine the actual allocation among Eligible Persons based on their roles, performance, past contribution and potential contribution to our Group.

The SIS Committee may from time to time at its sole and absolute discretion decide whether the allocation and granting of the SIS Options to the Eligible Persons will be based on staggered granting during the duration of the SIS or in a single grant and/or whether the SIS Options are subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting conditions are subject to performance target, of which such determination will be carried out at a later date after the establishment of the SIS and formation of the SIS Committee.

2.4 Duration of the SIS

The Scheme, when implemented, shall be in force for a period of 5 years commencing from the Effective Date, which shall be the date of full compliance with all relevant requirements of the Listing Requirements, including the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance and a checklist showing compliance with the relevant requirements as may be prescribed by Bursa Securities (and/or such other documents as may be determined by Bursa Securities from time to time);
- (ii) receipt of approval or approval-in principle, as the case may be, from Bursa Securities for the listing and quotation of the new Shares to be issued pursuant to the exercise of the SIS Options on the ACE Market of Bursa Securities;
- (iii) procurement of shareholders' approval for the Scheme in a general meeting;
- (iv) receipt of approval of any other relevant authorities whose approvals are necessary in respect of the Scheme, where applicable; and
- (v) fulfilment or waiver (as the case may be) of any conditions attached to any of the abovementioned approvals, if any.

On or before the expiry of the initial 5 year period, the Scheme may be extended for a further period of up to 5 years, at the sole and absolute discretion of our Board upon the recommendation by the SIS Committee and without having to obtain the approval of the shareholders of our Company, provided always that the total duration of the SIS shall not in aggregate exceed a duration of 10 years (or such other period as may be prescribed by Bursa Securities in compliance with the Listing Requirements or any other relevant authorities) from the Effective Date.

2.5 Exercise of SIS Options

Subject to the By-Laws, a Grantee shall notify our Company or the SIS Committee in writing in the prescribed form of his/her intention to exercise the SIS Options during the Option Period. The SIS Options may be exercised in full or part and the partial exercise of SIS Options granted in an Offer shall not preclude the Grantee from exercising the balance of unexercised SIS Options during the Option Period.

2.6 Option Price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Option Price of each Share comprised in any SIS Options shall be a price to be determined by our Board upon recommendation and suggestion by the SIS Committee based on the 5-day VWAP of SAC Shares, immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities and/or any other relevant authorities as may be amended from time to time during the duration of the SIS.

The Option Price as determined above shall be conclusive and binding on the Grantees, subject to any adjustments that may be made in accordance with the By-Laws.

2.7 Ranking of the new SAC Shares to be allotted and issued upon exercise of the SIS Options

The new SAC Shares to be allotted and issued arising from the exercise of the SIS Options will be subject to the provisions of our Constitution, and shall, upon allotment and issuance, rank equally in all respects with the existing SAC Shares, save and except that the holders of such new SAC Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid to shareholders of our Company, where the entitlement date of which is prior to the date of allotment of such new SAC Shares to be issued arising from the exercise of the SIS Options.

2.8 Retention/restriction period of new SAC Shares

Subject to the Constitution, the Listing Requirements and provision of the By-Laws, the new SAC Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of the SIS Options will not be subject to any retention period and/or such other restrictions of transfer. However, our Company encourages Grantees to hold the new SAC Shares to be issued and/or transferred pursuant to the exercise of the Options as a long-term investment rather than for any speculative purposes and/or the realisation of any immediate gain.

The SIS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer of the Shares to be issued and/or transferred pursuant to the exercise of the SIS Options in its sole and absolute discretion.

2.9 Listing and quotation of the new SAC Shares to be issued arising from the exercise of the SIS Options

The approval from Bursa Securities for the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options on the ACE Market of Bursa Securities has been obtained vide its letter dated 26 March 2026 subject to the conditions as set out in **Section 8** of this Circular.

2.10 Termination of the Scheme

Subject to compliance with the Listing Requirements and any other relevant authorities, the Scheme may be terminated by our Company at any time before its expiry provided that our Company makes an announcement immediately to Bursa Securities on the following:

- (a) the effective date of termination of the Scheme ("**Termination Date**");
- (b) the number of SIS Options vested and exercised; and
- (c) the reasons and justification for termination of the Scheme.

In the event of termination as stipulated above, the following provisions shall apply:

- (aa) no further offers shall be made by the SIS Committee from the Termination Date;
- (bb) all offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
- (cc) all outstanding SIS Options which have yet to be exercised or vested by the Grantees shall automatically lapse on the Termination Date and become null and void.

Approval or consent of the shareholders of our Company by way of a resolution and written consent of the Grantee in relation to unvested and/or unexercised SIS Options or Shares are not required to effect a termination of the Scheme.

2.11 Modification, variation and/or amendment to the By-Laws

Subject to the By-Laws and compliance with the Listing Requirements and any other relevant rules and regulations, the SIS Committee may at any time and from time to time recommend to our Board any modification, variation and/or amendment of the By-Laws ("**Variations**") as it shall at its sole and absolute discretion think fit and our Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws under such recommendation.

The approval of the shareholders of our Company in a general meeting shall not be required in respect of the Variations provided that no Variations would:

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee;
- (ii) increase the number of Shares available under the Scheme beyond the Maximum SIS Shares;
- (iii) prejudice any rights of the shareholders of our Company; or
- (iv) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.

2.12 Alteration of share capital and adjustment

In the event of any alteration in the capital structure of our Company during the duration of the SIS, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of SAC Shares or capital reduction or any other variation of capital being effected, the SIS Committee may determine whether a material dilution or enlargement of the rights of the Grantees would result from such alteration in the capital structure of SAC during the duration of the SIS and if it so determines (i.e. that a material dilution or enlargement of the rights of the Grantees would result from such alteration in the capital structure of SAC) adjustments in:

- (i) the Option Price of the SIS Options; and/or
- (ii) the number of new Shares comprised in the unexercised SIS Options granted to each Grantee,

may be made in order to prevent dilution or enlargement in compliance with the provisions of adjustments as provided under the By-Laws.

2.13 Use of proceeds

The actual amount of proceeds to be received from the Proposed SIS will depend on, among others, the actual number of SIS Options granted and exercised at the relevant point of time and the Option Price. As such, the actual amount and timing of proceeds to be received upon exercise of SIS Options and the timeframe for utilisation of such proceeds are not determinable at this juncture.

Notwithstanding the above, our Company intends to use the proceeds arising from the exercise of the SIS Options for general working capital requirements of our Group, as and when the proceeds are received throughout the duration of the SIS, as our Board may deem fit. The general working capital requirements of our Group includes, among others, for the purchase of raw materials such as binder, pigments, additive, solvent, extender and colour paste as well as the payment of staff related expenses and other statutory contributions and payments, and defrayment of other administrative expenses. The proceeds to be utilised for each component of working capital are subject to our Group's operating requirements at the time of receipt of the proceeds, hence the breakdown cannot be determined at this juncture.

Pending utilisation of proceeds raised as and when the SIS Options are exercised, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be similarly used for the general working capital requirements of our Group.

The estimated expenses in relation to the Proposals (excluding the non-cash expenses arising from the granting of the SIS Options under MFRS 2 as detailed in **Section 6.4** of this Circular) are approximately RM0.19 million, which will be funded through our internally generated funds.

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3. DETAILS OF THE PROPOSED ALLOCATION

Pursuant to Rule 6.07(1) of the Listing Requirements, our Company shall not issue any SAC Shares or other convertible securities to the Interested Parties, or Interested Persons Connected, unless the shareholders of our Company have approved the specific allotment to be made to them in a general meeting.

Accordingly, our Company will seek the approval of the shareholders of our Company at our forthcoming EGM for the Proposed Allocation to the following persons, being Interested Persons Connected:

| Interested Persons Connected | Designation of the Interested Persons Connected in our Group |
|------------------------------|--|
| Goh Sim Yee | Operations director |
| Goh Ji Syuan | Director of subsidiaries |

provided that not more than 10% of new Shares to be issued under the SIS at the point in time when the Offer is made, should be allocated to any individual Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued Shares of our Company (excluding treasury shares, if any), 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 relationships between the Interested Parties and Interested Persons Connected are set out in **Section 11** of this Circular.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

Our Board is of the view that the Proposals are an appropriate avenue of rewarding the Eligible Persons as the Proposals are intended to:

- (i) recognise the contributions and services of the Eligible Persons that are considered vital to the operations and continued growth of our Group and to reward such Eligible Persons by allowing them to participate in our Group's profitability by way of potentially realising capital gains that may arise from appreciation in the price of the SAC Shares;
- (ii) align the Eligible Persons' interests to those of the shareholders of our Company to drive longer term shareholder value enhancement;
- (iii) motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iv) instil a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long-term development and growth of our Group;
- (v) attract and retain high-calibre Eligible Persons, and in turn enable our Group to better retain its talent pool and minimise any potential loss of performing key personnel; and
- (vi) serve as an alternative scheme of reward instead of bonus and salary increment which would increase our Group's expenses and cash outflow.

Premised on the above, our Board is of the view that it is in the interest of our Company to grant SIS Options to the Eligible Persons to motivate and incentivise the key management and employees to drive growth and improvement in the financial performance of our Group, which is aligned with the interests of the shareholders of our Company.

5. PREVIOUS EQUITY FUND-RAISING EXERCISES IN THE PAST 12 MONTHS BEFORE THE ANNOUNCEMENT OF THE PROPOSALS

Save as disclosed below, our Company has not undertaken any other equity fund-raising exercise in the past 12 months preceding the date of this Circular and any other equity fund-raising exercises undertaken of which proceeds raised have yet to be fully utilised as at LPD:

- (i) Initial public offering on the ACE Market of Bursa Securities (“IPO”)

Our Company was listed on the ACE Market of Bursa Securities on 28 May 2024. In conjunction with the listing exercise, our Company had undertaken a public issue of 93,500,000 new SAC shares at an issue price of RM0.40 per Share, raising gross proceeds of RM37.40 million (“IPO Proceeds”).

The status of the utilisation of IPO Proceeds as at the LPD is as follows:

| Details of utilisation | Proposed utilisation | Actual utilisation as at the LPD | Balance unutilised | ⁽¹⁾ Estimated timeframe for utilisation |
|---|----------------------|----------------------------------|--------------------|--|
| | RM'000 | RM'000 | RM'000 | |
| Establishment of Perak Plant: | | | | |
| (a) Construction of Perak Plant | 16,000 | 16,000 | - | Within 12 months |
| (b) Purchase and commissioning of automated paint production system | 11,000 | 11,000 | - | ⁽²⁾ Within 24 months |
| Purchase of 250 sets of Smart Colour POS Tinting Machine | 5,000 | 1,057 | 3,943 | Within 36 months |
| Working capital | 1,300 | 1,300 | - | Within 12 months |
| Listing expenses | 4,100 | 4,100 | - | Within 1 month |
| Total | 37,400 | 33,457 | 3,943 | |

Notes:

- (1) From 28 May 2024, being the date of listing of our Company on the ACE Market of Bursa Securities.
- (2) On 13 May 2025, our Board has approved the extension of time for its utilisation of proceeds for the intended purpose for an additional 12 months from the date of listing on 28 May 2024.

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6. EFFECTS OF THE PROPOSALS

For illustration purposes, the pro forma effects of the Proposals on our Company's issued share capital, NA, NA per SAC Share, gearing, earnings, EPS and substantial shareholders' shareholdings in our Company are set out below:

6.1 Share capital

The Proposals are not expected to have an immediate effect on the existing issued share capital of SAC until such time when the SIS Options are exercised into new SAC Shares. The issued share capital of our Company will increase progressively depending on the number of new SAC Shares to be issued arising from the exercise of the SIS Options.

For illustration purposes, the pro forma effects of the Proposed SIS on our Company's issued share capital based on the assumption that the number of SIS Options granted amounts to 10% of the total number of issued shares of SAC (excluding treasury shares, if any) as at the LPD, are as follows:

| | No. of Shares | RM |
|---|---------------------------|--------------------------|
| Issued share capital as at the LPD ⁽¹⁾ | 369,850,420 | 91,326,454 |
| To be issued pursuant to full exercise of the SIS Options | ⁽²⁾ 36,985,000 | ⁽³⁾ 6,657,300 |
| Enlarged issued share capital | 406,835,420 | 97,983,754 |

Notes:

- (1) As at the LPD, there are no treasury shares held by our Company.
- (2) Assuming that the number of SIS Options amounts to 10% of the total number of issued shares of SAC.
- (3) Calculated based on an assumed exercise price of RM0.18 per SIS Option, representing no discount to the 5-day VWAP of SAC Shares up to and including the LPD of RM0.18 per SAC Share.

6.2 NA, NA per SAC Share and gearing

The Proposals are not expected to have an immediate effect on the NA, NA per SAC Share and gearing of our Group until such time when the SIS Options are exercised into new SAC Shares.

The effects on the NA, NA per SAC Share and gearing of our Group will depend on, among others, the Option Price, number of SIS Options to be granted, vesting conditions and number of new SAC Shares to be issued arising from the exercise of the SIS Options.

For illustrative purposes, upon the exercise of the SIS Options, the NA per SAC Share is expected to:

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

at the point of the exercise of the SIS Options.

In addition, upon exercise of the SIS Options, the gearing of our Group will decrease given that the NA will increase as a result of the exercise of the SIS Options.

Any potential effect on the NA and gearing of our Group in the future will depend on the number of SIS Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the SIS Options under MFRS 2. The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the SIS Options.

6.3 Substantial shareholders' shareholdings

The Proposals are not expected to have any immediate effect on the substantial shareholders' shareholdings in our Company until and unless new SAC Shares are issued arising from the exercise of the SIS Options. Any potential effect on the substantial shareholders' shareholdings in our Company would depend on the number of new SAC Shares to be issued at the relevant point in time.

For illustrative purposes, upon the exercise of the SIS Options, the effects of the Proposals on the substantial shareholders' shareholdings in our Company are as follows:

| Name | As at the LPD | | | | After the Proposals | | | |
|--------------|---------------|-------|----------------|-------|---------------------|-------|----------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1) % | No. of Shares | (1) % | No. of Shares | (3) % | No. of Shares | (3) % |
| Goh Chye Hin | 166,069,789 | 44.90 | (2) 10,000,000 | 2.70 | 166,069,789 | 40.82 | (2) 10,000,000 | 2.46 |
| Kee Hui Lang | 32,656,011 | 8.83 | (2) 10,000,000 | 2.70 | 32,656,011 | 8.03 | (2) 10,000,000 | 2.46 |

Notes:

- (1) Computed based on the total number of issued Shares of 369,850,420 as at the LPD.
- (2) Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee and Goh Ji Syuan, pursuant to Section 59(11)(c) of the Act.
- (3) Computed based on the enlarged issued share capital of 406,835,420 pursuant to the issuance of 36,985,000 new SAC Shares assuming the full exercise of the SIS Options.

6.4 Earnings and EPS

The Proposals are not expected to have any immediate material effect on our Group's consolidated earnings and EPS for the FYE 31 December 2026.

In accordance with the MFRS 2, the potential cost arising from the grant of the SIS Options is measured at the Date of Offer based on the fair value of the SIS Options granted and recognised as an expense over the vesting period of the SIS Options.

The total potential cost of granting the SIS Options would depend on, among others, the number of SIS Options granted and the fair value of the SIS Options. The fair value of the SIS Options is dependent on, among others, the volatility of SAC Shares, the Option Price and the duration of the SIS. As such, the effect of the Proposals on the consolidated earnings of our Group and EPS cannot be determined at this juncture. However, it should be noted that such expense recognised does not represent a cash outflow as it is merely an accounting treatment.

For illustrative purposes, excluding the effects of the potential cost arising from the grant of the SIS Options pursuant to MFRS 2, the Proposals are expected to have a dilutive effect on our Group's EPS due to the increase in the number of issued SAC Shares upon issuance of the new Shares as and when the SIS Options are exercised in the future.

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

6.5 Convertible securities

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

7. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of SAC Shares for the past 12 months are as follows:

| | Highest (RM) | Lowest (RM) |
|--|-----------------|----------------|
| 2025 | | |
| April | 0.260 | 0.215 |
| May | 0.255 | 0.200 |
| June | 0.220 | 0.200 |
| July | 0.220 | 0.200 |
| August | 0.210 | 0.185 |
| September | 0.195 | 0.170 |
| October | 0.195 | 0.175 |
| November | 0.200 | 0.175 |
| December | 0.185 | 0.170 |
| 2026 | | |
| January | 0.210 | 0.175 |
| February | 0.200 | 0.185 |
| March | 0.190 | 0.170 |
| Last transacted market price of SAC Shares as at the last trading day prior to the announcement of the Proposals | | 0.175 |
| Last transacted market price of SAC Shares as at the LPD | | 0.180 |

(Source: Bloomberg)

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8. APPROVALS REQUIRED

The Proposals are subject to the following being obtained:

- (i) approval from Bursa Securities for the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options on the ACE Market of Bursa Securities, which was obtained vide its letter dated 26 March 2026, subject to the following conditions:

| No. | Conditions imposed | Status of compliance |
|-----|--|----------------------|
| (a) | Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed SIS; | To be complied. |
| (b) | TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; | To be complied. |
| (c) | Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new Shares listed pursuant to the Proposed SIS, as at the end of each quarter together with a detailed computation of the listing fees payable; and | To be complied. |
| (d) | The moratorium conditions pursuant to Rule 3.19 of the Listing Requirements shall be complied with at all times during the SIS. | To be complied. |

; and

- (ii) approval from the shareholders of our Company at our forthcoming EGM.

9. CONDITIONALITY OF THE PROPOSALS

The Proposed Allocation is conditional upon the Proposed SIS.

The Proposed SIS is not conditional upon the Proposed Allocation.

The Proposals are not conditional or inter-conditional upon any other corporate proposals undertaken or to be undertaken by our Company.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced but not yet completed as at the date of this Circular.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

It is the intention of our Company that our Directors will not be eligible to participate in the Scheme. However, as the Eligible Persons under the Scheme comprise Interested Persons Connected, therefore the relevant Directors and/or major shareholder are deemed interested in the Proposals.

Save as disclosed below, none of our Directors, major shareholder and chief executive and persons connected with them have any interest, direct or indirect, in the Proposals:

| Interested Parties | Interested Persons Connected | Designation of the Interested Persons Connected in our Group | Relationship of the Interested Persons Connected to the Interested Parties |
|-------------------------------|------------------------------|--|--|
| Goh Chye Hin and Kee Hui Lang | Goh Sim Yee | Operations director | Child of Goh Chye Hin, our Director and major shareholder and Kee Hui Lang, our Director |
| Goh Chye Hin and Kee Hui Lang | Goh Ji Syuan | Director of subsidiaries | Child of Goh Chye Hin, our Director and major shareholder and Kee Hui Lang, our Director |

Premised on the above, Goh Chye Hin and Kee Hui Lang are deemed interested in the Proposals. Accordingly, they have abstained and will continue to abstain from deliberating, expressing any opinion and making any recommendation at all relevant Board meetings in respect of the Proposed SIS and specific allocations to such Interested Persons Connected with them under the Scheme.

In addition, the abovementioned Interested Directors will also abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company on the ordinary resolutions pertaining to the Proposals, of which are to be tabled at our forthcoming EGM. Further, they will also undertake to ensure that the Interested Persons Connected with them will likewise abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the aforementioned ordinary resolutions to be tabled at our forthcoming EGM.

The details of the shareholdings of our Interested Directors as at the LPD are as follows:

| Name | As at the LPD | | | |
|--|---------------|-------|----------------|-------|
| | Direct | | Indirect | |
| | No. of Shares | (1) % | No. of Shares | (1) % |
| <u>Director and major shareholder</u> Goh Chye Hin | 166,069,789 | 44.90 | (2) 10,000,000 | 2.70 |
| <u>Director</u> Kee Hui Lang | 32,656,011 | 8.83 | (2) 10,000,000 | 2.70 |

Notes:

- (1) Computed based on the total number of issued Shares of 369,850,420 as at the LPD.
- (2) Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee and Goh Ji Syuan, pursuant to Section 59(11)(c) of the Act.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for our Interested Directors), having considered the relevant aspects of the Proposals, including but not limited to the rationale, justification, utilisation of proceeds and the effects of the Proposals, is of the opinion that the Proposals are in the best interests of our Company.

Accordingly, our Board (save for our Interested Directors) recommends that the shareholders of our Company vote **IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

In view that the Interested Directors are deemed interested in the Proposals, the abovementioned Directors will abstain from forming any opinion and making any recommendation on the resolutions on the Proposed SIS and the proposed allocations to the Interested Persons Connected with them under the Scheme, to be tabled at our forthcoming EGM.

13. TENTATIVE TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be effected and implemented, as the case may be, by the second quarter of 2026.

14. EGM

The notice convening the EGM and the Proxy Form are enclosed in this Circular. The EGM, the notice of which is set out in this Circular, will be held at Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor Bahru, Johor on Thursday, 25 June 2026 at 11:00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the enclosed Proxy Form in accordance with the instructions provided therein so as to arrive at the office of our Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least 24 hours before the time appointed for holding of the EGM or at any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so and in such an event, the Proxy Form shall be deemed to have been revoked.

15. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for additional information.

Yours faithfully,
For and on behalf of our Board
SMART ASIA CHEMICAL BHD

Yau Yin Wee
Independent Non-Executive Chairman

DRAFT BY-LAWS

BY- LAWS OF THE SHARE ISSUANCE SCHEME

SMART ASIA CHEMICAL BHD

1. DEFINITIONS AND INTERPRETATION

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

| | |
|----------------------------|--|
| “Act” | means the Companies Act 2016, as amended from time to time and any re-enactment thereof |
| “Adviser” | means a corporate finance adviser that may act as a principal adviser under Chapter 7A of Licensing Handbook issued by SC |
| “Affected Employee” | shall have the meaning ascribed to it in By-Law 24.1 |
| “Audit Committee” | shall have the same meaning ascribed to it in By-Law 6.2 |
| “Auditors” | means the auditors of the Company, as appointed from time to time |
| “Board” | means the board of directors of the Company |
| “Bursa Depository” | means Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)) |
| “Bursa Securities” | means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| “By-Laws” | means collectively, the rules, terms, and conditions governing the Scheme as set forth in these By-Laws as amended, modified, and/or supplemented from time to time |
| “CDS” | means the Central Depository System |
| “CDS Account” | means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities |
| “Company” or “SAC” | means Smart Asia Chemical Bhd (Registration No. 201901016953 (1326281-T)), a public listed company limited by shares quoted in Bursa Securities and incorporated in Malaysia and shall, where the context admits, include its successors in title |
| “Constitution” | means the constitution of the Company as amended from time to time |
| “Date of Expiry” | means the last day of the Scheme Period as defined in By-Law 17.2 |
| “Disciplinary Proceedings” | means proceedings instituted by the Company against an Eligible Person or a Grantee employed by that Group Company for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Eligible Person or Grantee deemed to be unacceptable by the Company in the course of their employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Eligible Person or Grantee |
| “Effective Date” | means the date the Scheme takes effect pursuant to the fulfilment or waiver of the last of the approvals and/or condition as provided in By-Law 17.1 |

DRAFT BY-LAWS (Cont'd)

| | |
|--------------------------------|---|
| "Eligible Person" | means any Employee who meets the eligibility criteria for participation in the Scheme as set forth in By-Law 3 and "Eligible Persons" means any two or more of them |
| "Employee" | means any person who is employed by the Group |
| "Entitlement Date" | means the date as at the close of business on which the name of shareholders must appear in the Company's record of depositors and/or register of members in order to be entitled to any dividends, rights, allocations, and/or other distributions |
| "Grantee" | means an Eligible Person who has accepted an SIS Offer as stipulated in By-Law 6, and "Grantees" means two or more of them |
| "Group" | means, collectively, the Company and its Subsidiaries. For the avoidance of doubt, associated companies, joint-venture companies, and subsidiaries that have been divested do not fall within this category. |
| "Group Company" | means any one of the Company and the Subsidiaries, and "Group Companies" means any two or more of them |
| "Interested Parties" | means a director, major shareholder or chief executive of the Company or its holding company |
| "Interested Person Connected" | means a person connected with the Interested Parties |
| "Listing Requirements" | means the ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time |
| "Market Day" | means a day on which Bursa Securities is open for trading in securities |
| "Maximum Allowable Allocation" | shall have the meaning ascribed to it in By-Law 5.1 |
| "Maximum SIS Shares" | shall have the meaning ascribed to it in By-Law 4.1 |
| "Normal Correspondence" | shall have the meaning ascribed to it in By-Law 29.3 |
| "Notice" or "Process" | shall have the meaning ascribed to it in By-Law 29.1 |
| "Offer Date" | means in relation to the Offer, the date on which the SIS Offer is made by the SIS Committee to the Eligible Person |
| "Offer Period" | means the period of fourteen (14) days from the Offer Date or such other period as may be determined by the SIS Committee, and specified in the SIS Offer during which it may be accepted |
| "Option Price" | means the price at which a Grantee is entitled to subscribe for Shares upon the exercise of the SIS Options, as set out in the SIS Offer |
| "Option Certificate" | means the certificate issued by the SIS Committee confirming the grant of the Option to the Grantee and the Option Price together with the number of Shares comprised in the Option |

DRAFT BY-LAWS (Cont'd)

| | |
|-----------------------------|---|
| "Option Period" | means the period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with these By-Laws |
| "Performance Period" | means the duration of which is to be determined by the SIS Committee on the Offer Date, during which the Performance Targets are to be satisfied |
| "Performance Target(s)" | means the performance targets determined by the SIS Committee at its sole discretion, which are to be achieved by the Eligible Person and/or Group (and/or such business units within the Group as determined by the SIS Committee) |
| "Person(s) Connected" | shall have the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements |
| "Previous Company" | shall have the meaning ascribed to it in By-Law 3.3 |
| "Rules of Bursa Depository" | means the rules of Bursa Depository, as issued pursuant to SICDA |
| "SC" | means the Securities Commission Malaysia |
| "Scheme Period" | means the duration of the Scheme as set out in By-Law 17.1 |
| "Senior Management" | means such employees of the Group as the SIS Committee may at its absolute discretion determine to be senior management |
| "Shares" | means ordinary shares in the Company |
| "SICDA" | means the Securities Industry (Central Depositories Act) 1991 as amended from time to time |
| "SIS" or "Scheme" | means the share issuance scheme established by the Company which shall be known as the "SAC Share Issuance Scheme" to be administered in accordance with these By-Laws |
| "SIS Committee" | means a committee established pursuant to By-Law 14.1 to implement and administer the Scheme in accordance with these By-Laws |
| "SIS Offer" or "Offer" | means an award of SIS Options made in writing by the SIS Committee from time to time to an Eligible Person to participate in the SIS |
| "SIS Options" or "Options" | means the right of a Grantee to subscribe for Shares (including new Shares to be allotted and issued and/or existing Shares (which are held as treasury shares, if any) to be transferred to a Grantee) of the Company at the Option Price in accordance with these By-Laws |
| "Subsidiary" | means a subsidiary (has the meaning ascribed to it in Section 4 of the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period and "Subsidiaries" shall be construed accordingly |
| "Trust" | means the trust that may be established to facilitate the implementation and administration of the Scheme |

DRAFT BY-LAWS (Cont'd)

| | |
|----------------------|--|
| "Trust Account" | means the trust account that may be opened by the Trustee to store monies injected by the Group for the purposes of the Scheme |
| "Trust Deed" | means the trust deed that may be entered into between the Company and the Trustee constituting the trust |
| "Trustee" | means the trustee that may be appointed by the Company to administer the trust for the Scheme in accordance with the Trust Deed |
| "Vesting Conditions" | means the conditions determined by the SIS Committee and stipulated in the SIS Offer which must be fulfilled for the SIS Options to be vested to a Grantee |
| "Vesting Date(s)" | means the date or dates which the SIS Options or any part of proportion thereof granted shall vest to the Grantee as stipulated by the SIS Committee |

1.2 In these By-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
 - (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
 - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or any other relevant regulatory authority); and
 - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Options accepted and exercised prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced.
- (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (d) any word importing:
 - (i) the singular meaning includes the plural meaning and vice versa; and
 - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
 - (i) by the Board may be exercised at the Board's discretion and the Board shall not be under any obligation to give any reasons thereof; and
 - (ii) by the SIS Committee may be exercised at the SIS Committee's discretion and the SIS Committee shall not be under any obligation to give any reasons thereof, but subject always to the Board's power to overrule any decision of the SIS Committee;

DRAFT BY-LAWS (Cont'd)

- (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall 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 Scheme Period then the stipulated day shall be taken to be the last Market Day of the Scheme Period; and
- (g) in the event of any change in the name of the Company from its present name, all references to "SAC" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

2. NAME AND OBJECTIVE OF THE SCHEME

2.1 The Scheme shall be known as "SAC's Share Issuance Scheme", the objective of which is primarily to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of the Group. In addition, the Scheme is intended:

- (a) to recognise the contributions and services of the Eligible Persons that are considered vital to the operations and continued growth of the Group and to reward such Eligible Persons by allowing them to participate in the Group's profitability by way of potentially realising capital gains that may arise from appreciation in the price of the SAC Shares;
- (b) to align the Eligible Persons' interests to those of the shareholders of SAC to drive longer term shareholder value enhancement;
- (c) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (d) to instil a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long-term development and growth of the Group;
- (e) to attract and retain high-calibre Eligible Persons, and in turn enable the Group to better retain its talent pool and minimise any potential loss of performing key personnel; and
- (f) to serve as an alternative scheme of reward instead of bonus and salary increment which would increase the Group's expenses and cash outflow.

3. ELIGIBILITY

3.1 Subject to By-Law 3.2, any Employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the SIS Committee.

3.2 Eligible Persons who fulfill the following criteria of eligibility as at the Offer Date shall be eligible for consideration by the SIS Committee to participate in the Scheme:

- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) has either of the following:
 - (i) has been employed by the Group as a full-time employee or serving in a specific designation under an employment contract with the Group for a fixed duration (or any other contract as may be determined by the SIS Committee), is on the payroll of any Subsidiaries within the Group, has since been confirmed in writing and is no longer under any probation, and has not served a notice of resignation or received a notice of termination prior to and up to the Offer Date; or

DRAFT BY-LAWS (Cont'd)

- (ii) is employed by a corporation which is acquired by the Group during the Scheme Period and becomes a subsidiary of the Group upon such acquisition, he/she must have been confirmed in writing and is no longer under any probation, and/or for such period as may be determined by the SIS Committee in our Group as at the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Offer Date; and
- (c) is under such categories and/or fulfills such other eligibility criteria as may be determined by the SIS Committee from time to time at its absolute discretion.

The selection of any Eligible Person for participation in the Scheme shall be at the sole discretion of the SIS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SIS Committee may at its sole and absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 3.2, for purposes of selecting an Eligible Person, from time to time, provided always that no member of the SIS Committee shall participate in the deliberation or discussion of their own allocation of the SIS Options or allocation of the SIS Options to Persons Connected with them.

If any Eligible Person who is an Interested Person Connected, is eligible to participate in the Scheme, the specific allocation of the SIS Options granted by the Company to such Interested Person Connected under the Scheme must first be approved by the shareholders of the Company at a general meeting, provided that such Interested Parties and/or Interested Person Connected shall not vote on the resolution approving the allocation to them or Persons Connected with them.

- 3.3 The SIS Committee shall have the discretion to extend (or not) the benefit of the Scheme to any employee in any of the following circumstances:
- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
 - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
 - (c) where:
 - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
 - (ii) an employee of that Ex-Group Company is re-employed by the Group Company.
- 3.4 Eligibility for consideration under the Scheme shall not confer upon the Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over SIS Options unless the Offer has been made in writing by the SIS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the By-Laws.

DRAFT BY-LAWS (Cont'd)

- 3.5 Without prejudice to the generality of the foregoing and subject to the SIS Committee's discretion otherwise, any Offer made by the SIS Committee shall become void, of no effect, and cease to be capable of vesting upon any of the following events occurring:
- (a) the Grantee's death subject to By-Laws 11.2 and 11.3 below;
 - (b) the Grantee having received a letter of termination or ceasing to be an Employee, for any reason whatsoever;
 - (c) the Grantee giving notice of his resignation from service or employment;
 - (d) the Grantee is subject to Disciplinary Proceedings; or
 - (e) the Grantee is adjudicated bankrupt.
- 3.6 Employees of any dormant company and/or foreign subsidiary of the Group incorporated outside Malaysia (if any) shall not be eligible to participate in the Scheme.

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the Scheme Period ("**Maximum SIS Shares**").
- 4.2 Notwithstanding By-Law 4.1, in the event the aggregate number of Shares allocated under the Scheme exceeds the Maximum SIS Shares at any point in time as a result of the Company purchasing or cancelling Shares in accordance with the provisions of the Act and/or undertaking any other corporate proposal resulting in the reduction of the Company's total number of issued shares, no further SIS Options shall be offered until such aggregate number of Shares to be issued under the Scheme falls below the Maximum SIS Shares. Any SIS Options granted prior to the adjustment of the total number of issued shares of the Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with these By-Laws.

5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 5.1 The aggregate maximum number of Shares that may be allocated to any Eligible Person shall be determined by the SIS Committee provided that the number of new Shares allocated to any Eligible Persons who, either singly or collectively through Persons Connected with the Eligible Persons, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SIS Shares ("**Maximum Allowable Allocation**").
- 5.2 Subject to the Maximum SIS Shares, By-Law 5.1 and any adjustment which may be made under By-Law 12, the basis for determining the aggregate number of Shares that may be offered and/or allocated under the Scheme to the Eligible Persons shall be at the sole and absolute discretion of the SIS Committee after taking into consideration *inter alia*, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group.
- 5.3 The SIS Committee may make one or more SIS Offer to an Eligible Person provided that the aggregate number of SIS Offer so offered to an Eligible Person throughout the entire Scheme Period does not exceed the Maximum Allowable Allocation of such Eligible Person.
- 5.4 The Eligible Persons shall not participate in any deliberation or discussion of their own allocation and those of Persons Connected to them.

DRAFT BY-LAWS (Cont'd)

- 5.5 At any point in time during the Scheme Period, not more than 70% of the total Shares made available under the Scheme shall be allocated, in aggregate, to Senior Management who are Eligible Persons, on the basis that they are crucial to the performance of the Group.

6. OFFER AND ACCEPTANCE UNDER THE SCHEME

- 6.1 The aggregate maximum number of Offers that may be made to an Eligible Person will be determined entirely at the absolute discretion of the SIS Committee, which shall take into account such criteria as it considers fit including but not limited to the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group and such other criteria as the SIS Committee may deem relevant from time to time. Each Offer that is made to the Eligible Person by the SIS Committee shall be separate and independent from any previous or later Offer made by the SIS Committee to that Eligible Person.

- 6.2 The SIS Committee may make one (1) or more Offer to an Eligible Person provided that the aggregate number of Shares that is made to the Eligible Person does not exceed the Maximum Allowable Allocation of such Eligible Person. The number of SIS Options so offered which may be exercised shall not be less than one hundred (100) Shares and shall always be in multiples of hundred (100) Shares. The brief details of the Scheme shall be disclosed in the Company's annual report as long as the Scheme is in operation as stipulated in the Listing Requirements. The Audit and Risk Management Committee of the Company ("**Audit Committee**") shall verify the Offer made pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Person at the end of each financial year.

The SIS Committee shall not be obliged in any way to make or vest to any Eligible Persons any Offer or Share. The decision of the SIS Committee shall be final and binding.

- 6.3 The SIS Offer shall be made in writing or electronically and may be made upon such terms and conditions as the SIS Committee may decide from time to time. Nothing herein shall require the Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Eligible Person.

- 6.4 As soon as reasonably practicable after making the Offer, the SIS Committee shall send to the Eligible Person a letter of Offer ("**Offer Letter**") to state, among others:

- (a) the Offer Date;
- (b) the number of SIS Options that are being granted to the Eligible Person;
- (c) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the SIS Options being granted;
- (d) the Scheme Period;
- (e) the Vesting Conditions including the vesting period (if any/if applicable);
- (f) the Vesting Date(s) (if any/if applicable);
- (g) the Performance Targets (if any/if applicable);
- (h) the Performance Period (if any/if applicable);
- (i) the Option Price;
- (j) the Offer Period; and
- (k) any other condition which the SIS Committee may determine from time to time in relation to the Offer.

DRAFT BY-LAWS (Cont'd)

- 6.5 The Offer Period shall be for a period of 14 days from the Offer Date or such longer period as may be determined by the SIS Committee at its sole and absolute discretion, provided always that the Offer Period must be specified in the Offer Letter.
- 6.6 The Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of RM1.00 only or such other amount as may be determined by the SIS Committee for the grant of the SIS Options (regardless of the number of Shares comprised therein).
- 6.7 If an Offer is not accepted in the manner set out in By-Law 6.6 above, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Shares comprised in such Options may, at the discretion of the SIS Committee, be re-offered to other Eligible Persons.
- 6.8 The number of Shares offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation for the Eligible Person. The Offer not taken up resulting from the non-acceptance of the Offer within the Offer Period shall thereafter form part of the balance of Offers under the Scheme for future Offers.
- 6.9 Upon acceptance of the Offer in accordance with these By-Laws, the Eligible Person shall be referred to as a Grantee for the purposes of these By-Laws.

The Company shall within 30 days of the acceptance of the SIS Offer by the Eligible Person, issue to the Eligible Person an Option Certificate in such form as may be determined by the SIS Committee

- 6.10 Any Eligible Persons who hold more than one (1) position within the Company shall only be granted the Maximum Allowable Allocation.

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 6.4 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within thirty (30) 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 Shares which have already been vested as at the date of the revised Offer Letter.

7. OPTION PRICE

- 7.1 Subject to any adjustment made in accordance with these By-Laws and pursuant to the Listing Requirements, the Option Price of each Share comprised in any Options shall, subject always to the provisions of By-Law 12 hereof, be a price to be determined by the Board upon recommendation and suggestion by the SIS Committee based on the volume weighted average market price of the Shares for the 5 Market Days immediately preceding the Offer Date with a discount of not more than 10%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as may be amended from time to time during the Scheme Period.
- 7.2 The Option Price as determined in the manner set out above shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 12.

8. EXERCISE OF OPTIONS

- 8.1 An Option may be exercised by a Grantee within the Option Period in full or in part by notice in writing to the Company or the SIS Committee in the prescribed form as may be amended from time to time during the Option Period or in any other manner as may be determined by the SIS Committee from time to time during the Option Period ("**Notice of Exercise**").
- 8.2 The partial exercise of Options granted in an Offer shall not preclude the Grantee from exercising the balance of unexercised Options during the Option Period.

DRAFT BY-LAWS (Cont'd)

- 8.3 Every such notice or any other manner of exercise of an Option referred to in By-Law 8.1 must be in the form prescribed by the SIS Committee as may be amended from time to time and be accompanied by a remittance for the full amount in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or such other mode acceptable to the SIS Committee for the full amount of the subscription monies (calculated based on the Option Price in accordance with By-Law 7 herein) payable for the Shares in respect of which the Option is exercised.
- 8.4 Any failure to comply with the procedures specified by the SIS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided in the Notice of Exercise shall result in the Notice of Exercise being rejected at the sole and absolute discretion of the SIS Committee, and the SIS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed not to have exercised his/her Option.
- 8.5 Subject to the sole and absolute discretion of the SIS Committee to waive any breach, failure by a Grantee to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 8 will invalidate the purported exercise of such Option by the Grantee.
- 8.6 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the SIS Committee. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.

9. NON-TRANSFERABILITY

- 9.1 Subject to By-Laws 10.4, 11.3, and 25.1, the rights of a Grantee under an exercise of Options shall be personal to the Grantee thereof, and cannot be assigned, encumbered, transferred, or otherwise disposed of in any manner whatsoever.
- 9.2 Any attempt to assign, encumber, transfer or otherwise dispose the Options shall result in the automatic cancellation of such Options save and except in the event of death of the Grantee as provided under By-Law 11.3 hereof.

10. VESTING CONDITIONS

- 10.1 The Options shall be vested to the Grantee on the Vesting Date(s) after fulfilling the Vesting Conditions in accordance with these By-Laws. For the avoidance of doubt, the vesting of each Options may be staggered in several tranches at such times and on such terms as determined by the SIS Committee. The Options shall vest in multiples of and no less than a hundred (100) Shares.
- 10.2 The Options or such part thereof as may be satisfied in the SIS Offer will only vest with the Grantee on the Vesting Date if the Vesting Conditions are fully and duly satisfied, including the following:
- (a) the Grantee remains an Eligible Person in accordance with By-Law 3;
 - (b) the Performance Targets are fully satisfied within the Performance Period, if applicable;
 - (c) the Grantee has not been adjudicated a bankrupt; and
 - (d) any other conditions which are determined by the SIS Committee.

DRAFT BY-LAWS (Cont'd)

- 10.3 The SIS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the SIS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the SIS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition.
- 10.4 To the extent the Options awarded under the Scheme have not been vested and exercised upon expiry of the Scheme Period, or have not vested at all under the Scheme for any reason whatsoever, the Options shall lapse and become null and void unless extended from time to time by the SIS Committee at its discretion.

11. TERMINATION OF THE OFFER

- 11.1 Subject to By-Law 11.2, in the event of the cessation of employment of a Grantee for whatever reason, including but not limited to the receipt of a letter of termination, serving of a notice of resignation by the Grantee or bankruptcy of the Grantee, prior to the vesting of the Options, such Options or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.
- 11.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:
- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy; or
 - (b) retirement before the normal retirement age with the consent of his employer being a company within the Group; or
 - (c) expiration of the employment contract of the Grantee; or
 - (d) resignation or termination of the employment of the Grantee by reason of ill-health, injury, physical or mental disability; or
 - (e) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company; or
 - (f) non-renewal of fixed-term contract, not due to a breach of contract on the part of the Grantee; or
 - (g) any other circumstance which is acceptable to the SIS Committee at its discretion,

the SIS Committee may at its discretion determine that all or any part of the unvested Options comprised from the Options, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such Options may vest provided that no Options shall vest after the expiry of the vesting period for those Options. Unless the SIS Committee at its discretion permits such vesting in accordance with this By-Law 11.2, any unvested Options shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the SIS Committee and/or the Board.

- 11.3 The SIS Committee shall be entitled to exercise its powers, rights and discretion conferred under By-Law 11.2 in the event of death of a Grantee and may permit the Grantee's legal or personal representatives, or such other person nominated by the Grantee to exercise the rights of the Grantee.

DRAFT BY-LAWS (Cont'd)

- 11.4 In the event a bankruptcy proceeding has commenced against a Grantee, the Options, to the extent of the unvested Options, shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the unvested Options in respect of the Options shall be capable of being vested to the said Grantee. However, if the said Grantee is adjudicated by the court to be bankrupt, all the unvested Options shall immediately become null and void.
- 11.5 Any unvested Options shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the SIS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of the Company pursuant to By-Laws 16.1; or
 - (b) termination of the Scheme pursuant to By-Laws 17.

12. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT

- 12.1 If the SIS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the Scheme Period, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital, the SIS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such adjustment to be made to the Scheme. Unless the SIS Committee decides otherwise in consultation with the external auditor or Adviser of the Company, any alterations made shall be calculated in accordance with the formula set out in Schedule 1.
- 12.2 The alterations as set out in By-Law 12.1, may be made to:
- (a) the Option Price; and/or
 - (b) the number of new Shares comprised in the unexercised Options granted to each Grantee.

Such alterations (if any) will be made in accordance with these By-Laws and shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavour to give each Grantee the same proportion of Shares as that to which he/she was previously entitled.

- 12.3 If the SIS Committee decides that no material dilution or enlargement of the rights of the Grantees would result from an alteration in the capital structure of the Company and no adjustments will be made, the SIS Committee shall inform the Grantees of this decision through an announcement to all the employees of the Group to be made in such manner deemed appropriate by the SIS Committee.
- 12.4 The provisions of this By-Law 12 shall not apply where the alteration in the capital structure of the Company arises from:
- (a) the issue of securities as consideration or part consideration for an acquisition;
 - (b) a special issue of new Shares or securities to Bumiputera investors nominated by the Malaysian Government and/or any other relevant authority of the Malaysian Government to comply with the Malaysian Government's policy on Bumiputera capital participation;
 - (c) a special issue, private placement or restricted issue of new Shares by the Company;

DRAFT BY-LAWS (Cont'd)

- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act;
- (e) 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;
- (f) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
- (g) 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 grant schemes approved by the shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issues) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding number of issued shares of the Company pursuant to the provision of Section 76 of the Act.

Any adjustment other than on a bonus issue, subdivision or consolidation of shares must be confirmed in writing either by the external auditors or the Adviser of the Company.

- 12.5 Notwithstanding the provisions of this By-Law 12, the SIS Committee may exercise its discretion to determine whether any adjustments to the number of SIS Shares be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the number of SIS Shares notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

13. DISCIPLINARY PROCEEDINGS

- 13.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the SIS Committee may at its discretion suspend any one or more of the Grantee's rights in respect of any Options then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:
- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Options then held by him shall remain unaffected (and where that Options had been suspended, the suspension shall be lifted);
 - (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Options held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
 - (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the numbers of Shares offered in the Options offered to that Grantee which are unexercised (as the case may be) at that time may be reduced or revoked by the SIS Committee at its discretion;

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the SIS Committee shall have the right to determine, at its discretion, whether or not the Options offered may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Options).

DRAFT BY-LAWS (Cont'd)

13.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service), after a Offer is made but before the acceptance thereof by the Grantee, the Offer is deemed revoked and/or withdrawn and no longer capable of acceptance, unless otherwise decided by the SIS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Eligible Person. Nothing herein shall prevent the SIS Committee (but the SIS Committee shall not be obliged to do so) from making a fresh Offer to such Eligible Person in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn. In the event the Eligible Person is dismissed or the Eligible Person's service is terminated after the Offer is made but before the acceptance thereof by the Eligible Person, the Offer is deemed revoked and/or withdrawn and no longer capable of acceptance.

14. ADMINISTRATION

14.1 The Scheme shall, subject to these By-Laws, be implemented and administered by the SIS Committee in such manner as it shall, at its absolute discretion, think fit, in the best interest of the Company, provided that no member of the SIS Committee and no Eligible Persons shall participate in any deliberation or decision in respect of Options granted or to be granted to himself or any Person Connected to such Eligible Persons. The SIS Committee shall comprise any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the SIS Committee, including its duties, powers and limitations.

14.2 Without limiting the generality of By-Law 14.1, the SIS Committee may for the purpose of administering the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transaction, agreement, deed and document, arrangement or undertaking, construe and interpret the Scheme and Offers made under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Scheme, or delegate any of its powers relating to the administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Options to the Grantee as the SIS Committee at its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The SIS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the Options in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

14.3 The Board shall have power at any time and from time to time:

- (a) approve, rescind and/or revoke the appointment of any member of the SIS Committee and appoint replacement members to the SIS Committee;
- (b) assume and/or exercise or execute any of the powers and authorities conferred upon the SIS Committee pursuant to these By-Laws; and
- (c) amend, modify or vary the terms of reference of the SIS Committee.

14.4 Neither the Scheme nor Options granted under the Scheme shall impose on the Company, the Board, or the SIS Committee or any of its members any liability whatsoever in connection with:

- (a) the lapse of any Offer or Option pursuant to any provision of the Scheme;
- (b) the failure or refusal by the SIS Committee to exercise, or the exercise by the SIS Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of the SIS Committee made pursuant to any provision of the Scheme.

DRAFT BY-LAWS (Cont'd)

- 14.5 Any decision or determination of the SIS Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The SIS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

14A. RIGHTS ATTACHING TO OPTIONS AND THE NEW SHARES

- 14A.1 The Grantees are not entitled to any voting right(s) or participation(s) in any form of distribution and/or offer of further securities in the Company until and unless such Grantee exercise their SIS Options into new SAC Shares.
- 14A.2 The new SAC Shares to be issued arising from the exercise of the SIS Options will be subject to the provisions of the Constitution of the Company, and shall, upon allotment and issuance, rank equally in all respects with the existing SAC Shares, save and except that the holders of such new SAC Shares will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid to shareholders of the Company, prior to the date of allotment of such new SAC Shares to be issued arising from the exercise of the SIS Option.
- 14A.3 The SIS 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 SIS Options have been issued, allotted and credited into the CDS Accounts of the Grantees.

14B. LISTING AND QUOTATION OF NEW SHARES

- 14B.1 The new Shares to be allotted to a Grantee pursuant to the exercise of the SIS Options will not be listed or quoted on Bursa Securities until the SIS Option is exercised in accordance with By-Law 8, whereupon the Company shall within eight (8) Market Days after receipt of the Notice of Exercise and the remittance from the Grantee:
- (a) allot and issue the new Shares;
 - (b) despatch a notice of allotment to the Grantee; and
 - (c) apply to Bursa Securities for the listing of and quotation for such Shares.
- 14B.2 The Company and the SIS Committee shall not under any circumstances be held liable for any costs, losses or damages whatsoever and howsoever arising from any 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 Grantee is entitled to subscribe.

15. MODIFICATION, VARIATION AND/OR AMENDMENT OF THESE BY-LAWS

- 15.1 Subject to the By-Laws and compliance with the Listing Requirements and any other relevant rules and regulations, the SIS 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 at its sole and absolute discretion think fit and the Board shall have the power at any time and from time to time 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 (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.

DRAFT BY-LAWS (Cont'd)

- 15.2 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) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in By-Law 4; or
 - (c) prejudice any rights of the shareholders of the Company; or
 - (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.
- 15.3 The provisions of the By-Laws shall not be amended or altered to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.
- 16. LIQUIDATION OF COMPANY**
- 16.1 Upon the passing of a resolution or receipt of a court order of the winding-up of the Company, all Options shall be deemed revoked and be null and void and all unvested Options shall lapse and be null and void and of no further force and effect, and the Scheme shall terminate.
- 16.2 In the event where a petition is presented in court for the winding-up of the Company, all rights to exercise and/or vest the Options shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the suspension of the right to vest the Options shall accordingly be lifted.
- 17. DURATION AND TERMINATION OF THE SCHEME**
- 17.1 The Scheme, when implemented, shall be in force for a period of five (5) years commencing from the Effective Date, which shall be the date of full compliance with all relevant requirements of the Listing Requirements, including the following:
- (a) submission of the final copy of these 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;
 - (b) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing and quotation of the new Shares to be issued pursuant to the exercise of the Options on the ACE Market of Bursa Securities;
 - (c) procurement of shareholders' approval for the Scheme in a general meeting;
 - (d) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme, where applicable; and
 - (e) fulfilment or waiver (as the case may be) of any conditions attached to any of the abovementioned approvals (if any).
- 17.2 All SIS Options comprised in any Offer shall cease to be capable of exercising upon expiration of the Scheme Period.

DRAFT BY-LAWS (Cont'd)

- 17.3 Within five (5) Market Days after the Effective Date, the Adviser of the Company shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 17.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.
- 17.4 On or before the expiry of the initial 5-year period, the Scheme may be extended for a further period of up to 5 years, at the sole and absolute discretion of the Board upon the recommendation by the SIS Committee and without having to obtain the approval of the Company's shareholders, provided always that the total duration of the Scheme shall not in aggregate exceed a duration of 10 years (or such other period as may be prescribed by Bursa Securities in compliance with the Listing Requirements or any other relevant authorities) from the Effective Date.
- 17.5 Subject to compliance with the Listing Requirements and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry provided that the Company makes an announcement immediately to Bursa Securities on the following:
- (i) the effective date of termination of the Scheme ("**Termination Date**");
 - (ii) the number of Options vested and exercised; and
 - (iii) the reasons and justification for termination of the Scheme.
- 17.6 In the event of termination as stipulated in By-Law 17.5 above, the following provisions shall apply:
- (i) no further offers shall be made by the SIS 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 SIS Options which have yet to be exercised or vested by the Grantees shall automatically lapse on the Termination Date and become null and void.
- 17.7 Approval or consent of the shareholders of the Company by way of a resolution and written consent of the Grantee in relation to unvested and/or unexercised Options or Shares are not required to effect a termination of the Scheme.

18. RETENTION PERIOD AND TRANSFER RESTRICTIONS

- 18.1 Subject to the Constitution, the Listing Requirements and By-Law 18.3, the new Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of the Options will not be subject to any retention period and/or such other restrictions of transfer. However, the Grantees are encouraged to hold the new Shares to be issued and/or transferred pursuant to the exercise of the Options as a long-term investment rather than for any speculation purposes and/or realisation of any immediate gain.
- 18.2 The SIS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer of the Shares to be issued and/or transferred pursuant to the exercise of the Options in its sole and absolute discretion.
- 18.3 The expression "retention period" referred to in By-Law 18.1 shall mean the period in which the Shares are issued or transferred to the CDS Account of the Grantee pursuant to the exercise of the Options must not be sold, transferred, assigned or otherwise disposed of by the Grantee.

DRAFT BY-LAWS (Cont'd)

19. COSTS AND EXPENSES OF THE SCHEME

- 19.1 All administrative costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the costs and expenses relating to the issuance or transfer of the Shares and/or acquisition of existing Shares for the vesting of Shares, shall be borne by the Company.
- 19.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by a Grantee, pursuant or relating to the exercise of the Option and vesting of Shares, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

20. NO COMPENSATION

- 20.1 All Eligible Persons or Grantees who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 20.2 All Eligible Persons or Grantees or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the SIS Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of Shares, their Shares comprised in a Option not vesting for any reason whatsoever, and/or their Options ceasing to be valid pursuant to the provisions of these By-Laws.

21. DISPUTES

- 21.1 In the event of a dispute between the SIS Committee and an Eligible Persons or Grantee of any Group Company as to any matter or thing of any nature arising hereunder, the SIS Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to the Eligible Persons or Grantee of any Group Company. The said decision of the SIS Committee shall be final and binding on the parties. The SIS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the SIS Committee shall be borne by such party.

22. INSPECTION OF AUDITED FINANCIAL STATEMENTS

- 22.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available at Bursa Securities' website and as well as the Company's website.

23. DIVESTMENT OF SUBSIDIARIES

- 23.1 Subject to By-Law 3.3, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Offers under the Scheme. Unless otherwise determined by the SIS Committee, any unexercised Options in respect of the Grantee shall cease to be capable of vesting.

DRAFT BY-LAWS (Cont'd)

24. ACQUISITIONS OF SUBSIDIARIES

- 24.1 Notwithstanding anything to the contrary, but subject to By-Law 3.3, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") may (subject to the approval of the SIS Committee) be eligible to participate in the Scheme only for the remaining Scheme Period provided that, notwithstanding anything to the contrary, the number of Shares that may be offered to such an Affected Employee under this By-Law 24.1 will always be subject to the discretion of the SIS Committee.

25. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 25.1 Notwithstanding By-Law 10, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the SIS Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee (including its legal and personal representatives) may be entitled to receive all or any part of the Shares comprised in the Options that remain unexercised commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the SIS Committee at its discretion) notwithstanding that:

- (a) the Vesting Date(s) is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Options have not been fulfilled or satisfied;

after which all Options shall be null and void and (whether or not comprising Shares vested thereunder), shall cease to be capable of exercising.

26. THE CONSTITUTION OF THE COMPANY

- 26.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times.

27. SCHEME NOT A TERM OF EMPLOYMENT

- 27.1 The Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Eligible Persons. The Scheme shall not confer or be construed to confer on any Eligible Persons any special right or privilege over and above the Eligible Persons' terms and conditions of employment under which the Eligible Persons are employed nor any rights in addition to compensation or damages that the Eligible Persons may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

28. DISCLAIMER OF LIABILITY

- 28.1 Notwithstanding anything to the contrary and subject to the Act, the Board, the SIS Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Scheme, including but not limited to the Company's delay in issuing and allocating the Shares or in applying for or procuring the listing of the Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

DRAFT BY-LAWS (Cont'd)

29. NOTICE

- 29.1 Any legal notice or process (other than SIS related) under the Scheme ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by electronic mail, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by electronic mail) the dispatch of the electronic mail without an automatic notification that the email cannot be received by the intended recipient, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 29.2 Any Notice or Process required to be given to or served upon the Board or the SIS Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the SIS Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after posting.
- 29.3 Any Offer to be made and normal correspondence (other than Notice or Process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the SIS Committee, Eligible Persons or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail and such electronic mail address specified by the Company (if to be given to or served upon the Board or the SIS Committee) or to such last known mailing address provided by the Employee to the Company and electronic mail address of the Employee provided by the Company (if to be given to or served upon the Eligible Persons or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the SIS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3rd) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 29.4 Notwithstanding By-Law 29.3, where any Normal Correspondence is required to be given by the Company or the SIS Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons or Grantees, as the case may be, the Company or the SIS Committee may give the Normal Correspondence through an announcement to all Employees to be made in such manner deemed appropriate by the SIS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 29.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

30. SEVERABILITY

- 30.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

DRAFT BY-LAWS (Cont'd)

31. ERRORS AND OMISSIONS

- 31.1 If as a result of an error or omission, the SIS Committee discovers or determines that:
- (a) an Eligible Person who was selected as a Grantee has not been given the opportunity to participate in the Scheme on any occasion;
 - (b) an Eligible Person was erroneously selected as a Grantee; or
 - (c) the number of Shares issued or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the SIS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or to withdraw the Offer given to the employee who was erroneously selected as an Eligible Person and/or to ensure that the Grantee is credited with the correct number of Shares to which he is entitled to.

32. GOVERNING LAW

- 32.1 The Scheme, these By-Laws, and all Options made and granted and actions taken under the Scheme shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Scheme in accordance with these By-Laws and terms of the Scheme and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.
- 32.2 Any proceeding or action shall be instituted or taken in Malaysia and the parties irrevocably and unconditionally waive any objection on the ground of venue or forum non-convenience or any other grounds.

33. DECISION OF THE BOARD AND/OR THE SIS COMMITTEE

- 33.1 Any decision and/or determination made by the Board and/or the SIS Committee under these By-Laws shall be final and binding on all parties.

34. DELAY IN PERFORMANCE

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the SIS Committee.

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DRAFT BY-LAWS (Cont'd)

35. IMPLEMENTATION OF THE SCHEME

- 35.1 For the purpose of facilitating the implementation of the Scheme, the Company and/or the SIS Committee may (but shall not be obliged to) establish a Trust to be administered by the Trustee to be appointed by the Company from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the SIS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of Shares to the CDS Accounts of the Grantees. For this purpose, the Trustee shall open and maintain a Trust Account into which the Group shall inject monies for the purposes of the Scheme. Upon the Trustee receiving a written instruction from the SIS Committee, the Trustee shall utilise the monies in the Trust Account to subscribe for such new Shares in respect of which the written instruction is given. The Company shall allot and issue the said Shares which will be placed into a CDS Account of the Trustee of its authorized nominee. For avoidance of doubt, the new Shares to be allotted and issued pursuant to this Scheme shall, upon allotment and issue, rank pari passu in all respects with the then existing issued Shares of the Company, provided that if there is any right to participate in any right, allotment or any distribution, the new Shares shall rank pari passu with the then existing Shares only if the relevant allotment date of such new Shares is before the Entitlement Date for that right, allotment or distribution.
- 35.2 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SIS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.
- 35.3 The SIS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The SIS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The SIS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

36. MULTIPLE SCHEMES

The Company may implement more than one (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 or by any other relevant authorities.

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DRAFT BY-LAWS (Cont'd)

SCHEDULE 1

1. If and whenever a consolidation or subdivision of Share occurs, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \text{Existing Option Price} \times \frac{A}{B}$$

and the revised number of new Shares or additional number of new Shares comprised in the SIS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

- (i) For consolidation of Shares

$$\text{Revised number of new Shares} = \left[\frac{T \times B}{A} \right]$$

- (ii) For subdivision of Shares

$$\text{Additional number of new Shares} = \left[\frac{T \times B}{A} \right] - T$$

where:-

- A = the aggregate number of issued Shares immediately before such consolidation or subdivision;
- B = the aggregate number of new issued Shares immediately after such consolidation or subdivision; and
- T = existing number of new Shares comprised in the SIS Options in respect of the right to subscribe for new Shares so far as unexercised.

Each of such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities), or such period as may be permitted by the Listing Requirements and applicable laws.

2. If and whenever the Company shall make any issue of Shares to its ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves, the Option Price shall be adjusted by multiplying it with the following fraction:

$$\text{Multiplier} = \left[\frac{A}{A + B} \right]$$

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

$$\text{Additional number of new Shares} = \left[T \times \left[\frac{A + B}{A} \right] \right] - T$$

where:-

- A = the aggregate number of issued 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 or other forms of distributions) immediately before such bonus issue or capitalisation issue;

DRAFT BY-LAWS (Cont'd)

B = the aggregate number of 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; and

T = existing number of new Shares comprised in the SIS Options in respect of the right to subscribe for new Shares so far as unexercised.

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day following the entitlement date of such issue.

3. If and whenever the Company shall make:

- (a) Capital Distribution (as defined below) to shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets);
- (b) any offer or invitation to shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (c) any offer or invitation to shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares,

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

$$\text{Multiplier} = \left[\frac{C - D}{C} \right]$$

and in respect of the case referred to in Paragraphs 3(b) and (c) above, the additional number of new Shares comprised in the SIS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of new Shares} = \left[T \times \left[\frac{C}{C - D^*} \right] \right] - T$$

where:-

C = the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities. ("**Current Market Price**") of each Shares on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) 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 (as defined below) or, as the case may be, of the offer or invitation;

D = (aa) in the case of any offer or invitation to acquire or subscribe for new Shares under Paragraph 3(b) or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under and Paragraph 3(c) of this Schedule respectively, the value of rights attributable to one (1) Share (as defined below); or

DRAFT BY-LAWS (Cont'd)

(bb) in the case of any other transaction falling within Paragraph 3 of this Schedule, the fair market value as determined by the Company in consultation with the external auditors of the Company and/or the Adviser, of that portion of the Capital Distribution attributable to one (1) Share.

D* = the value of rights attributable to one (1) Share (as defined below); and

T = same as T above.

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

$$\text{Value of rights attributable to one (1) Share for D above} = \frac{C - E}{F + 1}$$

where:-

C = same as C above;

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

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

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

$$\text{Value of rights attributable to one (1) Share for D * above} = \frac{C - E *}{F * + 1}$$

where:-

C = same as C above;

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

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

For the purposes of this Schedule, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under By-Law 12.1) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves.

Any dividend charged or provided for in the accounts pertaining to 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 for any period after the last audited accounts as shown in the audited consolidated statement of comprehensive income of the Company.

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

DRAFT BY-LAWS (Cont'd)

4. If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 12.1 and also makes any offer or invitation to its ordinary shareholders as provided in Paragraph 3(b) or Paragraph 3(c) of this Schedule and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

and in respect of each case referred to in By-Law 12.1 and Paragraph 2 and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the additional number of new Shares comprised in the SIS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

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

where :-

- B = same as B above;
- C = same as C above;
- G = the aggregate number of issued Shares on the Entitlement Date;
- H = the aggregate number of new Shares to be issued 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 consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
- I* = the subscription consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; and
- T = same as T above.

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transactions.

5. If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in Paragraph 3(b) of this Schedule together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Shares as provided in Paragraph 3(c) of this Schedule and these offers or invitations share the same entitlement date, the Option Price shall be adjusted by multiplying it by the following fraction:

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

DRAFT BY-LAWS (Cont'd)

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

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

where:-

C = same as C above;

G = same as G above;

H = same as H above;

H* = same as H* above;

I = same as I above;

I* = same as I* above;

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

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

T = Same as T above.

Unless otherwise prescribed by Bursa Securities, each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transactions.

6. If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 12.1 and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in Paragraph 3(b) of this Schedule, together with an offer or invitation to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law Paragraph 3(c) of this Schedule, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

DRAFT BY-LAWS (Cont'd)

where:-

- B = same as B above;
 C = same as C above;
 G = same as G above;
 H = same as H above;
 H* = same as H* above;
 I = same as I above;
 I* = same as I* above;
 J = same as J above;
 K = same as K above; and
 T = same as T above.

Unless otherwise prescribed by Bursa Securities, each of such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transaction.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of the Market Day immediately preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Shares, securities or rights. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

7. If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under Paragraph 3(b), 3(c), 4, 5 or 6 of this Schedule), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying the existing Option Price in the following manner:

$$\text{Multiplier} = \frac{L + M}{L + N}$$

where:-

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

DRAFT BY-LAWS (Cont'd)

For the purpose of Paragraph 7 of this Schedule, the “**Total Effective Consideration**” shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

- (a) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and “**Total Effective Consideration per Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of Paragraph 7 of this Schedule, the “**Average Price**” of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

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

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ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

TA Securities, as the Principal Adviser to our Company for the Proposals, 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.

TA Securities has confirmed that they are not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in their capacity as the Principal Adviser to our Company for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

As at the LPD, save as disclosed below, our Board confirms that there is no other material commitment incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

| | RM'000 |
|-------------------------------------|---------------|
| Approved and contracted for: | |
| ▪ Building extension at Perak Plant | 387 |
| ▪ Purchase of plant and machineries | 1,633 |
| ▪ Computers and software | 370 |
| ▪ Renovation | 26 |
| | 2,416 |

3.2 Contingent liabilities

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

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group.

ADDITIONAL INFORMATION (Cont'd)

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 7, Mercu 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, Malaysia, during normal business hours on Mondays to Fridays (except public holidays) for the period commencing from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) our Constitution;
- (ii) our Group's audited financial statements for the FYEs 31 December 2023 and 31 December 2024 as well as the unaudited financial statements for the 12-months FPE 31 December 2025;
- (iii) the letter of consent and declaration of conflict of interest as referred to in **Section 2** of this Appendix II; and
- (iv) the draft By-Laws as set out in Appendix I.

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SMART ASIA CHEMICAL BHD

SMART ASIA CHEMICAL BHD

(Registration No. 201901016953 (1326281-T))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Smart Asia Chemical Bhd (“**SAC**” or the “**Company**”) will be held at Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor Bahru, Johor on Thursday, 25 June 2026 at 11:00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME (“SIS” OR “SCHEME”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES OF SAC (“SAC SHARES” OR “SHARES”) (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE EMPLOYEES OF SAC AND ITS SUBSIDIARIES (“SAC GROUP” OR THE “GROUP”) (“PROPOSED SIS”)

“**THAT** subject to the approvals being obtained from all relevant parties and/or authorities (where applicable), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the new Shares to be issued pursuant to the exercise of the SIS Options (as defined herein) granted under the Proposed SIS on the ACE Market of Bursa Securities having been obtained, approval be and is hereby given for the Board to establish the SIS for the eligible employees of the Group (excluding dormant subsidiaries and foreign subsidiaries incorporated out of Malaysia, if any) (collectively, “**Eligible Person(s)**”), who fulfil the criteria of eligibility for participation in the SIS under which options will be granted to the Eligible Persons to subscribe for new Shares (“**SIS Options**”) in accordance with the By-Laws governing the SIS (“**By-Laws**”), a draft of which is set out in Appendix I of the Circular to the shareholders of the Company dated 13 April 2026, and for the adoption of the By-Laws, and the Board be and is hereby authorised to:

- (i) implement and administer the SIS in accordance with the By-Laws, and to give full effect to the Proposed SIS with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or required by the relevant authorities or deemed necessary by the Board in the best interest of the Company;
- (ii) make the necessary applications as may be required at the appropriate time or times to Bursa Securities for the listing and quotation of the new SAC Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the SIS Options under the SIS;
- (iii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the SIS Options granted under the SIS provided that the aggregate number of new Shares to be allotted and issued shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the SIS and such new Shares shall, upon issuance and allotment, rank equally in all respects with the then existing Shares, save and except that the holders of such new Shares to be issued upon exercise of the SIS Options shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of such new Shares to be issued upon exercise of the SIS Options;

- (iv) amend and/or modify the By-Laws from time to time as may be required/permitted by the relevant authorities or deemed to be necessary by the Board provided that such amendments and/or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/or modifications and to do all such acts, deeds and things, and to execute all such documents and to enter into all such transactions, arrangements, agreements, deeds and undertakings with any party or parties as the Board may deem fit, necessary or expedient or appropriate and to impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed SIS and terms of the By-Laws; and
- (v) extend the duration of the SIS, provided always that such extension of the SIS made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the effective date of the SIS as determined in accordance with the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and the By-Laws or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting."

ORDINARY RESOLUTIONS 2 TO 3

PROPOSED ALLOCATION OF SIS OPTIONS TO CERTAIN PERSONS CONNECTED WITH THE DIRECTORS OF THE COMPANY ("PROPOSED ALLOCATION")

"**THAT** subject to the passing of the Ordinary Resolution 1 and approvals being obtained from all relevant parties and/or authorities (where applicable), and for so long as such approvals remain in force, the Board be and is hereby authorised (or vest such powers and duties to the committee to be appointed and authorised by the Board to implement and administer the SIS ("**SIS Committee**")), at any time and from time to time during the duration of the SIS, to offer and grant SIS Options under the SIS to each of the eligible employees who are the persons connected with the directors of the Company ("**Interested Eligible Persons**") as follows:

GOH SIM YEE
(Operations director)

ORDINARY RESOLUTION 2

GOH JI SYUAN
(Director of subsidiaries)

ORDINARY RESOLUTION 3

PROVIDED ALWAYS THAT:

- (i) the Directors whose persons connected with him/her are Interested Eligible Persons must not participate in the deliberation or discussion in respect of the allocation(s) of SIS Options to any persons connected with them under the Proposed SIS, if any;
- (ii) at any point in time during the duration of the SIS, not more than 70% of the total number of Shares available to be issued under the Scheme shall be allocated, in aggregate, to the senior management of the Group who are eligible to participate in the Scheme; and
- (iii) at any point in time when a written offer by the SIS Committee to the Interested Eligible Persons to participate in the SIS in the manner provided in the By-Laws, not more than 10% of the total number of new Shares to be issued under the Proposed SIS shall be allocated to any one of the Interested Eligible Persons who, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of Shares (excluding treasury shares, if any),

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 Listing Requirements and any prevailing guidelines issued by Bursa Securities and/or any other relevant authorities, as may be amended from time to time;

AND THAT the Board be and is hereby authorised to allot and issue from time to time such number of new Shares to the abovementioned Interested Eligible Persons as may be required pursuant to the exercise of the SIS Options at any point in time during the duration of the SIS.”

By Order of the Board

Lim Li Heong (MAICSA 7054716) (SSM Practising Certificate No.: 202008001981)
Wong Mee Kiat (MAICSA 7058813) (SSM Practising Certificate No.: 202008001958)
Company Secretaries

Kuala Lumpur
13 April 2026

Notes:

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2026 (General Meeting Record of Depositors) shall be eligible to participate in the EGM or appoint proxy(ies) to attend and/or vote on his/her behalf.*
- 2. A member entitled to attend and vote at the EGM is entitled to appoint more than one (1) proxy but not more than two (2) proxies to participate and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company. There shall be no restriction to the qualification of the proxy. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate and vote at the EGM shall have the same rights as the member to participate at the EGM.*
- 3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
- 4. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it is entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the EGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointment shall be invalid.*
- 5. The instrument appointing a proxy by a member who is entitled to participate at the EGM, shall be executed by the appointor or his/her attorney duly authorised in writing. If the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.*
- 6. The appointment of proxy must be made in the form of hardcopy and must be received by the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. no later than twenty-four (24) hours before the time appointed for the holding of the EGM, i.e. no later than Wednesday, 24 June 2026 at 11:00 a.m. or any adjournment thereof.*



SMART ASIA CHEMICAL BHD

SMART ASIA CHEMICAL BHD
(Registration No. 201901016953 (1326281-T))
(Incorporated in Malaysia)

PROXY FORM

Table with 2 columns: Label (No. of shares held, CDS Account No., Contact No.) and Value.

*I / We..... *NRIC / Company No.
(Full Name in Block Letters)

of being a *Member / Members of
(Full Address)

Smart Asia Chemical Bhd, hereby appoint (Proxy 1)
(Full Name in Block Letters)

*NRIC / Passport No. of
(Full Address)

and* / or failing him/ her * (Proxy 2), *NRIC /
Passport
(Full Name in Block Letters)

No of
(Full Address)

and*/or failing him*, the Chairman of the Meeting, as *my/ our proxy / proxies to attend and vote for
*me/us and on *my/ our behalf at the Extraordinary General Meeting of the Company to be held at
Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor
Bahru, Johor on Thursday, 25 June 2026 at 11:00 a.m., or at any adjournment thereof as indicated below:

Table with 4 columns: Resolution, Agenda, For, Against. Rows include Ordinary Resolution 1 (Proposed SIS), Ordinary Resolution 2 (Proposed Allocation to Goh Sim Yee), and Ordinary Resolution 3 (Proposed Allocation to Goh Ji Syuan).

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If
you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:

Proxy 1 %
Proxy 2 %
100%

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand this day of 2026.

* Strike out whichever is inapplicable

Signature/Common Seal of Member(s)



Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2026 (General Meeting Record of Depositors) shall be eligible to participate in the EGM or appoint proxy(ies) to attend and/or vote on his/her behalf.*
2. *A member entitled to attend and vote at the EGM is entitled to appoint more than one (1) proxy but not more than two (2) proxies to participate and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company. There shall be no restriction to the qualification of the proxy. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate and vote at the EGM shall have the same rights as the member to participate at the EGM.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it is entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the EGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointment shall be invalid.*
5. *The instrument appointing a proxy by a member who is entitled to participate at the EGM, shall be executed by the appointor or his/her attorney duly authorised in writing. If the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.*
6. *The appointment of proxy must be made in the form of hardcopy and must be received by the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. no later than twenty-four (24) hours before the time appointed for the holding of the EGM, i.e. no later than Wednesday, 24 June 2026 at 11:00 a.m. or at any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

**The Share Registrar of
SMART ASIA CHEMICAL BHD**
(Registration No. 200301016552 (618972-T))
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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