

**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, banker, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has only conducted a limited review on the circular for the Proposed Granting of ESOS Options (as defined herein) pursuant to Rule 4.1 of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**YBS INTERNATIONAL BERHAD**  
Registration No. 200201014380 (582043-K)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) PROPOSED GRANTING OF OPTIONS TO DATO' JIMMY ONG CHIN KENG, AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY, UNDER YBS INTERNATIONAL BERHAD'S ("YBS" OR THE "COMPANY") EMPLOYEES' SHARE OPTION SCHEME THAT WAS ESTABLISHED IN 2016 ("ESOS");**
- (II) PROPOSED GRANTING OF OPTIONS TO YONG LI-XIANG, A PERSON CONNECTED WITH THE DIRECTOR AND MAJOR SHAREHOLDER OF THE COMPANY, WHO IS THE PRODUCT ENGINEER OF YBS GROUP (AS DEFINED HEREIN), UNDER THE COMPANY'S ESOS;**
- (III) PROPOSED GRANTING OF OPTIONS TO YONG SWEE FUNG, A PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS OF THE COMPANY, WHO IS THE FINAL INSPECTION SUPERVISOR OF YBS GROUP, UNDER THE COMPANY'S ESOS; AND**
- (IV) PROPOSED GRANTING OF OPTIONS TO CHEW TIN HOR, A PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS OF THE COMPANY, WHO IS THE WAREHOUSE AND LOGISTIC SUPERVISOR OF YBS GROUP, UNDER THE COMPANY'S ESOS;**

**(COLLECTIVELY REFERRED TO AS "PROPOSED GRANTING OF ESOS OPTIONS")**

The above proposals will be tabled as special business at the 20<sup>th</sup> Annual General Meeting ("**AGM**") of YBS at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang on Thursday, 25 August 2022 at 11.00 a.m. or any adjournment thereof. The Notice of AGM together with the Proxy Form are included in the 2022 Annual Report and are available for download from the Company's website at [www.ybsinternational.com](http://www.ybsinternational.com) or Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

If you are unable to attend and vote at the 20<sup>th</sup> AGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing and depositing the Proxy Form at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or emailed to [mega-sharereg@megacorp.com.my](mailto:mega-sharereg@megacorp.com.my), not less than twenty-four (24) hours before the time for holding the 20<sup>th</sup> AGM or any adjournments thereof i.e. by 11.00 a.m., Wednesday, 24 August 2022. The lodging of the Proxy Form for the 20<sup>th</sup> AGM will not preclude you from attending and voting in person at the 20<sup>th</sup> AGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Wednesday, 24 August 2022 at 11.00 a.m.

Date and time of the 20<sup>th</sup> AGM : Thursday, 25 August 2022 at 11.00 a.m.

This Circular is dated 29 July 2022

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## DEFINITIONS

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

Act	:	Companies Act 2016
AGM	:	Annual General Meeting
Announcement	:	Announcement dated 13 July 2022 in relation to the Proposed Granting of ESOS Options
Board	:	The board of Directors of YBS
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	:	The rules, terms and conditions governing the ESOS as may be modified, varied and/or amended from time to time
Cheah Jik	:	Cheah Jik Capital Sdn Bhd (Registration No. 202101029784 (1430084-A))
Circular	:	This circular to the shareholders of YBS dated 29 July 2022
Director	:	A natural person who holds a directorship in YBS or any company within YBS Group, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 as amended from time to time including any re-enactment thereof
Eligible Person(s)	:	An employee, executive Director or a non-executive Director of any company in YBS Group who meets the criteria of eligibility for participation in the ESOS in accordance with the By-Laws
EPS	:	Earnings per Share
ESOS	:	YBS' ESOS, which was established on 1 March 2016 and shall expire on 28 February 2026
ESOS Committee	:	The committee appointed by the Board to administer the ESOS comprising such persons appointed from time to time by the Board
FYE	:	Financial year ended/ending, as the case may be
Indowang	:	Indowang Sdn Bhd (Registration No. 201201010525 (984045-W))
Interested Connected Persons	:	Yong Li-Xiang, Yong Swee Fung and Chew Tin Hor, collectively
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	8 July 2022, being the latest practicable date prior to the printing of this Circular
MFRS 2	:	Malaysian Financial Reporting Standards 2, on "Share-Based Payment" issued by the Malaysian Accounting Standards Board
NA	:	Net assets
Proposed Granting of ESOS Options	:	Proposed granting of ESOS options to Dato' Jimmy Ong Chin Keng, Yong Li-Xiang, Yong Swee Fung and Chew Tin Hor under the ESOS

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**DEFINITIONS (CONT'D)**

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RM and sen	:	Ringgit Malaysia and sen respectively
VWAP	:	Volume weighted average price
YBS or the Company	:	YBS International Berhad (Registration No. 200201014380 (582043-K))
YBS Group or Group	:	YBS and its subsidiaries, collectively, and in the context of the ESOS, shall exclude subsidiaries which are dormant
YBS Share(s) or Share(s)	:	Ordinary share(s) in YBS

References to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, the subsidiaries of the Company. All references to “you” are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

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

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

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## EXECUTIVE SUMMARY

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**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED GRANTING OF ESOS OPTIONS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED GRANTING OF ESOS OPTIONS TO BE TABLED AT THE FORTHCOMING 20<sup>TH</sup> AGM OF THE COMPANY.**

<b>Key information</b>	<b>Summary</b>	<b>Reference to this Circular</b>
Details of the Proposed Granting of ESOS Options	<p>The Board proposed to offer and grant ESOS options to Dato' Jimmy Ong Chin Keng and the Interested Persons Connected, subject to the provisions of the By-Laws, provided always that:</p> <ul style="list-style-type: none"><li>• Dato' Jimmy Ong Chin Keng shall not participate in the deliberation or discussion of his own allocation of the number of ESOS options to be offered to him, as well as that of the persons connected with him;</li><li>• Yong Chan Cheah and Yong Swee Chuan shall not participate in the deliberation or discussion of the allocation of the number of ESOS options to be offered to the Interested Persons Connected;</li><li>• in the event that any of the Interested Persons Connected becomes a member of the ESOS Committee, they shall not participate in the deliberation or discussion of their own allocation of the number of ESOS options to be offered to them, as well as that of the persons connected with them; and</li><li>• not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him/her, if he/she, either singly or collectively through persons connected with him/her (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),</li></ul> <p>subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.</p>	Section 2

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Summary</b>	<b>Reference to this Circular</b>
Rationale for the Proposed Granting of ESOS Options	<p>The ESOS is extended to the non-executive directors to, among others, recognise their services and contributions in the governance and operations performance of the Group as well as providing strategic insight and direction to the Group. The ESOS will also enable the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive directors and to motivate the existing non-executive directors to take extra efforts in promoting the interests of the Company.</p> <p>In addition, the ESOS is to also intended to, among others, reward and retain the Eligible Persons whose services are vital to the businesses, continued growth and future expansion of the Group. The ESOS is also expected to create a greater sense of ownership and belonging among the Eligible Persons upon exercising of their ESOS options as they will be able to participate directly in the future growth of YBS Group.</p> <p>As such, the Proposed Granting of ESOS Options is to recognise the services and contributions of Dato' Jimmy Ong Chin Keng and the Interested Persons Connected to the Group.</p>	Section 3
Utilisation of proceeds	<p>The actual proceeds to be received by the Company arising from the exercise of the ESOS options offered under the ESOS (including the Proposed Granting of ESOS Options) will depend on, amongst others, the actual number of ESOS options granted and exercised at the relevant point of time as well as the option price. As at the LPD, the Company has raised approximately RM1.21 million from the ESOS.</p> <p>The proceeds to be raised from the exercise of the ESOS options offered under the ESOS (including the Proposed Granting of ESOS Options) are intended to be utilised for the future working capital requirements of YBS Group, which include, amongst others, payment for trade and other payables, staff costs such as salaries, statutory contributions and employee benefits and other operating expenses such as utilities.</p>	Section 4

**EXECUTIVE SUMMARY (CONT'D)**

Key information	Summary	Reference to this Circular
Effects of the Proposed Granting of ESOS Options	<ul style="list-style-type: none"> <li>• No immediate effect on the existing issued share capital of YBS;</li> <li>• No immediate effect on the NA, NA per Share and gearing of YBS Group;</li> <li>• No immediate effect on the earnings and EPS of the Group; and</li> <li>• No immediate effect on the shareholdings of the substantial shareholders of the Company;</li> </ul> <p>until such time when the Shares are issued arising from the exercise of ESOS options pursuant to the Proposed Granting of ESOS Options.</p>	Section 5
Interests of Directors, major shareholders, chief executive and/or persons connected with them	<p>Save as disclosed below, none of the Directors, major shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Granting of ESOS Options:</p> <ul style="list-style-type: none"> <li>• Dato' Jimmy Ong Chin Keng is the Independent Non-Executive Director of the Company;</li> <li>• Yong Li-Xiang is a person connected with Yong Chan Cheah (by virtue of him being the son of Yong Chan Cheah), the Managing Director and major shareholder of the Company. He is the Product Engineer of YBS Group;</li> <li>• Yong Swee Fung is a person connected with Yong Chan Cheah and Yong Swee Chuan (by virtue of her being the sister of Yong Chan Cheah and Yong Swee Chuan), the Managing Director and Executive Director, respectively as well as the major shareholders of the Company. She is the Final Inspection Supervisor of YBS Group; and</li> <li>• Chew Tin Hor is a person connected with Yong Chan Cheah and Yong Swee Chuan (by virtue of him being the brother-in-law of Yong Chan Cheah and Yong Swee Chuan), the Managing Director and Executive Director, respectively as well as the major shareholders of the Company. He is the Warehouse and Logistic Supervisor of YBS Group.</li> </ul> <p>The Directors, major shareholders and Interested Persons Connected who are deemed interested in the Proposed Granting of ESOS Options have and will continue to abstain from deliberating and voting, on the resolutions pertaining to their respective allocations and allocations to persons connected with them, if any, under the Proposed Granting of ESOS Options at the relevant Board meetings as well as voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective allocations and allocations to persons connected with them, if any, under the Proposed Granting of ESOS Options at the forthcoming 20<sup>th</sup> AGM of the Company.</p>	Section 8

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Summary</b>	<b>Reference to this Circular</b>
Directors' statement and recommendation	<p>The Board (save for Yong Chan Cheah, Yong Swee Chuan and Dato' Jimmy Ong Chin Keng), after taking into consideration all aspects of the Proposed Granting of ESOS Options, including but not limited to the rationale and effects of the Proposed Granting of ESOS Options, is of the opinion that the Proposed Granting of ESOS Options is in the best interest of the Company and its shareholders.</p> <p>Accordingly, the Board (save for Yong Chan Cheah, Yong Swee Chuan and Dato' Jimmy Ong Chin Keng) who have abstained from expressing any opinion and making any recommendation on the Proposed Granting of ESOS Options) recommends that you <b>VOTE IN FAVOUR</b> of the resolutions pertaining to the Proposed Granting of ESOS Options to be tabled at the forthcoming 20<sup>th</sup> AGM of the Company.</p>	Section 9

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**YBS INTERNATIONAL BERHAD**  
Registration No. 200201014380 (582043-K)  
(Incorporated in Malaysia)

**Registered Office**

57-G, Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Bayan Lepas  
Penang

29 July 2022

**Board of Directors:**

YBhg Dato' (Dr) Pahamin Ab Rajab (*Chairman/Non-Independent Non-Executive Director*)  
Yong Chan Cheah (*Managing Director*)  
Yong Swee Chuan (*Executive Director*)  
Low Hee Chung (*Independent Non-Executive Director*)  
Gor Siew Yeng (*Independent Non-Executive Director*)  
Dato' Jimmy Ong Chin Keng (*Independent Non-Executive Director*)

**To: The shareholders of the Company**

Dear Sir/Madam,

**PROPOSED GRANTING OF ESOS OPTIONS**

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**1. INTRODUCTION**

On 13 July 2022, the Board announced that the Company proposed to seek shareholders' approval to offer and grant ESOS options under the ESOS to the following parties:

- (i) Dato' Jimmy Ong Chin Keng, an Independent Non-Executive Director of the Company;
- (ii) Yong Li-Xiang, the son of Yong Chan Cheah, who is the Managing Director and major shareholder of YBS. Yong Li-Xiang is the Product Engineer of YBS Group;
- (iii) Yong Swee Fung, the sister of Yong Chan Cheah and Yong Swee Chuan, who are the Managing Director and Executive Director of YBS, respectively as well as the major shareholders of YBS. Yong Swee Fung is the Final Inspection Supervisor of YBS Group; and
- (iv) Chew Tin Hor, the brother-in-law of Yong Chan Cheah and Yong Swee Chuan, who are the Managing Director and Executive Director of YBS, respectively as well as the major shareholders of YBS. Chew Tin Hor is the Warehouse and Logistic Supervisor of YBS Group.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED GRANTING OF ESOS OPTIONS TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED GRANTING OF ESOS OPTIONS TO BE TABLED AT THE FORTHCOMING 20<sup>TH</sup> AGM OF THE COMPANY. THE NOTICE OF AGM TOGETHER WITH THE PROXY FORM ARE INCLUDED IN THE 2022 ANNUAL REPORT.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED GRANTING OF ESOS OPTIONS TO BE TABLED AT THE FORTHCOMING 20<sup>TH</sup> AGM OF THE COMPANY.

## 2. DETAILS OF THE PROPOSED GRANTING OF ESOS OPTIONS

YBS had, on 1 March 2016, established the ESOS for a period of 5 years and extended the duration of the ESOS for a further 5 years from 1 March 2021 to 28 February 2026. The maximum number of new YBS Shares to be allotted and issued under the ESOS shall not exceed 30% of the total number of issued shares of YBS (excluding treasury shares, if any) at any point of time throughout the duration of the ESOS.

Since the commencement of the ESOS up to the LPD, a total of 26,766,000 ESOS options had been granted and accepted by the Eligible Persons, out of which 9,675,400 ESOS options had been exercised. Please refer to the table below for further details on ESOS options granted to the Eligible Persons pursuant to the ESOS up to the LPD:

	<b>No. of ESOS options</b>
Granted and accepted	26,766,000
Exercised	(9,675,400)
Lapsed/forfeited	(2,636,000)
<b>Total outstanding</b>	<b>14,454,600</b>

In accordance with the By-Laws, an Eligible Person who fulfil the following conditions shall be eligible to participate in the ESOS:

- (i) In respect of an employee, the employee must fulfil the following criteria as at the date of offer:
  - (a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (b) is a full time employee; and
  - (c) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.
- (ii) In respect of a Director, the Director must fulfil the following criteria as at the date of offer:
  - (a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (b) has been appointed as a Director of the Company or any company in the Group for such period as may be determined by the ESOS Committee prior to and up to the date of offer; and
  - (c) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

Notwithstanding the above, the specific allotment to be made to any Eligible Person, who is a Director, major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive of the Company shall also be approved by the shareholders of the Company in a general meeting.

Dato' Jimmy Ong Chin Keng was appointed as an Independent Non-Executive Director of the Company on 5 February 2021 whereas Yong Li-Xiang, Yong Swee Fung and Chew Tin Hor joined the Group on 1 February 2022, 30 July 2018 and 30 July 2018, respectively.

The Board, after taking into consideration, *inter-alia*, Dato' Jimmy Ong Chin Keng's contribution and service to the Group as well as the respective Interested Persons Connected's designation, length of service and work performance, proposed to offer and grant ESOS options to them, subject to the provisions of the By-Laws, provided always that:

- (i) Dato' Jimmy Ong Chin Keng shall not participate in the deliberation or discussion of his own allocation of the number of ESOS options to be offered to him, as well as that of the persons connected with him;
- (ii) Yong Chan Cheah and Yong Swee Chuan shall not participate in the deliberation or discussion of the allocation of the number of ESOS options to be offered to the Interested Persons Connected;
- (iii) in the event that any of the Interested Persons Connected becomes a member of the ESOS Committee, they shall not participate in the deliberation or discussion of their own allocation of the number of ESOS options to be offered to them, as well as that of the persons connected with them;
- (iv) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him/her, if he/she, either singly or collectively through persons connected with him/her (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any); and
- (v) not more than 60% of the total number of YBS Shares to be issued under the ESOS would be allocated, in aggregate, to the Directors and senior management of YBS Group who are Eligible Persons (where "senior management" shall be subject to a criteria determined at the discretion of the ESOS Committee from time to time),

subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

Under the By-Laws:

- (i) the option price of the ESOS shall be the higher of the following:
  - (a) a price to be determined by the Board upon recommendation of the ESOS Committee based on the VWAP of the Shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time over the duration of the ESOS; and
  - (b) the par value of the Shares, of which is no longer applicable after the Act came into force with effect from 31 January 2017.

- (ii) a grantee who is a non-executive director shall not sell, transfer or assign any new Shares obtained through the exercise of ESOS options offered to him under the ESOS within 1 year from the date of offer.

As Dato' Jimmy Ong Chin Keng is an Independent Non-Executive Director of YBS, he shall not sell, transfer or assign the Shares obtained through the exercise of ESOS options offered to him under the ESOS within 1 year from the date of offer.

- (iii) the new Shares arising from the exercise of the ESOS options will, upon allotment and issuance, rank *pari passu* in all respects with the then existing YBS Shares, save and except that the new Shares will not be entitled for any dividends, rights, allotments and/or other form of distribution which may be declared, made or paid to shareholders, the entitlement date of which precedes the date of allotment and issuance of such new Shares. The new Shares will be subject to the provisions of the Constitution of the Company relating to the transfer, transmission and otherwise of the Shares. The ESOS options shall not carry any rights to vote at any general meeting of the Company.

Please refer to Appendix I of this Circular for further details on the By-Laws.

### **3. RATIONALE FOR THE PROPOSED GRANTING OF ESOS OPTIONS**

In the circular to shareholders of the Company dated 28 January 2016 to seek the shareholders' approval for the establishment of the ESOS, it was stated that the ESOS is extended to the non-executive directors to, among others, recognise their services and contributions in the governance and operations performance of the Group as well as providing strategic insight and direction to the Group. The ESOS will also enable the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive directors and to motivate the existing non-executive directors to take extra efforts in promoting the interests of the Company.

In addition, the ESOS is to also intended to, among others, reward and retain the Eligible Persons whose services are vital to the businesses, continued growth and future expansion of the Group by allowing them to participate in the Group's profitability and eventually realise capital gains arising from any appreciation in the value of the Shares. The ESOS is also expected to create a greater sense of ownership and belonging among the Eligible Persons upon exercising of their ESOS options as they will be able to participate directly in the future growth of YBS Group.

As such, in recognition of their services and contributions, the Board proposed to offer and grant ESOS options to Dato' Jimmy Ong Chin Keng and the Interested Persons Connected.

### **4. UTILISATION OF PROCEEDS**

The actual proceeds to be received by the Company arising from the exercise of the ESOS options offered under the ESOS (including the Proposed Granting of ESOS Options) will depend on, amongst others, the actual number of ESOS options granted and exercised at the relevant point of time as well as the option price. Therefore, the amount of proceeds to be received from the exercise of the ESOS options under the ESOS (including the Proposed Granting of ESOS Options) is not determinable at this juncture. As at the LPD, the Company has raised approximately RM1.21 million\* from the ESOS. Please refer to Section 2 of this Circular for further details on the number of ESOS options granted to the Eligible Persons pursuant to the ESOS.

\* Based on 9,675,400 ESOS options exercised at an option price of RM0.125.

The proceeds to be raised from the exercise of the ESOS options offered under the ESOS (including the Proposed Granting of ESOS Options) are intended to be utilised for the future working capital requirements of YBS Group, which include, amongst others, payment for trade and other payables, staff costs such as salaries, statutory contributions and employee benefits and other operating expenses such as utilities. The proceeds to be utilised for each component of working capital are subject to YBS Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture. However, the Company expects to utilise the proceeds for the said working capital requirements within a period of 12 months, as and when the proceeds are received throughout the tenure of the ESOS.

Pending the utilisation of proceeds raised, the Board will place such proceeds in deposits with financial institutions or short-term money market instruments as it deems fit.

## **5. EFFECTS OF THE PROPOSED GRANTING OF ESOS OPTIONS**

### **5.1 Issued share capital**

The Proposed Granting of ESOS Options is not expected to have any immediate effect on the issued share capital of the Company. The issued share capital of the Company may increase progressively depending on the number of new Shares which may be issued pursuant to the exercise of the ESOS options.

### **5.2 NA, NA per Share and gearing**

The Proposed Granting of ESOS Options will not have any immediate material effect on the NA, NA per Share and gearing of the Group until such time when the new Shares are issued pursuant to the exercise of the ESOS options. Any potential effect on the NA per Share and gearing of the Group will depend on the number of ESOS options granted and exercised as well as the option price at the relevant point in time. The NA per Share of the Group is expected to increase if the option price is higher than the NA per Share of the Group, and vice versa.

### **5.3 Earnings and EPS**

The Proposed Granting of ESOS Options will not have any immediate material effect on YBS Group's earnings until such time when the new Shares are issued pursuant to the exercise of the ESOS options.

In accordance with MFRS 2, the potential cost arising from the Proposed Granting of ESOS Options will need to be measured at fair value on the date of granting the respective ESOS options and recognised as an expense in the consolidated statements of comprehensive income of the Company over the vesting period, and may therefore reduce the future earnings of the Group, the quantum of which can only be determined as at the date of offer. The fair value of the ESOS options can be determined via methods such as Black-Scholes and Trinomial models and is dependent on factors such as the market price and volatility of YBS Shares and the length of time remaining until the expiration of the ESOS as at the date of offer.

The potential effects of the Proposed Granting of ESOS Options on the earnings and EPS of the Group cannot be determined at this juncture as it would depend on the fair value of the ESOS options granted at the date of offer. However, it should be noted that such potential cost of the Proposed Granting of ESOS Options does not represent a cash outflow but only an accounting treatment. The Board has taken note of the potential impact of MFRS 2 on the Group's future earnings and will take into consideration of such impact in the granting and vesting of the ESOS options under the Proposed Granting of ESOS Options.

#### 5.4 Substantial shareholders' shareholdings

The Proposed Granting of ESOS Options is not expected to have any immediate effect on the shareholdings of the substantial shareholders of the Company until such time when the Shares are issued pursuant to the exercise of the ESOS options. Any potential effect on the substantial shareholders' shareholdings of YBS will depend on the actual number of Shares to be issued pursuant to the exercise of the ESOS options under the Proposed Granting of ESOS Options.

#### 5.5 Convertible securities

As at the LPD, save for the 14,454,600 outstanding ESOS options, the Company does not have any other convertible securities.

### 6. HISTORICAL SHARE PRICES

The monthly high and low prices of YBS Shares as traded on the ACE Market of Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	Low RM	High RM
<b>2021</b>		
July	0.305	0.555
August	0.400	0.490
September	0.350	0.435
October	0.330	0.500
November	0.465	0.760
December	0.605	0.780
<b>2022</b>		
January	0.505	0.730
February	0.525	0.670
March	0.405	0.595
April	0.500	0.635
May	0.430	0.585
June	0.450	0.610

Last transacted market price on 12 July 2022  
(being the day prior to the date of the Announcement) 0.465

Last transacted market price on 25 July 2022  
(being the latest practicable date prior to the printing of this Circular) 0.530

(Source: Bloomberg)

### 7. APPROVALS REQUIRED

The Proposed Granting of ESOS Options is subject to the approval of the shareholders at the forthcoming 20<sup>th</sup> AGM of the Company.

The Proposed Granting of ESOS Options is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

## 8. 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 of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Granting of ESOS Options:

- (i) Dato' Jimmy Ong Chin Keng is the Independent Non-Executive Director of the Company;
- (ii) Yong Li-Xiang is a person connected with Yong Chan Cheah (by virtue of him being the son of Yong Chan Cheah), the Managing Director and major shareholder of the Company. He is the Product Engineer of YBS Group;
- (iii) Yong Swee Fung is a person connected with Yong Chan Cheah and Yong Swee Chuan (by virtue of her being the sister of Yong Chan Cheah and Yong Swee Chuan), the Managing Director and Executive Director, respectively as well as the major shareholders of the Company. She is the Final Inspection Supervisor of YBS Group; and
- (iv) Chew Tin Hor is a person connected with Yong Chan Cheah and Yong Swee Chuan (by virtue of him being the brother-in-law of Yong Chan Cheah and Yong Swee Chuan), the Managing Director and Executive Director, respectively as well as the major shareholders of the Company. He is the Warehouse and Logistic Supervisor of YBS Group.

Dato' Jimmy Ong Chin Keng is entitled to participate in the ESOS and is therefore deemed interested in the Proposed Granting of ESOS Options to the extent of his allocation under the ESOS ("**Interested Director**"). Accordingly, he has abstained and will continue to abstain from deliberating and voting, on the resolution pertaining to his allocation under the Proposed Granting of ESOS Options at the relevant Board meetings. He and persons connected with him, if any, will also abstain from voting, in respect of his/ their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to his allocation under the Proposed Granting of ESOS Options at the forthcoming 20<sup>th</sup> AGM of the Company.

The Interested Persons Connected, namely Yong Li-Xiang, Yong Swee Fung and Chew Tin Hor, are employees of YBS Group and are entitled to participate in the ESOS. Accordingly, Yong Chan Cheah and Yong Swee Chuan have abstained and will continue to abstain from deliberating and voting, on the resolutions pertaining to the allocations to the Interested Persons Connected under the Proposed Granting of ESOS Options at the relevant Board meetings. Further, Yong Chan Cheah, Yong Swee Chuan and the Interested Persons Connected will also abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to the allocations to the Interested Persons Connected under the Proposed Granting of ESOS Options at the forthcoming 20<sup>th</sup> AGM of the Company.

Cheah Jik, Indowang, Yong Chan Cheah, Yong Swee Chuan and Koh Pei San are major shareholders of YBS (collectively referred to as the "**Major Shareholders**"). Yong Chan Cheah is a major shareholder of YBS by virtue of his interest in Cheah Jik, while Yong Swee Chuan and Koh Pei San are major shareholders by virtue of their interests in Indowang. Accordingly, the Major Shareholders will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to the allocations to the Interested Persons Connected under the Proposed Granting of ESOS Options at the forthcoming 20<sup>th</sup> AGM of the Company.

The Major Shareholders and Interested Persons Connected have undertaken to ensure that persons connected with them, if any, will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective allocations, as well as the allocations to persons connected with them, if any, under the Proposed Granting of ESOS Options at the forthcoming 20<sup>th</sup> AGM of the Company.

The shareholdings of the Interested Director, Major Shareholders and Interested Persons Connected in the Company as at the LPD are as follows:

	As at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<b><u>Directors and Major Shareholders</u></b>				
Yong Chan Cheah	522,600	0.21	36,247,579	<sup>(i)</sup> 14.40
Yong Swee Chuan	522,600	0.21	36,247,578	<sup>(ii)</sup> 14.40
<b><u>Major Shareholders</u></b>				
Cheah Jik	36,247,579	14.40	-	-
Indowang	36,247,578	14.40	-	-
Koh Pei San	-	-	36,247,578	<sup>(ii)</sup> 14.40
<b><u>Interested Director</u></b>				
Dato' Jimmy Ong Chin Keng	-	-	-	-
<b><u>Interested Persons Connected</u></b>				
Yong Li-Xiang	-	-	-	-
Yong Swee Fung	140,000	0.06	-	-
Chew Tin Hor	-	-	-	-

Notes:

- (i) Deemed interested by virtue of his substantial shareholdings in Cheah Jik.
- (ii) Deemed interested by virtue of his/ her substantial shareholdings in Indowang.

## 9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for Yong Chan Cheah, Yong Swee Chuan and Dato' Jimmy Ong Chin Keng), after taking into consideration all aspects of the Proposed Granting of ESOS Options, including but not limited to the rationale and effects of the Proposed Granting of ESOS Options, is of the opinion that the Proposed Granting of ESOS Options is in the best interest of the Company and its shareholders.

Accordingly, the Board (save for Yong Chan Cheah, Yong Swee Chuan and Dato' Jimmy Ong Chin Keng) who have abstained from expressing any opinion and making any recommendation on the Proposed Granting of ESOS Options) recommends that you vote in favour of the resolutions pertaining to the Proposed Granting of ESOS Options to be tabled at the forthcoming 20<sup>th</sup> AGM of the Company.

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Granting of ESOS Options is expected to be implemented by the 1<sup>st</sup> half of 2023.

## 11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Granting of ESOS Options, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.



## 12. AGM

The 20<sup>th</sup> AGM of YBS will be held at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang on Thursday, 25 August 2022 at 11.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Granting of ESOS Options. The Notice of AGM together with the Proxy Form are included in the 2022 Annual Report and are available for download from the Company's website at [www.ybsinternational.com](http://www.ybsinternational.com) or Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

If you are unable to attend and vote at the 20<sup>th</sup> AGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing and depositing the Proxy Form at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or emailed to [mega-sharereg@megacorp.com.my](mailto:mega-sharereg@megacorp.com.my), not less than twenty-four (24) hours before the time for holding the 20<sup>th</sup> AGM or any adjournments thereof i.e. by 11.00 a.m., Wednesday, 24 August 2022.

The lodging of the Proxy Form for the 20<sup>th</sup> AGM will not preclude you from attending and voting in person at the 20<sup>th</sup> AGM should you subsequently decide to do so.

## 13. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendices for further information.

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

**YONG CHAN CHEAH**  
Managing Director

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**BY-LAWS IN RELATION TO THE ESOS**


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**1. NAME OF SCHEME**

This Scheme shall be called the “**LNG Resources Berhad’s Employees’ Share Option Scheme**”.

**2. DEFINITIONS AND INTERPRETATION**

2.1 In these By-Laws, except where the context otherwise requires, the following terms and expressions shall have the following meanings:-

ACE LR	: The ACE Market Listing Requirements of Bursa Securities including all amendments thereto and any Practice Notes issued in relation thereto
Act	: The Companies Act, 1965 as amended from time to time including all regulations made thereunder and any re-enactment thereof
Articles	: The Articles of Association of the Company, including any amendment thereto that may be made from time to time
Board	: The Board of Directors for the time being of LNGRES
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
By-Laws	: The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time in accordance with By-Law 21)
CDS	: Central Depository System
CDS Account	: An account established by Bursa Malaysia Central Depository Sdn Bhd (165570-W) for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Central Depositories Act	: The Securities Industry (Central Depositories) Act, 1991 as amended from time to time including all regulations made thereunder and any re-enactment thereof
Date of Acceptance	: The date whereupon the ESOS Committee shall receive the written notice from an Eligible Person accepting an Offer
Date of Expiry	: Last day of the duration of the Scheme as defined in By-Law 19.2
Date of Offer	: The date on which an Offer is made by the ESOS Committee to an Eligible Person in the manner provided in By-Law 6
Director	: Director of the LNGRES Group within the meaning of Section 2(1) of the Capital Markets & Services Act 2007

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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Effective Date	:	The date on which the Scheme comes into force as provided in By-Law 19.1
EGM	:	Extraordinary General Meeting
Eligible Person(s)	:	A Director or Employee of the LNGRES Group who meets the criteria of eligibility for participation in the Scheme as stipulated in By-Law 4
Employee	:	A natural person who is employed by and on the payroll of any company in the Group
Entitlement Date	:	The date as at the close of business on which shareholders' names must appear on LNGRES' Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments or other distributions
ESOS Scheme or Scheme	:	The scheme for the grant of Option(s) to Eligible Persons which will entitle them to subscribe for new Shares in accordance with the provisions of these By-Laws and such scheme shall be known as the " <b>LNG Resources Berhad's Employees' Share Option Scheme</b> "
ESOS Committee	:	The committee appointed by the Board to administer the Scheme, comprising such persons appointed from time to time by the Board
ESOS Option(s) or Option(s)	:	The right of a Grantee which may be conditional or unconditional to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in By-Law 7 and includes, where applicable, partially exercised Options
Grantee	:	Any Eligible Person who has accepted an Offer in the manner provided in By-Law 7
LNGRES or the Company	:	LNG Resources Berhad (582043-K)
LNGRES Group or the Group	:	The Company and its subsidiary company(ies) as defined in Section 5 of the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17
Market Day(s)	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
Maximum Allowable Allotment	:	The maximum number of Options that can be offered to an Eligible Person under the Scheme in the manner provided in By-Law 5

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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Offer	:	A written offer made by the ESOS Committee from time to time to an Eligible Person to participate in the Scheme in the manner provided in By-Law 6
Offer Period	:	The period stipulated in By-Law 6.4
Option Certificate	:	The certificate confirming the grant of the Option to an Eligible Person and the number of Shares comprised in the Option
Option Period	:	The period commencing from the Date of Offer and expiring on the Date of Expiry or such other date as stipulated by the ESOS Committee in the Offer or upon the date of termination of the Scheme as provided in By-Law 19, whichever is the earlier
Option Price	:	The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 10
Principal Adviser	:	A person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by the Securities Commission Malaysia, as amended from time to time
Representative	:	A legal or personal representative(s) or heir(s)
RM and sen	:	Ringgit Malaysia and sen respectively
Share(s)	:	Ordinary share(s) in the Company having a par value of RM0.10 each or any other par value in the event of alteration in the capital of the Company, if applicable

2.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.

2.3 Any reference to statutory provisions shall include:-

- (a) any subordinate legislation made from time to time under that provision and any listing requirements, policies, practice notes and/or guidelines of Bursa Securities and/or other relevant authorities (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, practice notes and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- (b) 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 Option(s) 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.

2.4 Words importing the masculine gender shall include the feminine and neuter genders.

2.5 Words importing the singular number shall include the plural number and vice versa.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 2.6 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.
- 2.7 Any liberty or power which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee's absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.

**2A. OBJECTIVES OF THE SCHEME**

The objectives of the Scheme are to:-

- (a) motivate and encourage the employees of the Group by rewarding them for their contribution and achieving a greater level of commitment and dedication, resulting in enhanced productivity;
- (b) reward and retain the Eligible Persons whose services are vital to the businesses, continued growth and future expansion of the Group;
- (c) reward the Eligible Persons by allowing them to participate in the Company's profitability and eventually realise capital gains arising from any appreciation in the value of the Shares;
- (d) establish a more competitive remuneration package to attract more skilled and experienced individuals to join the Group and contribute to its continued growth and profitability; and
- (e) create a greater sense of ownership and belonging among the Eligible Persons upon exercising of their Options as they will be able to participate directly in the future growth of the Group.

The Scheme, which allows for the participation of the non-executive Directors, will enable the Company to retain as well as attract capable individuals to become nonexecutive Directors of the Company, who in turn are expected to contribute and play a constructive role in the growth and performance of the Group. The participation of the non-executive Directors in the equity of the Company is expected to enhance their level of commitment and contribution to the overall strategic direction of the Group.

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

- 3.1 The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the Options shall not in aggregate exceed thirty per cent (30%) of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the duration of the Scheme as provided in By-Law 19.2.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 3.2 Notwithstanding the provision of By-Law 3.1 and any other provision contained in these By-Laws, in the event the total number of new Shares that may be made available under the Scheme exceeds thirty per cent (30%) of the issued and paid-up share capital (excluding treasury shares) of the Company as a result of the Company purchasing, cancelling and/or reducing its Shares in accordance with the provisions of the Act or the Company undertaking any corporate proposal and thereby diminishing the issued and paid-up share capital of the Company, then such Options granted prior to the adjustment of the issued and paid-up share capital (excluding treasury shares) of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the ESOS Committee shall not make any further Offer until the total number of Shares under the subsisting Options, including those Shares that have been issued under the Scheme falls below thirty percent (30%) of the issued and paid-up share capital (excluding treasury shares) of the Company.
- 3.3 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme, which may be exercisable from time to time in accordance with the provisions of these By-Laws.

**4. ELIGIBILITY**

- 4.1 Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Scheme:-
- (a) In respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:-
- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (ii) is a full time employee; and
  - (iii) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.
- (b) In respect of a Director, the Director must fulfil the following criteria as at the Date of Offer:-
- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (ii) has been appointed as a Director of the Company or any company in the Group for such period as may be determined by the ESOS Committee prior to and up to the Date of Offer; and
  - (iii) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

Notwithstanding the above, the ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in this By-Law 4.1. The eligibility and number of Options to be offered to an Eligible Person under the Scheme shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 4.2 Notwithstanding By-Law 4.1, the specific allotment to be made to any Eligible Person, who is a director (namely, director of LNGRES within the meaning of Section 2(1) of the Capital Markets & Services Act 2007), major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive (as defined in the ACE LR), shall also be approved by the shareholders of the Company in general meeting.
- 4.3 Any Eligible Person who holds more than one (1) position within the LNGRES Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 4.4 An Employee or Director of a dormant company within the Group is not eligible to participate in the Scheme.
- 4.5 An Employee or Director who during the duration of the Scheme becomes an Eligible Person may, at the discretion of the ESOS Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment.
- 4.6 Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the Shares comprised herein unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with By-Law 7 hereof.

**5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 5.1 Subject to By-Law 3 and any adjustment which may be made under By-Law 15, the number of Options to be allocated to an Eligible Person at any time in each Offer made pursuant to the Scheme shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, inter alia, the Eligible Person's designation, length of service, work performance and/or such other factors as the ESOS Committee may in its absolute discretion deem fit, and subject to the following conditions:-
- (a) the total number of Shares made available under the Scheme shall not exceed the amount stipulated in By-Law 3.1;
  - (b) not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person (as defined in the ACE LR), holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the issued and paid-up share capital (excluding treasury shares) of the Company;
  - (c) not more than 60% of the total number of Shares to be issued under the Scheme would be allocated, in aggregate, to the Directors and senior management of the Group who are Eligible Persons (where "senior management" shall be subject to a criteria determined at the discretion of the ESOS Committee from time to time); and
  - (d) the Directors and senior management of the Group do not participate in the deliberation or discussion of their respective allocation,

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

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 5.2 The ESOS Committee shall be entitled to determine the Maximum Allowable Allotment in relation to each class or grade of Employees and Directors under the Scheme from time to time, and the decision of the ESOS Committee shall be final and binding.
- 5.3 In the event that an Eligible Person is promoted, the maximum number of Shares applicable to such Eligible Person shall be the maximum number of Shares corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 3.1.
- 5.4 A set of criteria on staff eligibility and allocations as determined by the ESOS Committee from time to time shall be made available to all Eligible Persons.
- 5.5 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the Audit Committee of LNGRES at the end of each financial year as being in compliance with the criteria for allocation of Options which have been disclosed to the Employees and Directors of the Group. A statement by the Audit Committee of LNGRES verifying such allocations shall be included in the annual report of the Company.
- 5.6 The ESOS Committee has the sole and absolute discretion to determine whether to stagger the allocation of Options available over the duration of the Scheme, whether there is any vesting period and whether to impose any vesting conditions for the Options granted under the Scheme.
- 5.7 In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the Options.

**6. OFFER**

- 6.1 During the duration of the Scheme, the ESOS Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allotment. Each Offer shall be in a multiple of one hundred (100) Options or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee, the minimum being one hundred (100) Options or such other units of Shares constituting one board lot as may be determined by the ESOS Committee. The Options shall only be accepted in multiples of one hundred (100) Shares or such other units of Shares constituting one board lot as may be determined by the ESOS Committee.
- 6.2 The ESOS Committee shall state the following particulars in the letter of Offer:-
- (i) the number of Options that are being offered to the Eligible Person;
  - (ii) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
  - (iii) the Option Period;
  - (iv) the Option Price;
  - (v) the Offer Period;
  - (vi) the closing date for acceptance of the Offer;
  - (vii) the manner and conditions of exercise of the Options; and



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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- (viii) any other information deemed necessary by the ESOS Committee.
- 6.3 Without prejudice to By-Law 20, in the event the letter of Offer contains an error on the part of the Company in stating any of the particulars in By-Law 6.2 above, the following provisions shall apply:
- (a) as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 6.2;
  - (b) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of Offer shall remain as the Option Price as per the original letter of Offer; and
  - (c) in the event that the error relates to the Option Price, the Option Price in the supplemental letter of Offer shall be the Option Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 6.4 An Offer shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-by-case basis at its sole and absolute discretion.
- 6.5 No Offer shall be made to any Director, major shareholder and/or chief executive of the Company or persons connected with any Director, major shareholder and/or chief executive who are Eligible Persons unless such Offer and the related allotment of new Shares have previously been approved by the shareholders of the Company in general meeting. For the purpose of these By-Laws, "persons connected with a Director, major shareholder and/or chief executive" shall have the meaning given in relation to persons connected as defined in Rule 1.01 of the ACE LR.
- 6.6 Subject to By-Law 5, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person PROVIDED THAT the total aggregate number of Options offered to such Eligible Person during the duration of the Scheme shall not exceed the Maximum Allowable Allotment of such Eligible Person.
- 6.7 The Company shall keep and maintain a register of Grantees at its expense and shall enter in that register the names and addresses of the Grantees and such information as may be prescribed by the ESOS Committee.
- 6.8 The actual number of Options that may be granted to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and subject to any adjustment that may be made under By-Law 15.

**7. ACCEPTANCE**

- 7.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the acceptance of the Options.
- 7.2 The day of receipt of such written notice shall constitute the Date of Acceptance.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 7.3 If an Offer is not accepted in the manner aforesaid within the Offer Period or in the event of death or cessation of employment of the Eligible Person, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Options comprised in such Offer may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 7.4 The Company shall within thirty (30) days of the acceptance of the Offer by the Eligible Person, issue to the Eligible Person an Option Certificate in such form as may be determined by the ESOS Committee.
- 7.5 Notwithstanding By-Law 6.4, in the event the Eligible Person shall cease to be a Director or Employee within the LNGRES Group or become a bankrupt, as the case may be, prior to the acceptance of the Offer made to the Eligible Person, such Offer shall automatically lapse and shall not be capable of acceptance.

**8. NON-TRANSFERABILITY**

- 8.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 to 14.6, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.
- 8.2 An Option shall not be transferred, assigned or otherwise disposed of by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.6.

**9. EXERCISE OF OPTIONS**

- 9.1 Subject to the provisions of By-Laws 9.12, 14.1, 16 and 17, an Option granted to a Grantee under the Scheme is exercisable only by that Grantee during his lifetime and whilst he/she is in the employment or appointment of the Group and within the Option Period (subject always to By-Law 9.2 and 9.8).
- 9.2 The ESOS Committee may with its power under By-Law 20, at any time and from time to time, before and after the Options are granted, limit the exercise of the Options to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the Options during such periods within the Option Period and impose other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion.
- 9.3 Subject to By-Law 4.1, there are no performance targets to be achieved by the Grantee before the Options can be exercised and the new Shares arising from the Scheme can be vested.
- 9.4 Where an Option is exercised only in part, the Option Certificate shall be endorsed by the ESOS Committee stating, inter-alia, the number of new Shares which remain capable of being exercised.
- 9.5 A Grantee shall exercise the Options granted to him/her in multiples of and not less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee save and except where a Grantee's balance of Options exercisable in accordance with these By-Laws shall be less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Option, if any, which he is entitled to subscribe under the Scheme.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 9.6 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any Option which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.7 Subject to the discretion of the ESOS Committee, where a Grantee is serving under an employment contract, he/she may exercise any remaining unexercised Options within sixty (60) days before the expiry of the employment contract if the remaining duration of the employment contract from the date on which the Options are granted is less than the Option Period.
- 9.8 A Grantee shall exercise his Options by notice in writing to the Company in such form as the ESOS Committee may prescribe or approve ("Notice of Exercise"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 9.9 Every Notice of Exercise shall state the number of new Shares an Eligible Person intends to subscribe and shall be accompanied by the relevant Option Certificate and a remittance for the full amount of the subscription monies payable in respect thereof PROVIDED THAT the number of new Shares stated therein shall not exceed the amount exercisable by such Eligible Person.
- 9.10 The Grantee shall state his CDS Account in the Notice of Exercise. Within eight (8) Market Days (or such other period as may be prescribed by Bursa Securities and subject to the Articles) after the receipt of the complete and valid Notice of Exercise together with the remittance from the Grantee and subject to the provisions of the ACE LR, the Central Depositories Act, the Rules of Bursa Depository and the Articles, the Company shall allot and/or issue the relevant number of Shares and despatch a notice of allotment to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be. No physical certificates will be issued. For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own expense before they can exercise their Options.
- 9.11 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the Grantee shall then be deemed not to have exercised his/her Option.
- 9.12 Notwithstanding anything contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect, 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 or are found to have had no basis or justification) to exercise his/her Options 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 at its sole and absolute discretion, on the Grantee's right to exercise his/her Options having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:-
- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his/her Options;

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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- (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
- (c) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period, the Option of such Grantee shall immediately lapse on the expiry of the Option Period without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under this By-Law.

- 9.13 Every Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.14 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to the Grantee or his/her 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 lost profits or savings, directly or indirectly arising from any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by the Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any error in any Offer.

**10. OPTION PRICE**

Subject to any adjustments in accordance with By-Law 15 and pursuant to the ACE LR, the Option Price shall be the higher of the following:-

- (a) A price to be determined by the Board upon recommendation of the ESOS Committee based on the weighted average market price of the Shares for the five (5) Market Days 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; and
- (b) the par value of the Shares.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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**11. RIGHTS OF A GRANTEE**

- 11.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 11.2 A Grantee shall not be entitled to any dividends, rights and/or other distributions on his/her unexercised Options.

**12. RIGHTS ATTACHING TO SHARES**

The new Shares to be allotted and issued upon the exercise of any Options granted under the Scheme will, upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up Shares of the Company, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the Entitlement Date of which precedes the date of allotment and issuance of such new Shares. The new Shares will be subject to the provisions of the Articles relating to transfer, transmission and otherwise of the Shares.

**13. RETENTION PERIOD**

- 13.1 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer as it sees fit.
- 13.2 Notwithstanding By-Law 13.1, a Grantee who is a Non-Executive Director must not sell, transfer or assign any new Shares obtained through the exercise of Options offered to him under the Scheme within one (1) year from the Date of Offer.

**14. TERMINATION OF OPTIONS**

- 14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-
- (a) Termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
  - (b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
  - (c) Winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:-
    - (i) In the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
    - (ii) In the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
  - (d) Termination of the Scheme pursuant to By-Law 19.5;
- whichever shall be applicable.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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Upon the termination of the Options pursuant to By-Laws 14.1(a), (b), (c) or (d) 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/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

14.2 Notwithstanding By-Law 14.1 above, a Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any Option held by him/ her upon termination of employment with the Group in the following circumstances:-

- (a) Retirement upon or after attaining the age in accordance with the Company's retirement policy; or
- (b) Retirement before the age specified under the above said retirement policy, with the consent of his/her employer; or
- (c) Ill-health, injury, physical or mental disability; or
- (d) Redundancy, retrenchment or voluntary separation scheme; or
- (e) Transfer to any company outside the Group at the direction of the Company; or
- (f) Any other circumstance as may be deemed as acceptable to the ESOS Committee.

14.3 Applications under By-Law 14.2 shall be made:-

- (a) in a case where By-Law 14.2(a), (b) or (f) is applicable, before the Grantee's last day of employment. The Grantee may exercise Options at any time before his last day of employment subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee before the Grantee's last day of employment, any Option held by the Grantee on his last day of employment shall be automatically terminated;
- (b) in a case where By-Law 14.2(c) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated;
- (c) in a case where By-Law 14.2(d) is applicable, within one (1) month after the Grantee is notified that he/she will be retrenched or, where he/she is given an offer by his employer as to whether he/she wishes to accept retrenchment upon certain terms, within one (1) month after he/she accepts such offer. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated; and
- (d) in a case where By-Law 14.2(e) is applicable, within one (1) month after the Grantee is notified that he/she will be transferred to a company outside the Group. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 14.4 The ESOS Committee shall consider applications under By-Law 14.2 on a case-by-case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of By-Law 9. Any Options in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 14.3 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.5 In the event that the ESOS Committee receives an application under By-Law 14.2 after the expiry of the relevant period under By-Law 14.3, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under By-Law 14.4. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the unexercised Options which are the subject of approval to the Grantee and such Options offered, if accepted by the Grantee shall be exercisable:-
- (a) only within the Option Period of those Options which were terminated due to the Grantee's delay in making the application;
  - (b) in accordance with the provisions of By-Law 9 as applicable in respect of such terminated Options; and
  - (c) at the Option Price applicable in respect of such terminated Options.
- 14.6 In the event a Grantee dies before the expiration of the Option Period and at the time of his/her death held unexercised Options, such unexercised Options may be exercised by the Representative of the deceased Grantee after the date of his/her death provided that such exercise shall be within the Option Period subject to the approval of the ESOS Committee.

**15. ALTERATION OF SHARE CAPITAL**

- 15.1 Subject to By-Law 15.5 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-
- (a) the Option Price;
  - (b) the number of Options granted to each Grantee (excluding the Options already exercised); and/or
  - (c) the number of Shares and/or Option Price comprised in the Offer which is open for acceptance during the Offer Period (if such Offer is subsequently accepted in accordance with the terms and conditions of the Offer and these By-Laws).

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he/she was entitled prior to the event giving rise to such adjustment (i.e. not taking into account Options already exercised) shall remain unaffected.

Any adjustment (other than an adjustment pursuant to a bonus issue) must be confirmed in writing by the external auditors or the Principal Adviser of the Company.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-

- (a) Any adjustment to the Option Price shall be rounded down to the nearest one (1) sen and in no event shall the Option Price be reduced to an amount which is below the par value of the Shares; and
- (b) In determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.

15.3 Subject to By-Law 15.2, the Option Price and/or the number of Options granted to each Grantee so far unexercised shall from time to time be adjusted, calculated and determined by the ESOS Committee in accordance with the following relevant provisions in consultation with the external auditor of the Company:-

**(a) Consolidation, subdivision or conversion**

If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Option Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in the following manner:-

- (i) New Option Price =  $EP \times \frac{\text{Revised Par Value}}{\text{Former Par Value}}$
- (ii) Additional number of Options =  $T \times \left[ \frac{\text{Former Par Value}}{\text{Revised Par Value}} \right] - T$

Where:-

EP = Existing Option Price; and

T = existing number of Options held.

- (iii) Par Value shall be adjusted to the Revised Par Value.

Such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such other period as may be prescribed by Bursa Securities.

Notwithstanding the foregoing provisions of this By-Law 15.3(a), no adjustment to the Option Price and/or the number of Options shall be made or be applicable in respect of any par value reduction exercise undertaken by the Company which does not result in any change to the existing number of Shares in issue.

If however due to a change in law, par value is no longer legally required to be ascribed to the share capital of the Company, the Option Price shall be adjusted in such manner as the Directors shall determine or deem fit as shall be compliant with the law then applicable.



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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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**(b) Capitalisation of profits/reserves**

If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Option Price shall be adjusted by multiplying it by the following fraction:-

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

and the additional number of Options to be issued shall be calculated as follows:-

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

Where:-

A = the aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid-up by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

T = T as in By-Law 15.3(a) above.

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

(c) If and whenever the Company shall make:-

**(i) Capital Distribution**

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

**(ii) Rights issue of Shares**

any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or

**(iii) Rights issue of convertible securities**

any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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

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

and in respect of the case referred to in By-Law 15.3(c)(ii) hereof, the number of additional Options to be issued shall be calculated as follows:-

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

Where:-

- T = T as in By-Law 15.3(a) above;
- C = the prevailing market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 15.3(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 15.3(c)(iii) above, the value of rights attributable to one (1) existing Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 15.3(c) hereof, the fair market value as determined (with the concurrence of the external auditor) by the Principal Adviser of the Company of that portion of the Capital Distribution attributable to one (1) existing Share.

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

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

Where:-

- C = C as in By-Law 15.3(c) above;
- E = the subscription price for one (1) additional Share under the terms of such offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = the number of existing 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 Shares or one (1) additional security with right to acquire or subscribe for Shares; and

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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D\* = the "value of rights attributable to one (1) existing Shares" (as defined below).

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

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

Where:-

C = C as in By-Law 15.3(c) above;

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

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

For the purpose of By-Law 15.3(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 15.3(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

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

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

**(d) Capitalisation of profits/reserves and rights issue of Shares/convertible securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 15.3(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:-

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

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 15.3(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated as follows:-

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

Where:-

- G = the aggregate number of issued and paid-up Shares on the Entitlement Date;
- C = C as in By-Law 15.3(c) above;
- 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 Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription price 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;
- I\* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- B = B as in By-Law 15.3(b) above; and
- T = T as in By-Law 15.3(a) above.

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

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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**(e) Rights issue of Shares and rights issue of convertible securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new Shares as provided in By-Law 15.3(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in By-Law 15.3(c)(iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the 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 additional Options to be issued shall be calculated as follows:-

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

Where:-

- G = G as in By-Law 15.3(d) above;
- C = C as in By-Law 15.3(c) above;
- H = H as in By-Law 15.3(d) above;
- H\* = H\* as in By-Law 15.3(d) above;
- I = I as in By-Law 15.3(d) above;
- I\* = I\* as in By-Law 15.3(d) above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
- T = T as in By-Law 15.3(a) above

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

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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**(f) Capitalisation of profits/reserve, rights issue of Shares and rights issue of convertible securities**

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 15.3(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 15.3(c)(iii) above, 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 additional Options to be issued shall be calculated as follows:-

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

Where:-

G = G as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d) above;

H\* = H\* as in By-Law 15.3(d) above;

I = I as in By-Law 15.3(d) above;

I\* = I\* as in By-Law 15.3(d) above;

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

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

B = B as in By-Law 15.3(b) above; and

T = T as in By-Law 15.3(a) above

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

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**


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**(g) Others**

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 15.3(c)(ii), 15.3(c)(iii), 15.3(d), 15.3(e) or 15.3(f) above) the Company shall issue either any Shares or any security convertible into new Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price (as defined below) for one (1) Share or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the 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 Bursa Securities 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 new Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustments of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 15.3(g), "Total Effective Consideration" shall be determined by the ESOS Committee with the concurrence of the external auditor and shall be:-

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

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

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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For the purpose of By-Law 15.3(g), “**Average Price**” of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

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

- (h) For the purpose of By-Laws 15.3(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.
- (i) Such adjustments must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, **PROVIDED ALWAYS THAT:-**
  - (i) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen and no adjustment to the Option Price shall be made which would result in the new Shares to be issued on the exercise of the ESOS Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new Shares;
  - (ii) in the event that a fraction of a new Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
  - (iii) 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/her Representative where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of Options to be issued; and
  - (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws.

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

- 15.4 Save as expressly provided for herein, the external auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors shall be final, binding and conclusive.



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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- 15.5 The provisions of this By-Law 15 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
- (a) An issue of Shares pursuant to the exercise of Options under the Scheme; or
  - (b) An issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
  - (c) An issue of securities pursuant to a private placement; or
  - (d) An issue of securities pursuant to a special issue approved by the relevant governmental authorities; or
  - (e) A restricted issue of securities; or
  - (f) An issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities and the issuance of new Shares arising from the conversion of such securities; or
  - (g) A purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to Section 67A of the Act.
- 15.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.5.
- 15.7 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:-
- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
  - (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.
- Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his/her Representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.
- 15.8 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Option Price and/or the number of Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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**16. TAKE-OVERS AND MERGERS, SCHEMES OF ARRANGEMENT, AMALGAMATIONS AND RECONSTRUCTIONS**

16.1 In the event of:-

- (a) A take-over offer being made for, under the Malaysian Code on Take-Overs and Mergers 2010 (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over (“**Offeror**”) or any persons acting in concert with the Offeror), a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of his/her Options and the Directors of LNGRES shall use their best endeavours to procure that such a general offer be extended to the new Shares that may be issued pursuant to the exercise of the Options under this By-Law; or
- (b) The Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Grantee that it intends so to exercise such rights on a specific date (“Specified Date”), a Grantee will be entitled to exercise all or any part of his/her Options from the date of service of the said notice to the Company until the expiry of the Specified Date.

In the foregoing circumstances, if the Grantee fails to exercise his/her Options to elects to exercise only in respect of a portion of such Shares, then any Options to the extent unexercised by the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and be null and void.

16.2 Notwithstanding the provisions of By-Law 9 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 176 of the Act or its amalgamation with any other company or companies under Section 178 or any other provisions of the Act or the Company decided to merge with other company or companies, a Grantee may be entitled to exercise all or any part of his/her Options which remains unexercised at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period. Upon the compromise or arrangement becoming effective, all unexercised Options shall automatically lapse and shall become null and void and of no further force and effect.

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

17.1 If a Grantee is in the employment of a company within the Group and such company is subsequently divested, wholly or in part, from the Group, then the ESOS Committee will have the right to determine at its discretion whether or not the Grantee:-

- (a) will be entitled to continue to hold and to exercise all the unexercised or partially exercised Options which were granted to him/her under the Scheme within a period which will be decided by the ESOS Committee, failing which the right of such Grantee to subscribe for that number of new Shares or any part thereof granted under such unexercised or partially exercised ESOS Option(s) shall automatically lapse and be null and void and of no further force and effect upon the expiry of the relevant period; and
- (b) shall be eligible to participate for further Options under the Scheme.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group or disposed off from the Group in the event that the effective interest of the Company in such company is reduced from above fifty percent (50%) to fifty percent (50%) or below so that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

17.3 In the event that:-

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 6 of the Act (that is to say, a company which does not fall within the definition of “the Group”) and is subsequently transferred from such company to any company within the Group; or
- (b) an 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 5 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 of 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 the By-Laws shall apply.

**18. WINDING UP**

All outstanding Options shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise the Options shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the Options shall accordingly be unsuspended.

**19. DURATION AND TERMINATION OF SCHEME**

19.1 The Effective Date for the implementation of the Scheme shall be at the date of full compliance with all relevant requirements in the ACE LR, including the following:-

- (a) Submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the ACE LR and a checklist showing compliance with Appendix 6E of the ACE LR;
- (b) Receipt of the approval or approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of Options granted under the Scheme;

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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- (c) Procurement of the approval of the shareholders of the Company for the Scheme in a general meeting;
- (d) Receipt of the approval of any other relevant authorities whose approvals are necessary in respect of the Scheme; and
- (e) Fulfilment of all conditions attached to any of the abovementioned approvals, if any.

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

- 19.2 The Scheme shall be in force for a duration of five (5) years from the Effective Date. The Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the Scheme for a period(s) of up to a maximum of five (5) years in aggregate for the extension period, commencing from the day after the date of expiration of the original five (5) years period. Such extended Scheme shall be implemented in accordance with the terms of the By-Laws set out herein, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme PROVIDED THAT the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within thirty (30) days prior to the Date of Expiry.
- 19.3 Offer can only be made during the duration of the Scheme before the Date of Expiry.
- 19.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.
- 19.5 The Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry **PROVIDED THAT** the Company makes an announcement immediately to Bursa Securities. The announcement shall include:-
- (a) the effective date of termination ("**Termination Date**");
  - (b) the number of Options exercised or Shares vested; and
  - (c) the reasons and justification for termination.
- 19.6 In the event of termination as stipulated in By-Law 19.5 above, the following provisions shall apply:-
- (a) No further Offer shall be made by the ESOS Committee from the Termination Date;
  - (b) All Offer which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
  - (c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the Termination Date.
- 19.7 Approval or consent of the shareholders of the Company by way of a resolution in an EGM and written consent of Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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**20. ADMINISTRATION**

- 20.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit and with such powers and duties as are conferred upon it by the Board. The decision of the ESOS Committee shall be final and binding.
- 20.2 Without limiting the generality of By-Law 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:-
- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. 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 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.
- 20.3 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee as it shall deem fit.

**21. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME**

- 21.1 Subject to By-Law 21.2, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit and the 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 these By-Laws upon such recommendation subject to the Company submitting the amended By-Laws and a confirmation letter 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 ACE LR pertaining to employee share option scheme and the Rules of Bursa Depository.
- 21.2 Subject to By-Law 21.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:-
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 3.1.
- 21.3 For the purpose of complying with the provisions of the ACE LR, By-Laws 3, 4, 5, 7, 9.2, 10, 11, 12, 15, 17, 18 and 19.2 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders obtained at a general meeting unless allowed otherwise by the provisions of the ACE LR.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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**22. INSPECTION OF ACCOUNTS**

All Grantees are entitled to inspect the latest audited financial statements of the Company at the registered office of the Company during normal business hours on any working day of the registered office.

**23. SCHEME NOT A TERM OF EMPLOYMENT**

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

**24. NO COMPENSATION FOR TERMINATION**

No Eligible Persons shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws. Notwithstanding any provisions of these By-Laws:-

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer afford such Eligible Person 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 right or other rights under any other theory of law (other than those constituting the Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his/her Representative shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights/exercise of his/her Options or his/her rights/ Options ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board (including Directors that had resigned but were on the Board during the Option Period) or the ESOS Committee shall in no event be liable to the Grantee or his/her 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 lost profits or savings, directly or indirectly arising from the breach or non-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 Board or the ESOS Committee has been advised of the possibility of such damage.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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**25. DISPUTES**

- 25.1 In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the ESOS Committee during the duration of the Scheme, then the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible 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. In the event the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 25.2 Notwithstanding the foregoing provisions of By-Law 25.1 above, matters concerning adjustments made pursuant to By-Law 15 shall be referred to external auditors or the Principal Adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

**26. COSTS AND EXPENSES**

Unless otherwise stipulated by the Company in the Offers, all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the exercise of Options, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the Scheme and any holding or dealing of Shares to be allotted and issued pursuant to the exercise of the Options, including but not limited to brokerage commissions and stamp duties.

**27. ARTICLES**

In the event of a conflict between any of the provisions of these By-Laws and the Articles, the provisions of the Articles shall at all times prevail.

**28. TAXES**

All taxes (including income tax), if any, arising from the exercise of any Options under the Scheme shall be borne by the Grantee.

**29. LISTING AND QUOTATION OF SHARES**

- 29.1 Upon the exercise of any Options in accordance with By-Law 9, the Company shall apply to Bursa Securities for the listing of and quotation for such new Shares, and shall use its best endeavours to obtain permission for the dealing of such new Shares.

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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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29.2 29.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

**30. NOTICE**

30.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given or made in writing and either delivered by hand or sent to the ESOS Committee or the Company by facsimile or ordinary letter. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.

30.2 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

30.3 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the Grantee (as the case may be) pursuant to the Scheme, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 30.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantee, as the case may be.

**31. SEVERABILITY**

Any term, condition, stipulation or provision in these By-Laws which is or becomes 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 or provision herein contained.



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**BY-LAWS IN RELATION TO THE ESOS (CONT'D)**

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**32. DISCLOSURES IN ANNUAL REPORT**

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

**33. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME**

33.1 Subject to the approval of Bursa Securities and any other relevant authorities, the Company may establish a new employees' share option scheme after the expiry date of this Scheme or upon termination of this Scheme.

33.2 The Company may implement more than one (1) Scheme provided that the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the ACE LR or any other relevant authorities as amended from time to time.

**34. GOVERNING LAW AND JURISDICTION**

The Scheme, these By-Laws, all Offers made and Options granted and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Persons, by accepting the Offer in accordance with the By-Laws and terms of the Scheme and the Articles, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has seen and approved the contents of this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The Board confirms that after making all reasonable enquires 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. MATERIAL LITIGATION**

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

**3. MATERIAL COMMITMENTS**

Save as disclosed below, as at the LPD, there are no other commitments incurred or known to be incurred by YBS Group, which upon becoming enforceable may have a material effect on the business or financial position of YBS Group:

	<b>RM'000</b>
<b>Contracted but not provided for:</b>	
– Purchase of property, plant and equipment	8,279

**4. CONTINGENT LIABILITIES**

As at the LPD, there are no contingent liabilities incurred or known to be incurred by YBS Group, which upon becoming enforceable may have a material effect on the business or financial position of YBS Group.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 20<sup>th</sup> AGM of the Company, at the Registered Office of the Company at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of YBS for the past 2 FYEs 31 March 2021 and 31 March 2022; and
- (iii) the By-Laws.

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**EXTRACT OF NOTICE OF 20<sup>TH</sup> AGM**

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**AS SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass the following ordinary resolutions:

(e) Proposed Granting of ESOS Options to Dato' Jimmy Ong Chin Keng

“THAT, the Company has an existing Employees' Share Option Scheme (“ESOS”) which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board of Directors of the Company (“Board”) be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Dato' Jimmy Ong Chin Keng, an Independent Non-Executive Director of the Company, subject to the provisions of the By-Laws of the ESOS (“By-Laws”), provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Malaysia Securities Berhad (“Bursa Securities”) or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the ACE Market Listing Requirements of Bursa Securities (“Listing Requirements”)), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person.”

(Ordinary Resolution 10)

(f) Proposed Granting of ESOS Options to Yong Li-Xiang

“THAT, the Company has an ESOS which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Yong Li-Xiang, the son of Yong Chan Cheah, who is the Product Engineer of YBS group, subject to the provisions of the By-Laws, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and

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**EXTRACT OF NOTICE OF 20<sup>TH</sup> AGM (CONT'D)**

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- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person.”

(Ordinary Resolution 11)

(g) Proposed Granting of ESOS Options to Yong Swee Fung

“THAT, the Company has an ESOS which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Yong Swee Fung, the sister of Yong Chan Cheah and Yong Swee Chuan, who is the Final Inspection Supervisor of YBS group, subject to the provisions of the By-Laws, provided always that:

- (i) she must not participate in the deliberation or discussion of her own allocation, as well as that of the persons connected with her, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to her, if she, either singly or collectively through persons connected with her (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person.”

(Ordinary Resolution 12)

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**EXTRACT OF NOTICE OF 20<sup>TH</sup> AGM (CONT'D)**

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(h) Proposed Granting of ESOS Options to Chew Tin Hor

“THAT, the Company has an ESOS which was effective on 1 March 2016 and further extended from 1 March 2021 to 28 February 2026, and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Chew Tin Hor, the brother-in-law of Yong Chan Cheah and Yong Swee Chuan, who is the Warehouse and Logistic Supervisor of YBS group, subject to the provisions of the By-Laws, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person.”

(Ordinary Resolution 13)

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