

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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

This Circular has been reviewed by Kenanga Investment Bank Berhad, the Principal Adviser to Nova Wellness Group Berhad.

Nova[®]

NOVA WELLNESS GROUP BERHAD

Registration No. 201601025155 (1196094-M)

(Incorporated in Malaysia)

- (I) **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF NOVA WELLNESS GROUP BERHAD ("NOVA") (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF NOVA AND ITS SUBSIDIARY ("NOVA GROUP" OR THE "GROUP") ("PROPOSED ESOS"); AND**
- (II) **PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF NOVA PURSUANT TO THE PROPOSED ESOS**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

kenanga

Kenanga Investment Bank Berhad

(Registration No. 197301002193 (15678-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") together with the Form of Proxy are enclosed with this Circular. The details of the EGM which will be held virtually through live streaming via a remote participation and voting facilities at the Broadcast Venue at Conference Room, Nova Laboratories Sdn. Bhd., Lot 708, Nova Avenue, 43950 Sungai Pelek, Selangor Darul Ehsan, Malaysia are as follows:

Day, date and time of the EGM : Tuesday, 16 November 2021 at 11.30 a.m.

Last date and time for lodging the Form of Proxy : Monday, 15 November 2021 at 11.30 a.m.

The notice of EGM in this Circular together with the Form of Proxy as well as the Administrative Guide, which can be viewed and downloaded from the designated website link on the Company's website at <https://www.nova.my/agmegm>.

If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must lodge the at Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia ("**Registered Office**") not less than 24 hours before the time appointed for the taking of poll at the EGM or adjourned general meeting.

This Circular is dated 11 October 2021

DEFINITIONS

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

5D-VWAP	:	5-day volume weighted average market price
Act	:	Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
Announcement	:	Announcement in relation to the Proposed ESOS dated 9 September 2021
Board	:	Board of Directors of Nova
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company Registration No. 200301033577 (635998-W))
By-Laws	:	By-Laws governing the Proposed ESOS as amended, modified and supplemented from time to time, a draft of which is enclosed in Appendix II of this Circular
Circular	:	This circular to the shareholders of Nova dated 11 October 2021
CMSA	:	Capital Markets and Services Act, 2007 of Malaysia, as amended or substituted from time to time
Director(s)	:	A natural person who holds a directorship within our Group, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the CMSA
Duration of the Scheme	:	Has the meaning given to it in Section 2.4 of this Circular
EGM	:	Extraordinary general meeting
Eligible Person(s)	:	Any director and employee of our Group who is eligible to be selected to participate in the Proposed ESOS as set out in the By-Laws
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme
ESOS Committee	:	A committee comprising directors and / or officers of Nova to be appointed from time to time by our Board to administer the Proposed ESOS in accordance with the By-Laws
ESOS Options	:	The right of a grantee to subscribe for new Nova Shares at the Option Price under the Proposed ESOS
Kenanga IB or Principal Adviser	:	Kenanga Investment Bank Berhad (Company Registration No. 197301002193 (15678-H))
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	24 September 2021, being the latest practicable date prior to the issuance of this Circular
Market Day(s)	:	A day on which Bursa Securities is open for the trading in securities

DEFINITIONS (CONT'D)

MFRS	:	Malaysian Financial Reporting Standards
MFRS 2	:	MFRS 2 – Shared-based Payment
NA	:	Net assets
Nova or Company	:	Nova Wellness Group Berhad (Company Registration No. 201601025155 (1196094-M))
Nova Group	:	Nova and its subsidiary
Nova Shares	:	Ordinary shares in Nova
Offer	:	A written offer by ESOS Committee from time to time to an Eligible Person to participate in the Scheme in the manner provided in the By-Laws
Offer Date	:	A date which an award of ESOS Options is made in writing by the ESOS Committee to an Eligible Person
Option Price	:	Price payable for Nova Shares upon exercise of any ESOS Options granted under the Proposed ESOS
Proposed ESOS or Scheme	:	Proposed establishment of ESOS of up to 15% of the total number of issued Nova Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the eligible employees and directors of Nova and its subsidiary
Record of Depositors	:	A record of depositors established by Bursa Depository in accordance with the rules of Bursa Depository
RM and sen	:	Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia

References to “we”, “us”, “our” and “ourselves” mean our Company, except where the context otherwise requires, our Group. All references to “**you**” in this Circular are references to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and / or neuter genders and *vice versa*. References to persons shall include corporations. Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise specified.

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TABLE OF CONTENTS

CIRCULAR TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED ESOS:	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ESOS	2
3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED ESOS	7
4. EFFECTS OF THE PROPOSED ESOS	7
5. HISTORICAL SHARE PRICES	9
6. APPROVALS REQUIRED / OBTAINED	9
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND / OR PERSONS CONNECTED WITH THEM	10
8. DIRECTORS' STATEMENT AND RECOMMENDATION	11
9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	11
10. ESTIMATED TIMEFRAME FOR COMPLETION	11
11. EGM	11
12. FURTHER INFORMATION	12
APPENDICES	
APPENDIX I FURTHER INFORMATION	13
APPENDIX II DRAFT BY-LAWS FOR THE PROPOSED ESOS	14
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED



NOVA WELLNESS GROUP BERHAD

Registration No. 201601025155 (1196094-M)
(Incorporated in Malaysia)

Registered Office:
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

11 October 2021

Board of Directors

Dr Abdul Manaf bin Mohamad Radzi (*Independent Non-Executive Chairman*)
Phang Nyie Lin (*Group Managing Director*)
Phang Yeen Aun (*Executive Director*)
Phang Yeen Nung (*Executive Director*)
Sim Seng Loong @ Tai Seng (*Independent Non-Executive Director*)
Sulaiman bin Haji Ahmad (*Non-Independent Non-Executive Director*)
Tan Mio Har (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

- (I) **PROPOSED ESOS; AND**
- (II) **PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF NOVA PURSUANT TO THE PROPOSED ESOS**

1. INTRODUCTION

On 9 September 2021, Kenanga IB had, on behalf of our Board, announced that our Company proposes to establish an ESOS of up to 15% of the total number of issue shares of Nova (excluding treasury shares, if any) for the eligible directors and employees of Nova Group.

On 10 September 2021, Kenanga IB had, on behalf of our Board, announced that the additional listing application in relation to the Proposed ESOS has been submitted to Bursa Securities.

On 22 September 2021, Kenanga IB had, on behalf of our Board, announced that Bursa Securities had, *vide* its letter dated 22 September 2021, resolved to approve the listing of and quotation for such number of new Nova ordinary shares representing up to 15% of the total number of issued shares of Nova (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS, on the Main Market of Bursa Securities, subject to the terms and conditions as set out in Section 6 of this Circular.

Details of the Proposed ESOS are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED ESOS

Our Company proposes to establish and implement the Proposed ESOS to the Eligible Persons. The ESOS Options granted under the Scheme shall entitle the Eligible Persons to subscribe for Nova Shares at an Option Price which shall be determined later.

The Proposed ESOS will be administered by the ESOS Committee and governed by the By-Laws. The ESOS Committee will have absolute discretion in administering the Scheme including prescribing financial and performance criteria and such other conditions as it may deem fit.

Subject to the prevailing legislation and Listing Requirements, the ESOS Options will be satisfied by way of issuance of new Nova Shares.

The principal features of the Proposed ESOS are as follows:

2.1 Size of the Proposed ESOS

The maximum number of new Nova Shares which may be allotted and issued under the Scheme shall not exceed, in aggregate, 15% of the total number of issued shares of Nova (excluding treasury shares, if any) at any point in time over the duration of the Scheme as set out in Section 2.4 of this Circular.

2.2 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Scheme:

- (i) in respect of an employee, the employee must, as at the Offer Date:
 - (a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) entered into a full-time or fixed-term contract with, and is on the payroll of any company within our Group, and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the relevant company within our Group; and
 - (c) fulfil any other eligibility criteria as may be set by the ESOS Committee at any time and from time to time.
- (ii) in respect of a director, the director must, as at the Offer Date:
 - (a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
 - (b) fulfilled any other eligibility criteria as may be set by the ESOS Committee at any time and from time to time.

- (iii) in addition to the eligibility criteria set out in Sections 2.2(i) and 2.2(ii) of this Circular, in respect of an employee who is serving under an employment contract with any company within our Group, such employment contract must be for a fixed duration of at least one (1) year, unless otherwise decided by the ESOS Committee in its absolute discretion; and
- (iv) the ESOS Committee may in its absolute discretion determine any other eligibility criteria and / or waive any of the eligibility criteria as set out in Section 2.2 of this Circular for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding.

The specific allotment to be made to any Eligible Person who is a director, major shareholder or chief executive officer of our Group ("**Interested Parties**") or a person connected with any of the Interested Parties, the specific allocation of Shares and / or ESOS Options granted by our Company to him under the Scheme must be approved by the shareholders of our Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and persons connected with them shall not have voted on the resolution approving their respective allocation.

2.3 Maximum allowable allotment and basis of allocation

Subject to the By-Laws and any adjustments which may be made under the By-Laws, the number of ESOS Options to be allocated shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the Eligible Person's position, job performance, job grade, seniority, length of service and / or such other factors that the ESOS Committee deems fit, and subject to the following conditions:

- (i) the total number of Shares made available under the Scheme shall not exceed the amount stipulated in Section 2.1 of this Circular;
- (ii) not more than **ten percent (10%)** of the total number of Shares to be issued under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds **twenty percent (20%)** or more of the total number of issued Nova Shares (excluding treasury shares, if any);
- (iii) not more than **fifty percent (50%)** of the total ESOS Options available under the Scheme shall be allocated, in aggregate, to the directors and senior management of our Group who are Eligible Persons. Such allocation has been determined after taking into consideration, amongst others, the number of directors and senior management of our Group and the anticipated contributions from the directors and senior management to the growth of our Group;
- (iv) that not more than **two percent (2%)** of the total ESOS Options available under the Scheme shall be allocated to non-executive directors who are Eligible Persons; and
- (v) that the directors and the senior management of our Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,

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

The ESOS Committee shall be entitled to determine the maximum number of ESOS Options that can be offered under the Scheme in relation to each class or grade of the directors and employees and the aggregate maximum number of ESOS Options that can be offered to the directors and senior management of our Group under the Scheme from time to time, and the decision of the ESOS Committee shall be final and binding. Our Company shall ensure that allocation of ESOS Options is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed to the Eligible Persons.

The ESOS Committee may at its discretion determine whether the granting of the ESOS Options to the Eligible Persons will be based on staggered granting over the duration of the Scheme or in one (1) single grant and / or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions for the ESOS Options. Should the ESOS Committee decides to grant the ESOS Options to the Eligible Persons on a staggered basis, the maximum allocation available for each financial year shall not exceed **three percent (3%)** of the total number of issued shares of Nova available during the duration of the Scheme.

Subject to the By-Laws, there are no performance targets to be achieved by the Eligible Persons or vesting period for the ESOS Options unless otherwise stated in the Offer as determined by the ESOS Committee from time to time.

For information purposes, unless the context otherwise requires, “persons connected with an Eligible Person” or “persons connected with Interested Parties” shall have the meaning given to “Persons Connected” as defined in Paragraph 1.01 of the Listing Requirements.

2.4 Duration of the Proposed ESOS

Subject to the By-Laws, the Proposed ESOS when implemented, shall take effect on the date of full compliance with the relevant requirements of the Listing Requirements (“**Effective Date**”) and shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five (5) years or such shorter period, at the sole and absolute discretion of our Board upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of our Company in a general meeting is required for any such extension or renewal (as the case may be).

2.5 Option price

The Option Price shall be a price to be determined by the ESOS Committee based on the 5D-VWAP immediately preceding the Offer Date subject to a discount of not more than ten percent (10%) or such other percentage or discount as may be permitted by Bursa Securities and / or any other relevant authorities from time to time.

2.6 Rights attaching to the ESOS Options and ranking of the new Nova Shares

The ESOS Options shall not carry any right to vote at any general meeting of our Company and the new Nova Shares will be subject to the provisions of the constitution of our Company relating to transfer, transmission or otherwise of the Nova Shares including the rights of the holder of the Shares on the winding up of our Company.

The new Nova Shares to be issued pursuant to the exercise of ESOS Options pursuant to the Scheme shall, upon allotment and issuance, rank equally in all respects with the existing Nova Shares, except that the new Nova shares shall not be entitled to any dividends, rights, allotments and / or other distributions that may be declared, made or paid to shareholders of our Company, the entitlement date of which is prior to the

allotment date of the new Nova Shares to be issued pursuant to the exercise of the ESOS Options.

2.7 Retention period

The Shares to be issued / transferred to grantee (save for an Eligible Person who is a non-executive Director) shall not be subject to any retention period or restriction on transfer. However, our Company encourages grantees to hold the Shares subscribed for by them as a long-term investment and not for any speculative and / or realisation of any immediate gain.

A grantee who is a non-executive Director shall be subject to the restrictions on dealing in accordance with any prevailing and applicable guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time including, but not limited to Paragraph 8.20 of the Listing Requirements which prohibits a non-executive Director from selling, transferring or assigning the Shares obtained through the exercise of the Options offered to him pursuant to this Scheme within one (1) year from the Offer Date of such Options.

2.8 Alteration of share capital

Subject to the By-Laws, in the event of any alteration in the capital structure of our Company during the commencing from the Offer Date until the expiry of the Scheme (“**Date of Expiry**”), whether by way of capitalisation of profits or reserves, rights issues, bonus issue, subdivision or consolidation of shares or capital reduction or any other variation of capital shall take place or if our Company shall make a capital distribution during the Duration of the Scheme, our Company shall cause such adjustment to be made to:

- (i) the Option Price; and / or
- (ii) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Option (excluding ESOS Options already exercised);

to ensure that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of Shares to which the Grantee was entitled prior to the event giving rise to such adjustments (i.e. not taking into account the Options already exercised) shall remain unaffected.

2.9 Amendments and / or modification to the By-Laws

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to our Board any additions, modifications or amendments to or deletions of the By-Laws as it shall, at its sole discretion, deems fit and our Board shall have the power at any time and from time to time by resolution to add to, amend, modify and / or delete all or any of the terms in the By-Laws upon such recommendation and subject to our Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and / or modification is made, stating that the amendment and / or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.

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

- (i) materially prejudice any rights which have accrued to any grantee;
- (ii) alter to the advantage of any grantee or group of grantees or all grantees; or

- (iii) increase the number of Nova Shares available under the Scheme beyond the maximum 15% of the total issued shares at any one time during the duration of the Scheme.

2.10 Termination of the Proposed ESOS

Subject to compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by our Company at any time before the Date of Expiry provided that our Company makes an announcement immediately to Bursa Securities. The announcement shall include:

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

Notwithstanding anything to the contrary, all unexercised ESOS Options shall be deemed to cease to be capable of being exercised and shall be null and void on the Termination Date.

2.11 Listing of and quotation for the new Nova Shares to be issued arising from the exercise of the ESOS Options

Bursa Securities had *vide* its letter dated 22 September 2021 approved the listing of such number of new Nova ordinary shares representing up to 15% of the total number of issued shares of Nova (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS on the Main Market of Bursa Securities.

2.12 Utilisation of proceeds

The actual proceeds to be raised from the Proposed ESOS will be dependent on the number of ESOS Options granted and exercised at the relevant point in time and the Option Price payable upon the exercise of the ESOS Options. As such, the exact amount of proceeds to be received and timeframe for the utilisation of proceeds are not determinable at this juncture.

The proceeds arising from the exercise of the ESOS Options will be utilised for future working capital requirements of Nova which includes, among others, payment of staff related expenses (such as salaries, EPF, SOCSO and allowances) and defrayment of other administrative expenses (such as utilities and upkeep of office). The proceeds to be used for each component of working capital are subject to the operating requirements of Nova at the time of utilisation and therefore cannot be determined at this point of time. There is also no certainty on the timing and amount raised from the exercise of the ESOS Options.

2.13 Fundraising exercise in past 12 months

Our Company had not undertaken any equity fund raising exercises in the past 12 months prior to date of this Circular.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED ESOS

The Proposed ESOS serves to align the interests of the Eligible Person with the corporate goals and long-term objectives of our Company. The Proposed ESOS will provide the Eligible Person an opportunity to have equity participation in our Company and help achieve the positive objectives as set out below:

- (i) to recognise the contributions and / or services of the Eligible Persons which are considered vital to the operations and continued growth of our Group;
- (ii) to motivate the Eligible Persons towards better performance through greater productivity and loyalty;
- (iii) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity stake of our Company;
- (iv) to encourage employees to remain with our Group, thus ensuring that the loss of key personnel is kept to a minimum; and
- (v) to reward Eligible Persons by allowing them to participate in our Company's profitability and eventually realise capital gains arising from any appreciation on the value of Nova Shares.

The Proposed ESOS is also extended to non-executive directors in recognition of their contributions and efforts to our Company and to enable them to participate in our Company's future growth. Their participation in the equity of our Company is expected to enhance their level of commitment and contribution as well as enable our Company to attract and retain capable individuals to act as non-executive directors of our Company.

4. EFFECTS OF THE PROPOSED ESOS

4.1 Issued Share Capital

The Proposed ESOS is not expected to have an immediate effect on the existing issued share capital of our Company until such time when the ESOS Options to be granted under the Proposed ESOS are exercised. The issued share capital of our Company will increase progressively depending on the number of new Nova Shares to be issued arising from the exercise of the ESOS Options that may be granted under the Proposed ESOS.

For illustrative purposes, the proforma effects of the Proposed ESOS on the issued share capital of our Company based on the assumption that the number of ESOS Options granted amounts to 15% of the total number of issued shares of Nova (excluding treasury shares, if any) as at the LPD, are set out below:

	No. of Shares	RM
Share capital as at the LPD	317,743,815	60,074,000
Number of Nova Shares to be issued assuming full exercise of the ESOS Option granted	⁽¹⁾ 47,661,572	⁽²⁾ 37,176,026
Enlarged share capital	<u>365,405,387</u>	<u>97,250,026</u>

Notes:

(1) For the avoidance of doubt, the maximum number of new Nova Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued Nova Shares (excluding treasury shares, if any) at any point in time during the tenure of the Proposed ESOS.

(2) For illustrative purpose only, calculated based on RM0.780, being 9.30% discount to the 5D-VWAP of Nova Shares up to and including the LPD of RM0.860 per Nova Share.

4.2 Earnings and EPS

The Proposed ESOS is not expected to have any immediate material effect on the earnings and EPS of our Group until such time when the ESOS Options are granted and exercised.

Any potential effect on the EPS of our Group in the future will depend on the number of ESOS Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the ESOS 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 ESOS Options based on, amongst others, the share price volatility, risk-free interest rate and pricing model. The fair value of the ESOS Options will be recognised as an expense in the profit or loss account of our Group over the vesting period of such ESOS Options. However, it should be noted that the estimated cost does not represent a cash outflow by our Group as it is merely an accounting treatment.

Our Board takes 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 ESOS Options to the Eligible Persons.

4.3 NA and Gearing

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

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

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

Any potential effect on the NA and gearing of our Group in the future will depend on the number of ESOS Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the ESOS 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 ESOS Options. Further information on the impact of MFRS 2 is set out in Section 4.2 of this Circular.

4.4 Substantial Shareholders' Shareholdings

The Proposed ESOS will not have any effect on the shareholdings of Nova's substantial shareholders until the ESOS Options have been granted and exercised.

Any potential effect on their shareholdings will depend on the number of new Shares to be issued pursuant to the Proposed ESOS at the relevant point in time.

4.5 Convertible Securities

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

5. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Nova Shares as traded on Bursa Securities for the past 12 months prior to the LPD are as follows:

	High RM	Low RM
<u>2020</u>		
October	1.050	0.885
November	0.995	0.870
December	0.995	0.865
<u>2021</u>		
January	0.945	0.860
February	0.935	0.870
March	0.880	0.840
April	0.925	0.845
May	0.915	0.855
June	0.890	0.855
July	1.130	0.815
August	0.860	0.810
September	0.865	0.835
5D-VWAP of Nova Shares up to and including 13 August 2021, being the latest practicable date prior to the Announcement.		RM0.832
Last transacted price of Nova Shares on 8 September 2021, being the last transacted date prior to the Announcement.		RM0.850
Last transacted market price of Nova Shares as at the LPD.		RM0.860

(Source: Bloomberg)

6. APPROVALS REQUIRED / OBTAINED

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

- (i) Bursa Securities had *vide* its letter dated 22 September 2021 approved the listing of and quotation for such number of new Nova ordinary shares representing up to 15% of the total number of issued shares of Nova (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS, subject to the following conditions:

No. Conditions	Status of compliance
Proposed ESOS	
1. Nova and Kenanga IB must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Proposed ESOS.	Noted
2. Kenanga IB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS.	Noted

No. Conditions	Status of compliance
3. Nova is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS as at the end of each quarter together with a detail computation of listing fees payable.	Noted

- (ii) the approval of the shareholders of Nova at an EGM to be convened; and
- (iii) the approvals / consents of any other relevant authorities / parties, if required.

The voting on the resolutions pertaining to the Proposed ESOS at the EGM shall be taken via poll, of which the result of the poll will be validated by an independent scrutineer to be appointed.

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

Save as disclosed below, none of the Directors, major shareholders, chief executive and / or persons connected with them are deemed interested, direct or indirect, in the Proposed ESOS.

All the Directors of our Company are deemed interested in the Proposed ESOS by virtue of their eligibility for the ESOS Options and in respect of their allocations as well as allocations to persons connected with them under the Proposed ESOS.

As our Board is desirous to allocate the ESOS Options to the Directors of our Company, each of the Directors will abstain from all Board deliberations and voting in respect of allocation of ESOS Options to themselves as well as the allocations to any persons connected with them.

Phang Nyie Lin, Phang Yeen Nung and Phang Yeen Aun are the Directors as well as major shareholders of our Company and therefore deemed interested in the Proposed ESOS (“Interested Major Shareholders”).

The direct and indirect shareholdings of our Directors and Interested Major Shareholders as at the LPD are disclosed below:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Directors and Interested Major Shareholders</u>				
Phang Nyie Lin	25,249,603	7.95	⁽¹⁾ 210,834,212	66.35
Phang Yeen Nung	25,249,603	7.95	-	-
Phang Yeen Aun	25,249,603	7.95	-	-
<u>Directors</u>				
Dr Abdul Manaf Bin Mohamad Radzi	350,000	0.11	⁽²⁾ 170,000	0.05
Sulaiman Bin Haji Ahmad	300,000	0.09	-	-
Sim Seng Loong @ Tai Seng	-	-	-	-
Tan Mio Har	-	-	-	-

Notes:

- (1) Deemed interest pursuant to Section 8 of the Act through the shareholdings of Tan Sok Mooi, Phang Yeen Nung, Phang Yeen Aun and Phang Yeen Hung in our Company.
- (2) Deemed interest pursuant to Section 59(11)(c) of the Act in relation to interests held by their spouse and children.

The Directors and Interested Major Shareholders will abstain from voting, in respect of their direct and / or indirect shareholdings in our Company, on the resolutions pertaining to their respective allocations of ESOS Options under the Proposed ESOS at the EGM to be convened.

Further, each of the Directors and Interested Major Shareholders will ensure that persons connected with them, if any, will abstain from voting in respect of the connected persons' direct and / or indirect shareholdings in our Company, on the resolutions pertaining to the respective allocations of ESOS Options of the Directors and Interested Major Shareholders under the Proposed ESOS at an EGM to be convened.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects including the rationale and justification as well as the effect of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of our Company.

However, in the view that all our Directors are eligible to participate in the Proposed ESOS, they have abstained from giving any opinion on their respective proposed allocations as well as the proposed allocation to person connected with them, if any, under the Proposed ESOS. In addition, our Board has abstained from making any recommendation for voting in respect of the resolutions pertaining to the proposed allocation to each of them and / or persons connected with them, if any, under the Proposed ESOS.

As such, our Board recommends that you vote in favour for the resolutions pertaining to the Proposed ESOS to be tabled at the forthcoming EGM of our Company.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS, there are no other corporate exercises which have been announced by our Company but have yet to be completed as at the LPD.

10. ESTIMATED TIMEFRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed ESOS is expected to be implemented by December 2021.

11. EGM

The EGM, the notice of which is enclosed in this Circular, will be held virtually through live streaming via a remote participation and voting facilities at the Broadcast Venue at Conference Room, Nova Laboratories Sdn. Bhd., Lot 708, Nova Avenue, 43950 Sungai Pelek, Selangor Darul Ehsan, Malaysia on Tuesday, 16 November 2021 at 11.30 a.m. or immediately following the conclusion or adjournment of the 5th Annual General Meeting of the Company scheduled to be held at the same venue and on the same day at 10.00 a.m. whichever is later for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed ESOS, as set out in the notice of EGM in this Circular together with the Form of Proxy as well as the Administrative Guide, which can be viewed and downloaded from the designated website link on the Company's website at <https://www.nova.my/agmegm>.

If you are unable to attend, participate, speak and vote in person at our forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event, to be deposited at the Company's Registered Office not less than 24 hours before the time appointed for the taking of poll at the EGM or adjourned general meeting.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully
for and on behalf of the Board
NOVA WELLNESS GROUP BERHAD

DR. ABDUL MANAF BIN MOHAMAD RADZI
Independent Non-Executive Chairman

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made 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

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

Kenanga IB has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposed ESOS.

3. MATERIAL LITIGATION

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

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material Commitments**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the results or financial position of our Group.

4.2 Contingent Liabilities

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group that have not been provided for, which upon becoming enforceable may have a material impact on the results or financial position of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of the EGM:

- (i) constitution of our Company;
- (ii) draft ESOS By-Laws as set out in Appendix II of this Circular;
- (iii) the audited consolidated financial statements of our Company for the past three (3) financial years up to FYE 30 June 2021; and
- (iv) The letter of consent and conflict of interests referred to in Section 2 of this Appendix I.

NOVA WELLNESS GROUP BERHAD
(Registration No.: 201601025155 (1196094-M))

BY-LAWS OF THE PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these By-Laws, unless otherwise specified, the following definitions shall, where the context so admits, be deemed to have the following meanings:

“Act”	:	means Companies Act, 2016, as amended from time to time and any re-enactment thereof;
“Adviser”	:	means a person who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007 as defined in the Securities Commission Malaysia’s Principal Adviser Guidelines;
“Auditor”	:	means an approved company auditor as defined in Section 263 of the Act, of the Company for the time being or such other external auditors as may be nominated by the Board;
“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 the terms and conditions of the Scheme (as may be amended from time to time and to be adopted pursuant to By-Law 17);
“CDS”	:	means a Central Depository System governed under the Central Depositories Act;
“CDS Account”	:	means an account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities;
“Central Depositories Act”	:	means the Securities Industry (Central Depositories) Act, 1991, as amended from time to time;
“Company” or “NWGB”	:	means Nova Wellness Group Berhad (Registration No.: 201601025155 (1196094-M));
“Constitution”	:	means Constitution of the Company, as amended from time to time;
“Date of Allocation”	:	means a date to be determined by the ESOS Committee to be the date on which an Employee or Director is deemed eligible to participate in the Scheme;

APPENDIX II – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

“Date of Expiry”	:	means the last day of an Option Period;
“Date of Offer”	:	means the date of the Offer Letter, as described in By-Law 5.3, being the date on which a Selected Person is deemed to have been notified of an Offer by the ESOS Committee;
“Director(s)”	:	means Executive Director(s) and Non-Executive Director(s) of the Group;
“Disciplinary Proceedings”	:	means proceedings instituted against a Selected Person for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Selected Person deemed to be unacceptable by the Company or any of its subsidiaries in the course of that Selected Person’s employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Selected Person;
“Duration of the Scheme”	:	means the duration of the Scheme as defined in By-Law 21 and includes any extension or renewal thereof;
“Effective Date”	:	means the date of commencement of the Scheme being the date of full compliance with all relevant requirements as stated in By-Law 21;
“Eligible Person”	:	means any Employee or Director of the Group satisfying the conditions stipulated in By-Law 3;
“Employee”	:	means any person who is employed by any company within the Group and is on the payroll of the Group;
“Entitlement Date”	:	means the date as of the close of business on which, shareholders whose names must appear in the record of depositors of the Company maintained at Bursa Depository in order to participate in any dividend, right, allotment or other distribution;
“ESOS Committee”	:	means the committee consisting of such persons as shall be appointed and duly authorised by the Board, to administer the Scheme in accordance with the provisions of By-Law 16;
“ESOS Option(s)”	:	means the right of a Grantee to subscribe for new Shares at the Option Price and where the context so requires, means any part of the ESOS Option as shall remain unexercised;
“Executive Director”	:	means a natural person who is a director in a full-time executive capacity who is involved in the day-to-day management and on the payroll of any company within the Group;
“Grantee”	:	means a Selected Person who has accepted the Offer in accordance with the provisions of By-Law 6;

APPENDIX II – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

“Group” or “NWGB Group”	:	means the Company and its subsidiaries incorporated in Malaysia as defined in Section 4 of the Act (excluding subsidiaries which are dormant) and any subsidiary incorporated or acquired at any time during the Duration of the Scheme and where the context so requires, any one of them;
“Listing Requirements”	:	means Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time;
“Market Day”	:	means Any day between Monday and Friday, both days inclusive, which is a trading day on Bursa Securities;
“Maximum Allowable Allotment”	:	shall have the same meaning as ascribed to it in By-Law 4.1;
“Non-Executive Director(s)”	:	means A natural person who is a director holding a non-executive capacity who does not engage in the day-to-day management of the Group;
“Notice of Exercise”	:	shall have the same meaning as ascribed to it in By-Law 9.4;
“Offer”	:	means an offer made by the ESOS Committee as set out in By-Law 5 to a Selected Person;
“Offer Letter”	:	shall have the same meaning as ascribed to it in By-Law 5.3;
“Offeror”	:	shall have the same meaning as ascribed to it in By-Law 13(a);
“Option Period”	:	means the period during which an ESOS Option may be exercised as may be specified in the Offer;
“Option Price”	:	means the price at which the Grantee shall be entitled to subscribe for a new Share as set out in By-Law 7;
“Person Connected”	:	has the same meaning as that assigned to “Person Connected” in Paragraph 1.01 of the Listing Requirements;
“RM” and “sen”	:	means Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia;
“Rules of Bursa Depository”	:	means the rules of Bursa Depository, as issued pursuant to the Central Depositories Act;
“Scheme”	:	means Employees’ share option scheme established by the By-Laws hereto for the grant of ESOS Options to Selected Person to subscribe for new Shares;
“Selected Person”	:	means An Eligible Person to whom an Offer is being made pursuant to By-Law 5; and
“Share(s)”	:	means Ordinary share(s) in the Company.

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

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 Subject to By-Law 2.2, the maximum number of new Shares which may be made available under the Scheme and/ or to be allotted and/or issued pursuant to the exercise of the ESOS Options that may be granted under the Scheme shall not exceed in aggregate fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) at any point in time when an Offer is made throughout the Duration of the Scheme.
- 2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the ESOS Options granted under the Scheme exceeds the aggregate of fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing, cancelling or reducing its own Shares in accordance with the provisions of Section 127 of the Act or any other corporate proposal and thereby diminishing its total number of issued shares of the Company, then such ESOS Options granted prior to the adjustment of the total number of issued shares of the Company shall remain valid and exercisable in accordance with the provisions of the By-Laws. However, in such a situation, the Company shall not make any new Offers until the total number of Shares under the subsisting ESOS Options including Shares that have been issued under the Scheme falls below fifteen percent (15%) of the Company's total number of issued shares (excluding treasury shares, if any).

3. ELIGIBILITY

- 3.1 Any Employee or Director shall be eligible to participate in the Scheme and qualify for selection by the ESOS Committee, if, as at the Date of Allocation (where applicable):
- (a) such Employee or Director has attained the age of eighteen (18) years and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) such Employee has been employed on a full time basis or contract employment with at least one (1) year of continuous service and is on the payroll of any company within the Group and his employment has been confirmed, and has not served a notice to resign or received a notice of termination; and
 - (c) such Employee or Director has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee at its sole discretion from time to time,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the Board on or prior to the Effective Date. For the avoidance of doubt, the ESOS Committee may determine any other eligibility criteria and/or waive any of the conditions of eligibility as set out in By-Law 3.1, for purposes of selecting an Eligible Person at any time and from time to time, in the ESOS Committee's discretion.

- 3.2 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Offers may be granted to any person who is a director, a major shareholder, chief executive of the Company, or a Person Connected with a director, major shareholder or chief executive of the Company, unless the specific grant of that Offer to that person shall have previously been approved by the shareholders of the Company in a general meeting.
- 3.3 In a meeting to obtain shareholders' approval in respect of the grant of the Offer, any person who is a director, a major shareholder, chief executive of the Company, or a Person Connected with a director, major shareholder or chief executive of the Company must abstain from voting on the resolution approving the said allotment.
- 3.4 Eligibility, however, does not confer on an Eligible Person a claim or right to participate in the Scheme unless the ESOS Committee has made an offer in writing to the Eligible Person under By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 3.5 The ESOS Committee may in its discretion revoke or suspend the nomination of any Eligible Person at any time and from time to time, whereupon such Eligible Person shall henceforth cease to be eligible for any Offers under this Scheme.
- 3.6 The ESOS Committee shall have the sole and absolute discretion not to make further Offers regardless of the amount of the ESOS Options available.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF SHARES

- 4.1 Subject to By-Law 2 and any adjustments which may be made under By-Law 14, the aggregate number of new Shares comprised in the ESOS Options to be offered to an Eligible Person in accordance with the Scheme shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the Selected Person's position, job grade, seniority, the years of service, job performance and such factors that the ESOS Committee may deem relevant in its discretion, subject to the following:
- (a) that the number of ESOS Options made available under the Scheme shall not exceed the amount stipulated in By-Law 2.1;
 - (b) the allocation to any individual Selected Person who, either singly or collectively through Persons Connected with him, holds twenty per cent (20%) or more in

the total number of issued shares of the Company (excluding treasury shares, if any) does not exceed ten percent (10%) of the Shares available under the Scheme at any point in time when an Offer is made (“**Maximum Allowable Allotment**”);

- (c) at any point in time when an Offer is made, not more than fifty percent (50%) of the total ESOS Options available under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group. As for allocation to Non-Executive Directors, it shall not be more than two percent (2%) of the total ESOS Options available under the Scheme;
- (d) the Directors and senior management of the Group do not participate in the voting, deliberation or discussion of their own allocations of ESOS Options under the Scheme,

provided always that it is in compliance with the Listing Requirements, any prevailing guidelines, rules, regulations or requirements as amended from time to time issued by any other relevant regulatory authorities.

- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out, among others, the basis of allocation, identifying the category or grade of the Employee and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 Any Selected Person who holds more than one position within the Group and by holding such positions such Selected Person is in more than one category, such Selected Person shall only be entitled to the Maximum Allowable Allotment of any one category. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 4.4 In the event that a Selected Person is upgraded or promoted, the Maximum Allowable Allotment corresponding to the category of Employee which such Selected Person falls within as at the Date of Allocation, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1.
- 4.5 The ESOS Committee shall also have the discretion to determine, amongst others:
 - (a) whether the ESOS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to achieving a performance target; and
 - (b) such other terms and conditions it shall deem fit and appropriate to be imposed for participation in the Scheme.

Subject to these By-Laws, there are no performance targets to be achieved by the Eligible Persons or vesting period for the ESOS Options, unless otherwise stated in the Offer as determined by the ESOS Committee from time to time.

5. OFFER

- 5.1 Subject to and in accordance with the provisions of these By-Laws, the ESOS Committee may at its discretion at any time from the Effective Date offer ESOS Options to a Selected Person after taking into consideration such criteria as the ESOS Committee deems fit, including but not limited to the Selected Person's position, job grade, job performance, years of service and potential for future development.
- 5.2 The actual number of new Shares which may be offered to a Selected Person shall be at the discretion of the ESOS Committee but shall not be more than the Maximum Allowable Allotment as set out in By-Law 4.

- 5.3 The ESOS Committee will in its offer document ("**Offer Letter**") to a Selected Person state, inter alia, the number of Shares that can be subscribed under the Offer, the Option Price determined in accordance with the provisions of By-Law 7, the closing date for acceptance of the Offer and the manner and conditions of exercise of the ESOS Options. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Person or the Selected Person ceasing to be an Eligible Person for any reason whatsoever prior to the acceptance of the Offer by the Selected Person in the manner set out in By-Law 6.
- 5.4 Nothing herein shall prevent the ESOS Committee from making more than one Offer during the Duration of the Scheme to a Selected Person provided always that the total aggregate number of ESOS Options offered to any Selected Person including ESOS Options which have been exercised, if any, shall not exceed the Maximum Allowable Allotment. Each Offer made to any Selected Person by the ESOS Committee be separate and independent from any previous or later Offer made by the ESOS Committee to that Selected Person.
- 5.5 The Company shall keep and maintain at its expense a register of options as required under Section 129 of the Act.
- 5.6 An Offer shall be made in writing and in any manner as the ESOS Committee shall determine and may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Selected Person.
- 5.7 The actual number of Shares under the ESOS Options which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and shall not be less than one hundred (100) Shares and shall be in the multiples of one hundred (100) Shares (or in any other denomination as may be prescribed by Bursa Securities as a board lot).

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made by the ESOS Committee under By-Law 5 shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee, and may be accepted within this prescribed period by the Selected Person to whom the Offer is made by a notice (in a format to be prescribed by the ESOS Committee) to the ESOS Committee of such acceptance accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the ESOS Option.
- 6.2 If the Offer is not accepted in the manner aforesaid within the prescribed period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect, and the new Shares comprised in the ESOS Options may at the discretion of the ESOS Committee be re-offered to Eligible Persons.
- 6.3 The ESOS Committee shall within thirty (30) days of acceptance by the Offer by the Eligible Person issue to the Grantee a certificate of the ESOS Option in such form as may be determined by the ESOS Committee from time to time stating, amongst other matters, the number of Shares granted under the ESOS Option, the Option Price and the Option Period.

7. OPTION PRICE

- 7.1 Subject to any adjustment in accordance with the By-Laws, the Option Price shall be determined based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the Duration of the Scheme.
- 7.2 The Option Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 14.

8. NON-ASSIGNABLE

An ESOS Option is personal to the Grantee. Save and except as provided in By-Law 18.4, an ESOS Option cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever.

9. EXERCISE OF ESOS OPTION

- 9.1 An ESOS Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 18, is exercisable by that Grantee or in the event of the death of that Grantee, his next of kin and/or beneficiary as may be nominated within the Option Period. All unexercised ESOS Options shall become null and void after the Date of Expiry.
- 9.2 Upon acceptance of an Offer, the Grantee may during the Option Period exercise his ESOS Options at such time and in such manner and subject to such conditions as stipulated in the Offer Letter.
- 9.3 The ESOS Committee may, at any time and from time to time, before or after an ESOS Option is granted, limit the exercise of the ESOS Options to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the ESOS Options during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its discretion including amending/varying any terms and conditions imposed earlier.
- 9.4 The Grantee shall notify the Company of his intention to exercise an ESOS Option in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The Grantee shall, simultaneously with his exercise of the ESOS Option (or within such period as the ESOS Committee may prescribe), forward to the Company a remittance for the full amount of the subscription monies for the new Shares in respect of which the Notice of Exercise is given. An ESOS Option may be exercised in such manner and subject to such conditions as stipulated in the Offer Letter in respect of such lesser number of new Shares as the Grantee may decide to exercise. Such partial exercise of an ESOS Option shall not preclude the Grantee from exercising the ESOS Option as to the balance of any new Shares, if any, which he is entitled to subscribe under the Scheme.
- 9.5 The Grantee shall provide all information as required in the Notice of Exercise and the Company shall within eight (8) Market Days or such period as Bursa Securities may prescribe after the receipt of a valid Notice of Exercise and remittance from the Grantee allot and despatch the notice of allotment for the relevant number of Shares to the Grantee upon and subject to the Constitution, the Central Depositories Act and the Rules of Bursa Depository. No physical share certificates will be delivered to the Grantee.

APPENDIX II – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- 9.6 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within five (5) working days from the date of the rejection and the Grantee shall be deemed to not have exercised his ESOS Options.
- 9.7 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right at its discretion by notice to that effect:
- (a) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group and/or the terms and conditions of the Grantee's employment (whether or not such contravention may give rise to a Disciplinary Proceeding being instituted) to exercise his ESOS Option. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his ESOS Option having regard to the nature of the contravention provided always that in the event such contravention results in the dismissal or termination of service of such Grantee, the ESOS Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (b) to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his ESOS Option pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his ESOS Option having regard to the nature of the charges made or brought against such Grantee, provided always that:
 - (i) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his ESOS Option; or
 - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the ESOS Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (iii) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his ESOS Option and if so, to impose such terms and conditions or make such downward adjustment as it deems appropriate, on such exercise.

Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Selected Person in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn.

- 9.8 Each ESOS Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of the ESOS Option if such issue shall be contrary to any laws, rules and/or regulations of any regulatory body or authorities which may be in force during the Option Period.

10. RIGHTS OF A GRANTEE

- 10.1 The ESOS Options shall not carry any right to vote at any general meeting of the Company.
- 10.2 A Grantee shall not be entitled to any dividends, right or other entitlement on his unexercised ESOS Options.

11. RANKING AND LISTING OF AND QUOTATION FOR THE NEW SHARES

- 11.1 The new Shares to be allotted and issued upon any exercise of the ESOS Options will upon such allotment and issuance, rank *pari passu* in all respects with the then existing issued shares except that the new Shares so issued and allotted will not be entitled to any dividends, rights, allotments and/or other distributions where the Entitlement Date of which is prior to the date of which the new Shares are credited into the CDS Accounts of the Grantees.
- 11.2 The Grantees will not be entitled to any dividends, rights, allotments and/or other distributions until and unless such Grantees exercise their ESOS Options into new Shares and such new Shares are credited into the Grantees' respective CDS Accounts.
- 11.3 The new Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the Entitlement Date as at the close of business to be entitled to attend and vote at the general meeting.
- 11.4 The new Shares shall be subjected to all the provisions of the Constitution in relation to their issuance and allotment, transfer, transmission or otherwise.

12. RETENTION PERIOD

- 12.1 The new Shares to be allotted and issued to a Grantee (save for an Eligible Director who is a Non-Executive Director) pursuant to the exercise of an ESOS Option under the Scheme will not be subject to any retention period or restriction on transfer. However, the Grantees are encouraged to hold the new Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain.
- 12.2 Notwithstanding By-Law 12.1 above, a Grantee who is a Non-Executive Director shall not sell, transfer or assign the new Shares obtained pursuant to the exercise of ESOS Options under the Scheme within one (1) year from the Date of Offer or such period as may be prescribed by Bursa Securities.

13. TAKEOVER AND COMPULSORY ACQUISITION

In the event of:

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

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any unexercised ESOS Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (aa) the date on which the Grantee becomes entitled to exercise the ESOS Options or any part thereof is not due or has not occurred; and/or
- (bb) the Option Period has not commenced; and/or
- (cc) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, bonus issue, subdivision or consolidation of shares or capital reduction or any other variation of capital:

- (a) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Option (excluding ESOS Options already exercised); and/or
- (b) the Option Price,

shall be adjusted, provided always that:

- (i) on any such adjustment the resultant Option Price, if not an integral multiple of one (1) sen shall be rounded up to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Option Price or reduce the number of ESOS Options that a Grantee is already entitled to;
- (ii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall within thirty (30) calendar days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the ESOS Option;
- (iii) in determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlement shall be rounded down to the nearest whole number and dealt with by the ESOS Committee at its sole and absolute discretion; and
- (iv) any adjustment made must be in compliance with the provisions for adjustment as provided in these By-Laws.

In addition, the Company, shall at the request of the Grantee, furnish such Grantee with a copy of the certificate from an approved external auditor and/or an Adviser to the effect that the opinion of such auditor, acting as an expert and not an arbitrator, an adjustment is fair and reasonable either generally or as regard such Grantee, and such certification shall be final and binding on all parties. For the purposes of these By-Laws, an approved external auditor shall have the meaning given in Section 263 of the Act.

Nevertheless, any adjustments to the Option Price and /or the number of ESOS Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the external auditors of the Company and/or Adviser.

Any adjustments to the Option Price and/or the number of new Shares comprised in the ESOS Options so far as unexercised other than bonus issue, must be confirmed in writing by the external auditors of the Company or the Company's Adviser (acting as experts not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable.

Should there be other circumstances which give rise to a consideration for adjustments to the Option Price or the number of new Shares in favour of all Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice, within fourteen (14) days from the date such decision has been finalised, subject to compliance with the Listing Requirements.

14.2 In addition to By-Law 14.1 and not in derogation thereof, the Option Price and the number of new Shares relating to the ESOS Options so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Auditor and/or Adviser of the Company:

- (i) If and whenever the Company shall make any issue of Shares to shareholders credited as fully paid, by way of bonus issue or capitalization of profits or reserves, the Option Price shall be adjusted by multiplying it by the following fraction:

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

and the number of ESOS Options shall be adjusted by multiplying the existing number of ESOS Options held by the following fraction:

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

where:-

- A = the aggregate number of issued shares capital 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; and
- B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation of profits or reserves.

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

- (ii) 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:-

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

where:-

- C = the 5-day volume weighted average market price up to the Market Day of each Share as shall be determined in accordance with any guideline or rule issued by the relevant authorities from time to time, if any, or if there is none, the current market price of each Share 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; and
- D = (aa) in the case of any offer or invitation to acquire or subscribe for Shares by way of rights or for securities convertible into Shares under By-Law 14.2(ii)(b) and By-Law 14.2(ii)(c) respectively, the value of rights attributable to one (1) Share (as defined below); or
(bb) in the case of any other transaction falling within By-Law 14.2(ii), 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.

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:

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

where:

- C = as C above (By-Law 14.2(ii));
- E = the option 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 rights to acquire or subscribe for one (1) additional Share;

and in respect of the case referred to in By-Law 14.2(ii)(b), the number of ESOS Options shall be adjusted by multiplying the existing number of ESOS Options held by the following fraction:

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

where:

C = as C above (By-Law 14.2 (ii)); and

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

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:

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

where:

C = as C above (By-Law 14.2 (ii));

E* = the option 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 By-Law 14.1 and By-Law 14.2(ii), "**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 14.2(i)) 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 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.

- (iii) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.2(i) and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.2(ii)(b) or By-Law 14.2(ii)(c) 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:

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

and in respect of each case referred to in By-Law 14.2(i) and By-Law 14.2(ii)(b) and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of ESOS Options held by each Grantee shall be adjusted by multiplying the existing number of ESOS Options held by the following fraction:

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

where:

- B = as B above (By-Law 14.2(i));
- C = as C above (By-Law 14.2(ii));
- G = the aggregate number of issued share capital on the Entitlement Date;
- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the option consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be; and
- I* = the option consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares.

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.

- (iv) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(ii)(b) 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 By-Law 14.2(ii)(c) and the entitlement date for the purpose 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:

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

and the number of ESOS Options held by each Grantee shall be adjusted by multiplying the existing number of ESOS Options by the following fraction:

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

where :

- C = as C above (By-Law 14.2(ii));
- G = as G above (By-Law 14.2(iii));

APPENDIX II – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- H = as H above (By-Law 14.2(iii));
- H* = as H* above (By-Law 14.2(iii));
- I = as I above (By-Law 14.2(iii));
- I* = as I* above (By-Law 14.2(iii));
- J = the aggregate number of Share 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; and
- K = the exercise price on the conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share.

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.

- (v) If and whenever the Company makes an allotment to its shareholders as provided in By-Law 14.2(i) and also makes an offer or invitation to acquire or subscribe for Share to its shareholders as provided in By-Law 14.2(ii)(b), together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law 14.2(ii)(c), 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:

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

and the number of ESOS Options held by each Grantee shall be adjusted by multiplying the existing number of ESOS Options held by the following fraction:

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

where:

- B = as B above (By-Law 14.2(i));
- C = as C above (By-Law 14.2(ii));
- G = as G above (By-Law 14.2(iii));
- H = as H above (By-Law 14.2(iii));
- H* = as H* above (By-Law 14.2(iii));
- I = as I above (By-Law 14.2(iii));
- I* = as I* above (By-Law 14.2(iii));
- J = as J above (By-Law 14.2(iv));
- K = as K above (By-Law 14.2(iii));

Each 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 next 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.

- (vi) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.2(ii)(b), 14.2(ii)(c), 14.2(iii), 14.2 (iv) and 14.2(v) above, the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share is less than ninety per cent (90%) of the Average Price (as defined below) for one (1) Share or, as the case may be, the price at which Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L+M}{L+N}$$

where:

- L = the number of Shares in issue at the close of business on 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 with 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.

For the purpose of this By-Law 14.2(vi), the “**Total Effective Consideration**” shall be as determined by the ESOS Committee and shall be:

- (1) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (2) 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
- (3) 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 total amount receivable by the Company upon full exercise of such rights.

In each case without deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "**Total Effective Consideration Per Share**" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or 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. Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the Market Day immediately preceding the date on which the issue is announced or (if failing such announcement) immediately preceding the date on which the Company determines the offering price of such Shares, securities or rights.

For the purpose of this By-Law:

- (i) "**Current Market Price**" means in relation to each Share for any relevant day the weighted average of the last dealt prices for each Share quoted on Bursa Securities for the five (5) consecutive Market Days before such date for one (1) or more board lots of Shares as quoted on Bursa Securities; and
 - (ii) "**Average Price**" means the average of the Last Dealt Price (defined below) on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined; and
 - (iii) "**Last Dealt Price**" means in relation to a Share, the last dealt price per Share for one (1) or more board lots of Shares quoted on Bursa Securities.
- (vii) If and whenever the Company shall alter the capital structure of the Company during the Option, whether by way of consolidation, subdivision or conversion, the Option Price shall be adjusted by multiplying it by the following fraction:

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

and the number of ESOS Options shall be adjusted by multiplying the existing number of ESOS Options held by the following fraction:

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

A = as A above (By-Law 14.2(i)); and

B = as B above (By-Law 14.2(i)).

14.3 The provisions of By-Law 14 shall not apply where the alteration in the capital structure of the Company arises from:

- (a) the issue of new Shares in consideration or part consideration for an acquisition; or
- (b) a special issue of new Shares to Bumiputera parties/investors approved by the Ministry of International Trade and Industry, Malaysia and/or other Government authorities to comply with the Government policy on Bumiputera capital participation; or
- (c) a special issue, private placement or restricted issue of new Shares by the Company; or

- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to the relevant provision of the Act; or
 - (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 conversion rights attached to such convertible securities including warrants (if any) issued by the Company; or
 - (f) an issue of new Shares upon the exercise of ESOS Options pursuant to the Scheme; or
 - (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 pursuant to purchase or option schemes approved by the Shareholders in general meeting;
 - (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever;
 - (i) any issue of Shares as share dividend as long as it is not a material capital distribution; and
 - (j) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to Section 127 of the Act, or any replacement thereof. In this event, the following provisions shall apply:
 - (i) if the number of ESOS Options granted by the Company as at the date of cancellation of Shares so purchased is greater than fifteen percent (15%) of the shares of the Company after such cancellation, the ESOS Committee shall not make any further Offers; and
 - (ii) if the number of Options granted by the Company as at the date of cancellation of Shares so purchased is less than fifteen percent (15%) of the issued shares of the Company after such cancellation, the ESOS Committee may make further Offers only until the total number of Options granted by the Company is equivalent to fifteen percent (15%) of the issued shares of the Company after such cancellation.
- 14.4 Upon any adjustment being made, the ESOS Committee shall give notice in writing within fourteen (14) days from the date of adjustment to the Grantee, or his legal or personal representatives where applicable, to inform him of the adjustment and the event giving rise thereto.
- 14.5 The decision of the ESOS Committee as to whether any adjustment shall be made or not made to the Option Price and/or the number of new Shares comprised in the ESOS Option or any portion thereof pursuant to By-Law 14 is final, binding and conclusive.

15. LISTING AND QUOTATION OF NEW SHARES

- 15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the ESOS Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall:
- (a) issue and/or allot the Shares;
 - (b) despatch a notice of allotment to the Grantee; and
 - (c) apply for the quotation of such Shares;

within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee.

- 15.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring the Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The ESOS Committee shall implement and administer the Scheme in such manner as it shall in its discretion deem fit. The ESOS Committee shall comprise 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 including but not limited to the powers to:

- (a) subject to the provisions of the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transactions, agreements, deeds and documents, arrangements or undertakings construe and interpret the Scheme and ESOS Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke guidelines, rules and regulations or impose or waive any terms and conditions for the implementation and administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Offers to the Selected Persons as the ESOS Committee in its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The ESOS 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 an ESOS Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (b) 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.

- 16.2 The Board shall have power from time to time to:

- (a) rescind the appointment of any person in the ESOS Committee and appoint his replacement where the Board deems fit;
- (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws; and
- (c) amend, modify or vary the terms of reference of the ESOS Committee.

- 16.3 The decision as to whether or not to stagger the allocation of the ESOS Options over the Duration of the Scheme will be determined by the ESOS Committee at a later date.

17. AMENDMENT AND/OR MODIFICATION TO THE BY-LAWS

- 17.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time recommend to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the By-Laws as it shall in its discretion deem fit and the Board shall have the power by resolution to add, amend or modify and/or delete all or any of the By-Laws under such recommendation.

- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, amendments to, or deletions of these By-Laws except

that subject to any applicable laws, no addition, amendment or deletion shall be made to these By-Laws without the prior approval of the Company's shareholders in a general meeting which would:

- (a) materially prejudice any rights which have accrued to any Grantee without his/her prior consent; or
- (b) alter to the advantage of any Grantee without the prior approval of shareholders of the Company in a general meeting in accordance with the provisions set out in these By-Laws; or
- (c) increase the number of new Shares available under the Scheme beyond the maximum imposed by By-Law 2.1.

17.3 Subject to the compliance with the Listing Requirements and any other relevant rules and regulations, the prior approval of Bursa Securities and/or any other relevant authorities is not required for any subsequent amendment or modification to the By-Laws. However, a letter of compliance together with the amended By-Laws shall be submitted to Bursa Securities in the manner prescribed by Paragraph 2.12 of the Listing Requirements within five (5) days of the amendment, each time an amendment or modification is made, stating that the amendment or modification is in compliance with the provisions of the Listing Requirements and Rules of Bursa Depository.

18. TERMINATION OF ESOS OPTIONS

18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason, including but not limited to the receipt of a letter of termination or resignation by the Grantees, prior to the exercise of his ESOS Options or prior to full exercise of his ESOS Options, as the case may be, such ESOS Option shall cease immediately and become null and void on the date of such notice of cessation or termination without any claim against the Company provided always that, subject to the approval of the ESOS Committee in its discretion, where the Grantee ceases his employment or appointment with the Group by reason of:

- (a) retirement upon attaining the normal retirement age; or
- (b) subjected to Disciplinary Proceedings pursuant to By-Law 9.7(b); or
- (c) ill-health, injury, physical or mental disability; or
- (d) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group; or
- (e) transfer of employees to any company outside the Group at the direction of the Company; and/or
- (f) any other reasons which are acceptable to the ESOS Committee,

a Grantee may exercise his unexercised ESOS Options for such period as may be determined by the ESOS Committee within the relevant Option Period provided always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's ESOS Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee). All unexercised or partially exercised ESOS Options of such Grantee shall become null and void after the expiry of such period.

18.2 If a Grantee ceases his employment or appointment with the Group by reason of his resignation, his remaining unexercised ESOS Options shall cease with immediate effect and become null and void on the effective date of such notice of cessation.

APPENDIX II – DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- 18.3 An ESOS Option shall immediately become void and be of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 18.4 In the event where a Grantee dies before the expiration of the Option Period and at the time of his death held unexercised ESOS Options, such unexercised ESOS Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his death within the Option Period subject to approval of the ESOS Committee. The proportion exercisable is at the discretion of the ESOS Committee.
- 18.5 Upon termination of the ESOS Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him ceasing to hold office or employment or from the suspension of his right to exercise his ESOS Options or his ESOS Options ceasing to be valid.
- 18.6 Any ESOS Option that has lapsed and become null and void pursuant to By-Law 18 shall at the discretion of the ESOS Committee be re-allocated to other Eligible Person.

19. LIQUIDATION OF THE COMPANY

- 19.1 Upon the receipt of a court order of the winding-up of the Company or resolution is passed for the liquidation of the Company, all unexercised or partially exercised ESOS Options shall lapse and be null and void and of no further force and effect, and this Scheme shall terminate on the date of liquidation or winding up, that date being:
- (a) in the case of voluntarily winding up, the earlier of:
 - (i) the date on which a provisional liquidator is appointed by the Company; or
 - (ii) the date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or
 - (b) in the case of an involuntarily winding-up, the date on which a petition for winding up is served on the Company.

20. DIVESTMENT FROM AND TRANSFER TO/ FROM THE GROUP

- 20.1 If the Grantee who was in the employment of a company in the Group which was subsequently divested from the Group resulting in that company ceasing to be a subsidiary of the Group, the ESOS Option(s) unexercised on the date of such company ceasing to be a subsidiary, shall be null and void and be of no effect with effect from the date the relevant company ceases to be a subsidiary of the Company. Such Grantee shall not be eligible to participate for further ESOS Option(s) under the Scheme.
- 20.2 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Financial Reporting Standard) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing share issuance scheme in which the Grantee will be entitled to participate, the ESOS Options unexercised on the date of transfer shall be null and void and be of no effect.

20.3 In the event that:

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “**the Group**”) and is subsequently transferred from such company to any company within the Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above.

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

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the employees of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of “**Eligible Person**” under By-Law 1 and the provisions of these By-Laws shall apply.

21. DURATION OF THE SCHEME

The Scheme shall be in force for a period of five (5) years commencing from the effective date of the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (i) 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;
- (ii) receipt of approval-in-principle for the issuance, and listing of and quotation for the new Shares to be issued pursuant to the exercise of ESOS Options granted under the Scheme from Bursa Securities;
- (iii) procurement of shareholders’ approval for the Scheme;
- (iv) receipt of approval of any other relevant authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

On or before the expiry of the Scheme, the Board shall have the absolute discretion, without having to obtain sanction, approval or authorisation of the Company’s shareholders in a general meeting, to extend the Duration of the Scheme upon recommendation of the ESOS Committee provided that the initial period of the Scheme and such extension of the Scheme made pursuant to By-Law 21 shall not in aggregate exceed the duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date. In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme. Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force.

22. TERMINATION OF THE SCHEME

22.1 The Company may at its sole discretion and at any time during the Duration of the Scheme terminate the Scheme without obtaining the approvals from the Grantees or its shareholders and shall immediately announce to Bursa Securities upon termination of the Scheme the:

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

whereupon no further Offers shall be made by the ESOS Committee from the Termination Date, all Offers which have yet to be accepted shall be deemed revoked and be null and void on the Termination Date, and any unexercised ESOS Options shall be deemed to cease to be capable of being exercised and be null and void on the Termination Date.

22.2 Notwithstanding the above, the Company may terminate the Scheme at any time provided the following approvals/consents are obtained:

- (a) the approval of its shareholders by ordinary resolution at a general meeting; and
- (b) written consents from all Grantees who have yet to exercise their ESOS Options, either in part or in whole,

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

- (a) no further Offers shall be made by the ESOS Committee from the date the last of the above conditions have been satisfied (“**Termination Date**”);
- (b) all Offers which have yet to be accepted shall automatically lapse on the Termination Date and be null and void; and
- (c) all outstanding ESOS Options which have yet to be exercised by Grantees shall be automatically terminated on the Termination Date.

23. DISPUTES OR DIFFERENCES

In case any dispute or difference shall arise between the Board and/or ESOS Committee, and an Eligible Person, Selected Person and/or Grantee, as the case may be, as to any provisions contained in these By-Laws, the Board and/or the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Person, Selected Person and/or Grantee, as the case may be, PROVIDED THAT where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person, Selected Person and/or Grantee within fourteen (14) calendar days of the receipt thereof by a notice to the Board and/or the ESOS Committee. Notwithstanding the foregoing, for matters concerning adjustments made pursuant to By-Law 14 it shall be referred to the Adviser and/or Auditor (as selected by the Board and/or ESOS Committee at its absolute discretion) (acting as experts and not as arbitrators) whose decision shall be final and binding in all respects. The Board and/or ESOS Committee and the Eligible Person, Selected Person and/or Grantee as the case may be, shall keep all matters relating to the Scheme in strict confidence and shall not refer to, discuss with, publicise or in any other manner reveal any particulars or details thereof to any third party. The Board and the ESOS 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. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

24. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any ESOS Option shall be borne by the Company save and except for any tax (including income tax), if any, arising from the Offer and/or exercise of any ESOS Options under the Scheme.

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

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

Notwithstanding the maximum percentage of the Grantee's ESOS Options that may be exercisable within each year of the Scheme as set out in the Offer Letter and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of 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 or the Company decides to merge with other company or companies, a Grantee may exercise in full or in part any ESOS Option to which the Grantee is entitled commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective provided always that no ESOS Option shall be exercised after the expiry of the Option Period.

Upon the compromise or arrangement becoming effective, all ESOS Options remaining unexercised thereafter shall automatically lapse and become null and void.

26. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute or shall in any way be construed as a term or condition of employment of any Eligible Person within the Group. This Scheme shall not confer or be construed to confer on Eligible Person within the Group any special right or privilege over and above the Eligible Person's terms and conditions of employment under which the Eligible Person is employed nor any rights in addition to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

27. NO COMPENSATION

27.1 Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between any company of the Group and any Employee or Director and the rights of any Grantee under the terms of his office and employment with the Company or any company within the Group shall not be affected by his participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the ESOS Option themselves) against the Company or any company of the Group or any members of the ESOS Committee directly

or indirectly or give rise to any cause of action at law or in equity against the Company or the Group;

- (c) a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, breach of contract or by way of compensation for loss of office.
- (d) the sole right of a Grantee or representative pursuant to any valid claim hereunder shall be limited to the right of the Grantee or his representative to be reinstated to his position had the breach not occurred and any company within the Group, the ESOS Committee or any other party shall in no event be liable to the Grantee or representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation on lost of profits or savings, directly or indirectly arising from the breach or performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the ESOS Committee or any other party has been advised of the possibility of such damage and even if the limited remedy provided for is found to fail of essential purpose.

27.2 No Employees and/ or Directors (including Eligible Person, Selected Person or Grantee) or their legal or personal representatives shall bring any claim, action or proceedings against the Board, the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of their rights to exercise their ESOS Options or their ESOS Options ceasing to be valid pursuant to the provisions of these By-Laws.

28. CONSTITUTION OF THE COMPANY

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

29. TAXES

For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including without limitation income tax) that are incurred by an allottee of the Shares, pursuant or relating to the grant of the Offers and exercise of the ESOS Options, and any holding or dealing of such ESOS Options (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that allottee 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.

30. SEVERABILITY

Any term, condition, stipulation 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 without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

31. GOVERNING LAW AND JURISDICTION

- 31.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the ESOS Options in accordance with these By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.
- 31.2 In order to facilitate the making of any Offer under this Scheme, the ESOS Committee may provide for such special terms to the Selected Persons who are employed by any corporation in the Group in a particular jurisdiction or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESOS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The ESOS Committee may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Selected Persons pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.
- 31.3 No action has been or will be taken by the Company to make the Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Selected Persons to whom the Offer is granted, with all applicable laws and regulations in such other country or jurisdiction in which they will be granted the Offers.
- 31.4 Any Selected Person to whom the Offer is granted is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they are granted the Offers. By participating in the Scheme, each Selected Person has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they will be granted the Offers.

32. INSPECTION OF THE AUDITED ACCOUNTS AND DISCLOSURES IN ANNUAL REPORT

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 on the Bursa Securities' website as well as the Company's website.

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

33. NOTICE

Any notice or request which under the Scheme is required to be given or served upon an Eligible Person, Selected Person or Grantee pursuant to the Scheme shall be in writing and be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person, Selected Person or the Grantee at the last address known by the Company as being his address, such notice or request shall be deemed to have been received three (3) Market Days after posting;

- (b) if it is given by hand to the Eligible Person, Selected Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person, Selected Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

34. ERRORS AND OMISSIONS

34.1 If in consequences of an error or omission, the ESOS Committee discovers or determines that:

- (a) an Eligible Person who was selected as a Selected Person has not been given the opportunity to participate in the Scheme on any occasion;
- (b) an Eligible Person was erroneously selected as a Selected Person; or
- (c) the number of ESOS Options granted to any Selected Person or Shares allotted to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected, the ESOS 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 or Director who was erroneously selected as a Selected Person and/or to ensure that the Selected Person is given the correct number of ESOS Options or credited with the correct number of Shares to which he is entitled to.

35. MULTIPLE SHARES ISSUANCE SCHEME(S)

35.1 The Company may implement more than one (1) shares issuance scheme provided that the aggregate number of Shares available under all the schemes implemented by the Company is not more than fifteen percent (15%) of its total number of issued shares (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guidelines or regulations issued by Bursa Securities or any other relevant authorities as may be amended from time to time.

NOVA WELLNESS GROUP BERHAD
(Registration No. 201601025155 (1196094-M))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“**EGM**”) of **NOVA WELLNESS GROUP BERHAD** (“**Nova**” or “**the Company**”) will be held virtually through live streaming via a remote participation and voting facilities at the Broadcast Venue at Conference Room, Nova Laboratories Sdn. Bhd., Lot 708, Nova Avenue, 43950 Sungai Pelek, Selangor Darul Ehsan, Malaysia on Tuesday, 16 November 2021 at 11.30 a.m. or immediately following the conclusion or adjournment of the 5th Annual General Meeting of the Company scheduled to be held at the same venue and on the same day at 10.00 a.m., whichever is later for the following purposes:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF NOVA WELLNESS GROUP BERHAD (“NOVA”) (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF NOVA AND ITS SUBSIDIARY (“NOVA GROUP” OR THE “GROUP”) (“PROPOSED ESOS”)

“**THAT** subject to the approvals of all relevant authorities/parties, where relevant/required being obtained, approval is given to the Board of Directors (“**Board**”) to undertake the proposed establishment of an ESOS involving up to 15% of the total number of issued shares of Nova (excluding treasury shares, if any) to enable the granting of new ordinary shares in Nova (“**Nova Shares**”) at any point in time to the eligible directors and employees of Nova Group in accordance with the by-laws governing the ESOS (“**By-laws**”) as set out in Appendix II of the Circular to shareholders dated 11 October 2021, and to adopt and approve the By-laws and to do all such acts, as may be necessary or expedient in order to give full effect to the Proposed ESOS;

THAT the Board be and is hereby authorised to issue and allot from time to time such number of new Nova Shares as may be required pursuant to the exercise of the options under the Proposed ESOS (“**ESOS Options**”), provided that the aggregate number of new Shares to be issued and allotted and/or transferred shall not exceeding 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS and such new Shares shall, upon allotment and issuance, rank equally in all respects with the existing issued shares of the Company, except that the new Shares so issued and allotted SHALL not be entitled to any dividends, rights, allotments and/or other forms of distribution, for which the entitlement date is prior to the date of allotment and issuance of such new Shares;

THAT the Board be and is hereby authorised to extend the duration of the ESOS, provided always that such extension of the ESOS made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) or any other relevant authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting;

THAT the Board be and is hereby authorised to do all such acts and things and to execute all such documents and enter into all such transactions, arrangements and agreements, deeds or undertakings, to make such rules or regulations, or impose such terms and conditions or delegate part of its power and to generally exercise such powers and perform such acts as may be necessary or expedient in order to give full effect to the Proposed ESOS and the terms of the By-laws;

AND THAT the Board be and is hereby authorised to add, modify and/or amend the Proposed ESOS, By-laws and all rules, regulations and administration relating to the Proposed ESOS and/or administration thereof, from time to time as may be permitted by the authorities or deemed necessary by the relevant regulatory authorities or the Board or any committee established to administer the Proposed ESOS, provided that such additions, modifications and/or amendments are effected and permitted in accordance with the provisions of the By-laws.”

ORDINARY RESOLUTIONS 2 TO 8

PROPOSED ALLOCATION OF ESOS OPTIONS TO DIRECTORS

“THAT subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board at any time and from time to time during the duration of the Proposed ESOS, to offer and grant options to each of the directors and persons connected with them as named therein below:

i)	Phang Nyie Lin	Ordinary Resolution 2
ii)	Phang Yeen Nung	Ordinary Resolution 3
iii)	Phang Yeen Aun	Ordinary Resolution 4
iv)	Dr Abdul Manaf Bin Mohamad Radzi	Ordinary Resolution 5
v)	Sulaiman Bin Haji Ahmad	Ordinary Resolution 6
vi)	Sim Seng Loong @ Tai Seng	Ordinary Resolution 7
vii)	Tan Mio Har	Ordinary Resolution 8

to subscribe for such number of Shares to be issued under the Proposed ESOS subject always to the following provisions:

- (a) the aggregate number of Nova Shares which may be made available under the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued Nova Shares (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESOS;
- (b) not more than **ten percent (10%)** of the total number of Shares to be issued under the Proposed ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds **twenty percent (20%)** or more of the total number of issued Nova Shares (excluding treasury shares, if any);
- (c) not more than **fifty percent (50%)** of the total ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the directors and senior management of the Group who are Eligible Persons;
- (d) not more than **two percent (2%)** of the total ESOS Options available under the Proposed ESOS shall be allocated to non-executive directors who are Eligible Persons;
- (e) the directors and the senior management of the Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any; and
- (f) subject always to such terms and conditions and / or any adjustments which may be made in accordance with the provisions of the By-laws of the Proposed ESOS, the Main Market Listing Requirements of Bursa Securities and any prevailing guidelines issued by Bursa Securities, or any other relevant authorities as amended from time to time;

AND THAT the Board be further authorised to allot, issue and/or transfer such number of new Shares arising from the exercise of the ESOS Options that may be granted to him/her under the Proposed ESOS.”

**BY ORDER OF THE BOARD
NOVA WELLNESS GROUP BERHAD**

WONG YOUN KIM (MAICSA 7018778)

Company Secretary
Kuala Lumpur
11 October 2021

Notes:-

- i) *A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
- ii) *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
- iii) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
- iv) *Where a Member is an Exempt Authorised Nominee which holds for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds.*
- v) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorized.*
- vi) *To be valid the proxy form duly completed must be deposited at the registered office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL) not less than twenty-four hours before the time appointed for taking of poll or any adjournment thereof.*
- vii) *In respect of deposited securities, only Members whose names appear on the Record of Depositors on 10 November 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
- viii) *Pursuant to Paragraph 8.31A(1) of the Main Market Listing Requirements of Bursa Securities all the ordinary resolutions set out in this Notice will be put to vote by way of poll.*

NOVA WELLNESS GROUP BERHAD
 (Registration No. 201601025155 (1196094-M))
 (Incorporated in Malaysia)

CDS Account No.					-										
NO. OF SHARES HELD															

FORM OF PROXY

I/We
 (FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.....)

of
 (FULL ADDRESS)

with email address mobile phone no.

being a member/members of **NOVA WELLNESS GROUP BERHAD**, hereby appoint the following person(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held virtually through live streaming via a remote participation and voting facilities at the Broadcast Venue at Conference Room, Nova Laboratories Sdn. Bhd., Lot 708, Nova Avenue, 43950 Sungai Pelek, Selangor Darul Ehsan, Malaysia on Tuesday, 16 November 2021 at 11.30 a.m. or immediately following the conclusion or adjournment of the 5th Annual General Meeting of the Company scheduled to be held at the same venue and on the same day at 10.00 a.m. whichever is later.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	PROPOSED ESOS		
2.	PROPOSED ALLOCATION OF ESOS OPTIONS TO PHANG NYIE LIN		
3.	PROPOSED ALLOCATION OF ESOS OPTIONS TO PHANG YEEN NUNG		
4.	PROPOSED ALLOCATION OF ESOS OPTIONS TO PHANG YEEN AUN		
5.	PROPOSED ALLOCATION OF ESOS OPTIONS TO DR ABDUL MANAF BIN MOHAMAD RADZI		
6.	PROPOSED ALLOCATION OF ESOS OPTIONS TO SULAIMAN BIN HAJI AHMAD		
7.	PROPOSED ALLOCATION OF ESOS OPTIONS TO SIM SENG LOONG @ TAI SENG		
8.	PROPOSED ALLOCATION OF ESOS OPTIONS TO TAN MIO HAR		

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

Dated this day of 2021

.....
Signature(s) of member(s)

Notes:-

- i) *A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
- ii) *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
- iii) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
- iv) *Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
- v) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorized.*
- vi) *To be valid the proxy form duly completed must be deposited at the registered office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL) not less than twenty-four hours before the time appointed for taking of poll or any adjournment thereof.*
- vii) *In respect of deposited securities, only Members whose names appear on the Record of Depositors on 10 November 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
- viii) *Pursuant to Paragraph 8.31A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad all the ordinary resolutions set out in this Notice will be put to vote by way of poll.*

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AFFIX
STAMP

The Company Secretaries
NOVA WELLNESS GROUP BERHAD
(Registration No. 201601025155 (1196094-M))
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan (KL)

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