

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has only conducted a limited review on the Circular for the Proposed Granting of Employees’ Share Option Scheme Options (as defined herein) pursuant to Paragraph 4.1 of Practice Note 18 of the Main 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.

keyASIC
KEY ASIC BERHAD

*Registration No.: 200501024949 (707082-M)
(Incorporated in Malaysia)*

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED GRANTING OF OPTIONS TO DATUK MD ZUBIR ANSORI BIN YAHAYA, AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY, UNDER KEY ASIC BERHAD’S EMPLOYEES’ SHARE OPTION SCHEME THAT WAS ESTABLISHED IN 2022 (“ESOS”) AND WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 AND THE CONSTITUTION OF THE COMPANY

The above proposal will be tabled as Special Business at the Eighteenth Annual General Meeting (“AGM”) of Key ASIC Berhad (“Key ASIC” or “Company”). The Notice of the Eighteenth AGM of Key ASIC to be conducted entirely through live streaming from the broadcast venue at Key ASIC’s Headoffice at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 November 2023 at 9.00 a.m. or any adjournment thereof, together with the Proxy Form, are enclosed together with the 2023 Annual Report of Key ASIC.

You are entitled to attend and vote at the AGM of the Company or to appoint a proxy or proxies to attend and vote on your behalf. The Proxy Form must be lodged at the office of the Company’s Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on or before the date and time indicated below. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form: Monday, 13 November 2023 at 9.00 a.m.

DEFINITIONS

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

2022 ESOS Circular	: Circular to the shareholders of Key ASIC dated 25 February 2022 on the establishment of the ESOS
2023 Annual Report	: Annual Report of Key ASIC for the financial year ended 31 May 2023
5D-VWAP	: 5-day volume weighted average market price
Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual General Meeting
Announcement	: Announcement dated 11 September 2023 in relation to the Proposed Granting of ESOS Options and waiver of pre-emptive rights under Section 85 of the Act and the Constitution of the Company
Board	: Board of Directors of Key ASIC
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
By-Laws	: The by-laws governing the ESOS, as amended, modified and supplemented from time to time
Circular	: This circular to the shareholders of Key ASIC dated 29 September 2023
Date of Offer	: Date on which an Offer (including subsequent Offers) is made to the Eligible Persons by the Option Committee
Director	: A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007, as amended from time to time including any re-enactment thereof
Eligible Persons	: Directors or employees of the Company and its non-dormant subsidiaries who meet the criteria of eligibility for participation in the ESOS as set out in the By-Laws
EPS	: Earnings per Key ASIC Share
ESOS	: Key ASIC's Employees' Share Option Scheme, which was established on 7 July 2022 for a period of five (5) years and shall expire on 6 July 2027, and may be extended for a further period of up to five (5) years in accordance with the terms of the By-Laws
ESOS Options	: Options which give a Grantee the right to subscribe for new Key ASIC Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-Laws
Exercise Price	: Price payable for the subscription of new Key ASIC Shares upon exercise of ESOS Options granted under the ESOS
FYE	: Financial year ended/ending, as the case may be

DEFINITIONS (Cont'd)

Grantee	:	An Eligible Person who has accepted the Offer in accordance with the By-Laws
KAI (TW)	:	Key ASIC Inc. (28112337), a wholly-owned subsidiary of Key ASIC
KASL	:	Key ASIC Semiconductor Limited (2036754) (BVI), a wholly-owned subsidiary of Key ASIC
KASSB	:	Key ASIC Semiconductor Sdn Bhd [Registration No. 200701018241 (776252-V)], a wholly-owned subsidiary of Key ASIC
Key ASIC or Company	:	Key ASIC Berhad [Registration No. 200501024949 (707082-M)]
Key ASIC Group or Group	:	Key ASIC and its subsidiaries namely KASSB, KAI (TW) and KASL, collectively
Key ASIC Shares or the Shares	:	Ordinary shares in Key ASIC
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and amendments thereof
LPD	:	8 September 2023, 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 attributable to the owners of the Company
Offer	:	A written offer made by the Option Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in the By-Laws
Option Committee	:	A Committee duly authorised and appointed by the Board to administer the ESOS in accordance with the provisions of the By-Laws
Person(s) Connected	:	Shall have the same meaning as in Paragraph 1.01 of the Listing Requirements
Private Placement	:	Private placement of new Key ASIC Shares pursuant to the general mandate for the Directors to allot and issue new Shares not exceeding 10% of the total number of issued shares of the Company pursuant to Sections 75 and 76 of the Act, obtained from Key ASIC’s shareholders at its Seventeenth AGM held on 25 November 2022 at an issue price to be determined and fixed at a future date (“General Mandate”). Bursa Securities had on 19 April 2023 approved the listing and quotation of up to 157,213,700 Key ASIC Shares on the Main Market of Bursa Securities to be issued under the private placement pursuant to the General Mandate
Proposed Granting of ESOS Options	:	Proposed granting of ESOS Options to Datuk Md Zubir Ansori Bin Yahaya, an Independent Non-Executive Director of the Company under the ESOS
RM and sen	:	Ringgit Malaysia and sen, respectively

DEFINITIONS (Cont'd)

All references to “our Company” in this Circular are to Key ASIC, references to “our Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, our Group. All references to “you” in this Circular are references of the shareholder of our 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 of a day in this Circular shall be reference to Malaysian time, unless otherwise specified.

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

This Executive Summary highlights only the salient information of the Proposed Granting of ESOS Options. The Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Granting of ESOS Options before voting at the AGM.

Key information	Description	Reference to Circular
<p>Details of the Proposed Granting of ESOS Options and waiver of pre-emptive rights</p>	<p>The Company's ESOS was implemented since 7 July 2022 for a period of five (5) years and shall expire on 6 July 2027, and may be extended for a further period of up to five (5) years in accordance with the terms of the By-Laws.</p> <p>The Board proposed to offer and grant ESOS Options under the ESOS to Datuk Md Zubir Ansori Bin Yahaya, an Independent Non-Executive Director of the Company who was appointed to the Board on 26 August 2022, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.</p> <p>The Proposed Granting of ESOS Options will be tabled at the Company's forthcoming Eighteenth AGM under the proposed Ordinary Resolution IV to seek the shareholders' approval.</p> <p>For issuance of any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights shall be waived. As such, the waiver of such pre-emptive rights will be tabled at the Company's forthcoming Eighteenth AGM under the proposed Special Resolution II for the shareholders to affirm the waiver of their pre-emptive rights over all ESOS Options granted and/or to be offered/granted and all new Shares issued and/or to be issued pursuant to the ESOS to the Eligible Persons and each of the Directors of the Company. (For information, the establishment of the ESOS and the granting of ESOS Options to each of the Directors of the Company at that point in time were approved by the shareholders on 31 March 2022.)</p> <p>The proposed Special Resolution II if passed, will also exclude your pre-emptive rights to be offered ESOS Options and/or any new Shares to be issued by the Company pursuant to the Proposed Granting of ESOS Options (to be tabled at the forthcoming Eighteenth AGM).</p> <p>Please refer to the Notice of AGM for the proposed Special Resolution II and Ordinary Resolution IV which is enclosed together in the 2023 Annual Report, of which an extract of the resolutions is enclosed in Appendix III of this Circular.</p>	<p>Sections 2 and 3</p>

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to Circular
Rationale for the Proposed Granting of ESOS Options	<p>The Proposed Granting of ESOS Options is to reward Datuk Md Zubir Ansori Bin Yahaya, an Independent Non-Executive Director of the Company in recognition of his contribution to the Key ASIC Group and to enable him to participate in the future growth of the Group.</p> <p>The Proposed Granting of ESOS Options is also in recognition of Datuk Md Zubir Ansori Bin Yahaya's contribution and additional responsibilities as the chairman of the Audit Committee, Nomination Committee and Option Committee as well as a member of the Sustainability Committee of Key ASIC.</p> <p>Through the Proposed Granting of ESOS Options, Datuk Md Zubir Ansori Bin Yahaya would be given the opportunity to participate directly in the equity interests of Key ASIC.</p>	Section 4
Utilisation of proceeds	<p>The proceeds from the exercise of ESOS Options under the Proposed Granting of ESOS Options will be for working capital requirements of the Group, consistent with the utilisation of proceeds stated in the 2022 ESOS Circular.</p>	Section 5
Effects of the Proposed Granting of ESOS Options	<ul style="list-style-type: none"> • No immediate effect on the existing issued share capital of Key ASIC; • No immediate effect on the NA, NA per Share and gearing of Key ASIC Group; and • No immediate effect on the shareholdings of the substantial shareholders of the Company; <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> <p>The Proposed Granting of ESOS Options is not expected to have any material effect on the earnings and EPS of the Key ASIC Group, save for the estimated expenses to be incurred in relation to the Proposed Granting of ESOS Options and the possible impact of MFRS 2 in recognition of a charge or expense in the statement of comprehensive income of Key ASIC Group arising from the granting of the ESOS Options by the fair value of the ESOS Options on the date of the granting of the ESOS Options. The future earnings and EPS of the Group would also depend on the number of ESOS Options exercised as well as the results of the usage of proceeds raised therefrom.</p> <p>Further details of the effects of the Proposed Granting of ESOS Options is set out in Section 6 of this Circular.</p>	Section 6

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to Circular
Interests of Directors, major shareholders, chief executive and/or Persons Connected with them	<p>Save as disclosed in Section 9 of this Circular, 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> <p>As a person interested in the Proposed Granting of ESOS Options, Datuk Md Zubir Ansori Bin Yahaya will abstain from deliberations and voting on the Proposed Granting of ESOS Options in the manner set out in Section 9 of this Circular.</p>	Section 9
Directors' statement and recommendation	<p>The Board (save for Datuk Md Zubir Ansori Bin Yahaya), 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 and the waiver of pre-emptive rights under Section 85 of the Act and the Company's Constitution:</p> <ul style="list-style-type: none">(i) Is of the opinion that the Proposed Granting of ESOS Options and the waiver of pre-emptive rights are in the best interest of the Company and its shareholders; and(ii) Recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposed Granting of ESOS Options and the waiver of pre-emptive rights to be tabled at the forthcoming Eighteenth AGM of the Company.	Section 10

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KEYASIC

KEY ASIC BERHAD
(Registration No. 200501024949 (707082-M))
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

29 September 2023

Board of Directors:

Eg Kah Yee (*Executive Chairman and Chief Executive Officer*)
Datuk Md Zubir Ansori Bin Yahaya (*Independent Non-Executive Director*)
Chen, Chia-Yin (*Independent Non-Executive Director*)
Prof. Low Teck Seng (*Independent Non-Executive Director*)
Benny T. Hu @ Ting Wu Hu (*Non-Independent Non-Executive Director*)

To: The Shareholders of Key ASIC Berhad

Dear Sir/ Madam,

PROPOSED GRANTING OF ESOS OPTIONS AND WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE ACT AND THE CONSTITUTION OF THE COMPANY

1. INTRODUCTION

The Company had on 31 March 2022, at its Extraordinary General Meeting, obtained the shareholders' approval for the establishment of an ESOS.

On 11 September 2023, the Board had announced to Bursa Securities that the Company proposed to seek its shareholders' approval to offer and grant ESOS Options under the ESOS to Datuk Md Zubir Ansori Bin Yahaya, an Independent Non-Executive Director of the Company and the waiver of pre-emptive rights under Section 85 of the Act and the Constitution of the Company ("the Waiver").

Under the terms of the By-Laws, Datuk Md Zubir Ansori Bin Yahaya, who was appointed to the Board as Independent Non-Executive Director of the Company on 26 August 2022, is eligible to participate in the ESOS. He does not hold any directorship in the subsidiaries of Key ASIC.

The purpose of this Circular is to provide you with the details of the Proposed Granting of ESOS Options and the Waiver together with the recommendation of the Board and to seek your approval for the ordinary resolution pertaining to the Proposed Granting of ESOS Options and the special resolution pertaining to the Waiver to be tabled at the forthcoming AGM of the Company. The Notice of the Eighteenth AGM (under "Special Business") together with the Proxy Form are enclosed in the 2023 Annual Report.

YOU ARE ADVISED TO READ THE CONTENT OF THIS CIRCULAR CAREFULLY TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED GRANTING OF ESOS OPTIONS AND THE WAIVER TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED GRANTING OF ESOS OPTIONS

2.1 Background

Key ASIC had on 7 July 2022, established the ESOS for a period of five (5) years which shall expire on 6 July 2027, and may be extended for a further period of up to five (5) years in accordance with the terms of the By-Laws. The ESOS is administered by the Option Committee and the composition of the Option Committee as at the LPD is as follows:-

Chairman

Datuk Md Zubir Ansori Bin Yahaya – Independent Non-Executive Director

Member

Thong Kooi Pin – Financial Controller

Under the By-Laws, in the event any Eligible Person is a member of the Option Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her own allocation of the ESOS Options as well as allocation of the ESOS Options to Persons Connected with him/her. Therefore, Datuk Md Zubir Ansori Bin Yahaya, who is the chairman of the Option Committee, will abstain from the deliberation or discussion and voting of his own allocation of the ESOS Options as well as allocation of the ESOS Options to Persons Connected with him (if any), in the event the Proposed Granting of ESOS Options and the Waiver are approved by the shareholders.

The total number of new Key ASIC Shares to be issued under the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued shares of Key ASIC, excluding treasury shares, if any, at any one time during the duration of the ESOS, as provided in the By-Laws.

The ESOS will involve the granting of ESOS Options to the Eligible Persons to subscribe for new Key ASIC Shares at the Exercise Price in accordance with the By-Laws.

Since the commencement of the ESOS up to the LPD, a total of 137,150,000 ESOS Options had been granted and accepted by the Eligible Persons, out of which 30,400,000 ESOS Options had been exercised. Please refer to the table below for further details on ESOS Options granted to the Eligible Persons since the commencement of the ESOS up to the LPD:

	No. of ESOS Options
Granted and accepted ⁽¹⁾	137,150,000
Exercised	30,400,000
Lapsed/forfeited	1,000,000
Total Outstanding	105,750,000

Notes:

(1) Out of the 137,150,000 ESOS Options granted and accepted, 30,400,000 ESOS Options (before adjusted with the number of ESOS Options lapsed/forfeited) are subject to the vesting period as disclosed below:

Eligible Directors and Employees	Vesting Period (From the Date of Offer)			
	12 months	24 months	36 months	48 months
<i>Non-Executive Directors</i>	3,000,000	3,000,000	3,000,000	-
<i>Director of Subsidiary</i>	600,000	600,000	600,000	600,000
<i>Other Eligible Employees</i>	4,750,000	4,750,000	4,750,000	4,750,000

2.2 Maximum number of new Key ASIC Shares available under the ESOS

The maximum number of new Key ASIC Shares which may be allotted and issued pursuant to the exercise of the ESOS Options granted under the ESOS shall not in aggregate exceed 15% of the total number of issued shares in Key ASIC (excluding any treasury shares) at any point in time throughout the duration of the ESOS as provided in the By-Laws.

2.3 Maximum allowable allotment and basis of allotment

The aggregate maximum number of ESOS Options that may be allocated to an Eligible Person at any time in each Offer made pursuant to the ESOS shall be determined at the sole and absolute discretion of the Option Committee after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority, length of service, performance, contribution and potential contribution to the continued success of the Group and/or such other factors as the Option Committee may deem relevant, and subject to the following conditions:

- (a) the total number of Key ASIC Shares to be issued under the ESOS shall not exceed the amount stipulated in Section 2.2 above;
- (b) the eligible Directors and senior management of Key ASIC Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to Persons Connected with them;
- (c) the allocation to an Eligible Person who, either singly or collectively through Persons Connected with such Eligible Person, holds 20% or more of the number of issued shares (excluding any treasury shares) of the Company, does not exceed 10% of the total number of new Key ASIC Shares to be issued under the ESOS;
- (d) not more than 70% of the ESOS Options shall be allocated, in aggregate, to the eligible Directors and senior management of the Group (excluding dormant subsidiaries); and
- (e) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee of the Group (excluding dormant subsidiaries) shall be determined by the Option Committee,

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines, rules and/or regulation issued by Bursa Securities, or any other requirements of relevant authorities as may be amended from time to time.

The allocation and granting of the ESOS Options will be on a staggered basis over the duration of the ESOS. As at the LPD, the Option Committee has not determined the maximum allocation for each financial year over the duration of the ESOS. The Option Committee may at its sole and absolute discretion decide whether the ESOS Options will be subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting are subject to performance targets.

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

2.4 Eligibility

Subject to the discretion of the Option Committee, only Eligible Persons who fulfil the following criteria as at the Date of Offer of the ESOS Options shall be eligible to participate in the ESOS:

- (a) the director or employee shall have attained the age of eighteen (18) years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) the person is:
 - (i) employed on a full time basis for at least twelve (12) months and is on the payroll of the Company and/or a subsidiary within the Group (excluding dormant subsidiaries), and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/she was transferred to a subsidiary within the Group (excluding dormant subsidiaries), in which case he/she must have been a confirmed employee in that subsidiary within the Group (excluding dormant subsidiaries) and has not served a notice of resignation or received a notice of termination; and

- (ii) a contract worker recruited under a contract of employment and has been employed within the Group (excluding dormant subsidiaries) for a period of at least twelve (12) months;
- (c) the director has been appointed for at least twelve (12) months and remains appointed as a director of Key ASIC and/or any subsidiary within the Group, as at the Date of Offer;
- (d) the director or employee has not participated in any other employees' share option scheme implemented by any subsidiary within the Group which is in force for the time being; and/or
- (e) the director or employee has fulfilled such other eligibility criteria and/or falls within such grade/category as may be determined by the Option Committee from time to time.

The Option Committee may at its sole and absolute discretion determine additional criteria on eligibility and allocation of ESOS Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category/designation of employment as may be determined by the Option Committee, whose decision shall be final and binding. Notwithstanding the above, the Option Committee may, at its sole and absolute discretion, waive any of such conditions of eligibility.

If any Eligible Person, who is the director, major shareholder or chief executive officer of the Company or its holding company ("Interested Parties") or a Person Connected with any of the Interested Parties, is eligible to participate in the ESOS, the specific allocation of ESOS Options granted by the Company to such Interested Parties and Persons Connected with them under the ESOS must first be approved by the shareholders of the Company at a general meeting provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving their respective allocation or allocation to Persons Connected with them.

Eligibility under the ESOS shall not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an offer has been made in writing by the Option Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of these By-Laws.

The Option Committee shall have the discretion to determine whether a director or employee participating in the ESOS shall at any one point in time participate or be eligible to participate in any other employees' share option scheme implemented by any other company within the Group. Such participation shall be subject to the rules and regulations governing employees' share option schemes or share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.

2.5 Exercise Price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be based on the 5D-VWAP of Key ASIC Shares immediately preceding the Date of Offer, with a discount of not more than 10% as determined by the Board upon recommendation of the Option Committee.

2.6 Ranking of the new Key ASIC Shares to be issued pursuant to the exercise of the ESOS Options

The new Key ASIC Shares to be issued pursuant to the exercise of any ESOS Options granted under the ESOS will be subject to the provisions of the constitution of the Company and shall, upon allotment and issuance, rank equally in all respects with the then existing Key ASIC Shares, save and except that the holders of such new Key ASIC Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the shareholders where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new Key ASIC Shares.

2.7 Proposed Granting of ESOS Options

The Board proposed to offer and grant ESOS Options under the ESOS to Datuk Md Zubir Ansori Bin Yahaya, an Independent Non-Executive Director of the Company, subject to the following provisions:

- (i) Datuk Md Zubir Ansori Bin Yahaya shall not participate in the deliberation or discussion of his own allocation of ESOS Options as well as allocation to Persons Connected with him;
- (ii) the allocation to him, if he, either singly or collectively through Persons Connected with him, holds 20% or more of the total number of issued shares (excluding any treasury shares) of the Company, does not exceed 10% of the total number of new Key ASIC Shares to be issued under the ESOS;
- (iii) not more than 70% of the ESOS Options shall be allocated, in aggregate, to the eligible Directors and senior management of the Group (excluding dormant subsidiaries); and
- (iv) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee of the Group (excluding dormant subsidiaries) shall be determined by the Option Committee;

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

In accordance with the By-Laws, a Grantee who is a non-executive Director of any company within the Group (excluding dormant subsidiaries) shall not sell, transfer or assign his/her Key ASIC Shares obtained through the exercise of the ESOS Options offered to him/her pursuant to the ESOS within one (1) year from the Date of Offer of such ESOS Options or such period as may be prescribed by Bursa Securities. As such, Datuk Md Zubir Ansori Bin Yahaya, being an Independent Non-Executive Director of Key ASIC, shall not sell, transfer or assign any new Shares obtained through the exercise of the ESOS Options offered to him pursuant to the ESOS within one (1) year from the Date of Offer of such ESOS Options or such period as may be prescribed by Bursa Securities, in the event that the Proposed Granting of ESOS Options and the Waiver are approved by the shareholders.

3. PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE ACT AND THE COMPANY'S CONSTITUTION

Under Section 85 of the Act read together with Clause 12(3) of the Constitution of the Company, the shareholders of the Company have pre-emptive rights to be offered any new Shares which rank equally to the existing issued Shares or other convertible securities.

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

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

Clause 12(3) of the Constitution of the Company provides as follows:

“(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

- (b) *The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.*
- (c) *The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”*

For issuance of any new shares or other convertible securities free of pre-emptive rights, such pre-emptive rights shall be waived.

As such, the waiver of such pre-emptive rights will be tabled at the Company's forthcoming AGM under the proposed Special Resolution II for the shareholders to affirm the waiver of their pre-emptive rights under Section 85 of the Act over all ESOS Options granted and/or to be offered/granted and all new Shares issued and/or to be issued pursuant to the ESOS to the Eligible Persons and each of the Directors of the Company. For information, shareholders' approvals were obtained at the Company's Extraordinary General Meeting held on 31 March 2022 for the establishment of the ESOS and the granting of ESOS Options to each of the Directors of the Company at that point in time.

The proposed Special Resolution II is also to seek the shareholders' approval for the waiver of their pre-emptive rights under Section 85 of the Act to be offered ESOS Options and/or any new Shares to be issued by the Company pursuant to the Proposed Granting of ESOS Options, which will be tabled at the forthcoming AGM.

Please refer to the Notice of AGM for the proposed Special Resolution II which is enclosed together in the 2023 Annual Report, of which an extract of the resolution is enclosed in Appendix III of this Circular.

4. RATIONALE FOR THE PROPOSED GRANTING OF ESOS OPTIONS

As stated in the 2022 ESOS Circular to seek the shareholders' approval for the establishment of the ESOS, the ESOS is also extended to the non-executive Directors of the Group (excluding dormant subsidiaries) for the following reasons:-

- (i) the non-executive Directors come from different professions and backgrounds and bring to the Group a degree of experience in corporate governance, risk management, business management and finance-related experience. They work closely with the executive Directors and contribute to the decision-making process of the Board. They are consulted on matters affecting the Group including strategic issues and planning, risk management policies, governance and regulatory compliance; and
- (ii) the award of ESOS Options will allow 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 existing non-executive Directors to further promote the interests of the Group.

The Proposed Granting of ESOS Options is to reward Datuk Md Zubir Ansori Bin Yahaya, an Independent Non-Executive Director of the Company in recognition of his contribution to the Key ASIC Group and to enable him to participate in the future growth of the Group.

The Proposed Granting of ESOS Options is also in recognition of Datuk Md Zubir Ansori Bin Yahaya's contribution and additional responsibilities as the chairman of the Audit Committee, Nomination Committee and Option Committee as well as a member of the Sustainability Committee of Key ASIC.

Through the Proposed Granting of ESOS Options, Datuk Md Zubir Ansori Bin Yahaya would be given the opportunity to participate directly in the equity interests of Key ASIC.

The Company does not foresee that the Proposed Granting of ESOS Options will affect Datuk Md Zubir Ansori Bin Yahaya in exercising his independent judgment or his ability to act in the best interests of the Company as an Independent Non-Executive Director. He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the best interest of the Company and shareholders. The Board, via the Nomination Committee, would conduct an assessment on the independence of the Company's Independent Non-Executive Directors on an annual basis.

5. UTILISATION OF PROCEEDS

The proceeds arising from the exercise of the ESOS Options under the ESOS (including the Proposed Granting of ESOS Options), if any, will be used as general working capital of Key ASIC Group, as and when the proceeds are received throughout the duration of the ESOS, as the Board may deem fit. The proceeds for general working capital will be utilised to finance the Group's day-to-day operations including amongst others, repayment to trade payables, staff and administrative expenses and other operating expenses (i.e. utilities, office expenses). The exact amount of proceeds to be received, timeframe for the utilisation of proceeds and detailed allocation to each component of working capital cannot be determined at this juncture as these will depend on the timing and the number of ESOS Options granted and exercised at the relevant points of time and the Exercise Price.

As at the LPD, the Company has raised approximately RM811,680.00# 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.

Note:

- 30,400,000 ESOS options exercised at an Exercise Price of RM0.0267

As at the LPD, the details of the utilisation of the said proceeds of RM811,680.00 is as follows:

Details	Amount Utilised (RM)
Payment for cost of sales	811,680.00
Total	811,680.00

6. EFFECTS OF THE PROPOSED GRANTING OF ESOS OPTIONS

6.1 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.

For information purposes, as at the LPD, pursuant to the Company's Private Placement, Key ASIC may issue up to 139,351,100 new Shares under the Private Placement which will result in the enlarged issued share capital of the Company.

6.2 NA, NA per Share and gearing

The effects of the Proposed Granting of ESOS Options on Key ASIC Group's NA would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options, which will be determined by a valuation technique such as the Trinomial Option Pricing Model after taking into account, among others, the Exercise Price, market price of Key ASIC Shares, volatility of Key ASIC Shares and exercise period of the ESOS Options. Whilst the granting of the ESOS Options under the ESOS (including the Proposed Granting of ESOS Options) is expected to result in recognition of a charge in the statement of comprehensive income of Key ASIC Group pursuant to the MFRS 2, the recognition of such MFRS 2 charge would not affect the NA of the Key ASIC Group as the corresponding amount will be classified as an equity compensation reserve which forms part of shareholders' equity.

If none of the granted ESOS Options are exercised within the duration of the ESOS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the granted ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share capital account of the Company.

The Proposed Granting of ESOS Options will not have any immediate effect on the consolidated NA per Key ASIC Share until such time when the ESOS Options granted are exercised. The consolidated NA per Key ASIC Share following the exercise of the ESOS Options will increase if the Exercise Price exceeds the consolidated NA per Key ASIC Share at the point of exercise of the ESOS Options and conversely will decrease if the Exercise Price is below the consolidated NA per Key ASIC Share at the point of the exercise of the ESOS Options.

The Proposed Granting of ESOS Options is not expected to have an immediate effect on Key ASIC Group's gearing level until such time when the ESOS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Key ASIC Shares to be issued as well as the Exercise Price payable upon the exercise of the ESOS Options.

6.3 Earnings and EPS

The Proposed Granting of ESOS Options is not expected to have any material effect on the earnings of the Key ASIC Group, save for the estimated expenses to be incurred in relation to the Proposed Granting of ESOS Options and the possible impact of MFRS 2 in recognition of a charge or expense in the statement of comprehensive income of Key ASIC Group arising from the granting of the ESOS Options by the fair value of the ESOS Options on the date of the granting of the ESOS Options, which will be determined by a valuation technique such as the Trinomial Option Pricing Model after taking into account, among others, the Exercise Price, market price of Key ASIC Shares, volatility of Key ASIC Shares and exercise period of the ESOS Options. This may therefore affect the Key ASIC Group's future earnings, with the quantum of such impact only determinable at the respective grant dates. However, the estimated cost does not represent a cash outflow for the Company as it is merely an accounting treatment.

The Board will analyse the potential impact of MFRS 2 and any other applicable accounting standards on the Key ASIC Group's future earnings before allocating and granting ESOS Options to Eligible Persons, including the allocation of ESOS Options to Datuk Md Zubir Ansori Bin Yahaya under the Proposed Granting of ESOS Options. The future earnings and EPS of the Group would also depend on the number of ESOS Options exercised as well as the results of the usage of the proceeds raised therefrom.

The estimated expenses in relation to the Proposed Granting of ESOS Options (excluding the potential impact of the Proposed Granting of ESOS Options under MFRS 2) are approximately RM60,000, which will be funded through Key ASIC's internally-generated funds.

6.4 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 Key ASIC 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.

6.5 Convertible securities

As at the LPD, save for the 105,750,000 outstanding ESOS Options under the existing ESOS, the Company does not have any other convertible securities.

7 HISTORICAL SHARE PRICES

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

	Low (RM)	High (RM)
2022		
September	0.025	0.040
October	0.025	0.050
November	0.040	0.055
December	0.040	0.070
2023		
January	0.060	0.080
February	0.060	0.075
March	0.055	0.070
April	0.055	0.065
May	0.055	0.065
June	0.060	0.080
July	0.065	0.080
August	0.070	0.095

Last transacted market price on 8 September 2023
(being the day prior to the date of the Announcement) RM0.080

Last transacted market price on 21 September 2023
(being the latest practicable date prior to the printing of this Circular) RM0.080

8 APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Granting of ESOS Options is subject to the approval of the shareholders at the forthcoming Eighteenth AGM of the Company and the waiver of the shareholders' pre-emptive rights under Section 85 of the Act for granting of ESOS Options and issuance of new Shares under the ESOS (including the Proposed Granting of ESOS Options).

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

9 INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Datuk Md Zubir Ansori Bin Yahaya is deemed interested in the Proposed Granting of ESOS Options by virtue of his eligibility for the ESOS Options in his capacity as an Independent Non-Executive Director of the Company ("Interested Director"). The Interested Director has abstained and will continue to abstain from deliberating and voting on the proposed allocation to him under the Proposed Granting of ESOS Options as well as allocation to Persons Connected with him (if any) at the Board meetings.

The Interested Director will abstain from voting in respect of his direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Granting of ESOS Options at the forthcoming Eighteenth AGM of the Company. Further, the Interested Director has also undertaken that he will ensure that Persons Connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Granting of ESOS Options at the forthcoming Eighteenth AGM of the Company.

As at the LPD, the Interested Director does not have any shareholdings, direct or indirect, in the Company:-

Interested Director	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Md Zubir Ansori Bin Yahaya	-	-	-	-

Save as disclosed above, 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.

10 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for Datuk Md Zubir Ansori Bin Yahaya), 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 and the Waiver, is of the opinion that the Proposed Granting of ESOS Options and the Waiver are in the best interest of the Company and its shareholders.

Accordingly, the Board (save for Datuk Md Zubir Ansori Bin Yahaya who has abstained from expressing any opinion and making any recommendation on the Proposed Granting of ESOS Options) recommends that the shareholders vote in favour of the resolutions pertaining to the Proposed Granting of ESOS Options and the Waiver to be tabled at the forthcoming Eighteenth AGM of the Company.

11 CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Granting of ESOS Options and as disclosed below, there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD:-

(i) Private Placement

As at the LPD, no new Key ASIC Shares were issued pursuant to the Private Placement and the Company may issue up to 139,351,100 new Shares under the Private Placement.

12 AGM

The Eighteenth AGM, the notice of which is enclosed in the 2023 Annual Report, will be conducted entirely through live streaming from the broadcast venue at Key ASIC's Headoffice at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 November 2023 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposed Granting of ESOS Options and the Waiver pursuant to the agenda of Special Business as detailed in the Company's Notice of AGM.

If you are unable to attend and vote remotely via the remote participation and voting facilities provided at the AGM, you may appoint a proxy or proxies to attend and vote at the AGM on your behalf. If you wish to do so, you must complete and return the Proxy Form enclosed in the 2023 Annual Report in accordance with the instructions therein as soon as possible and in any event, so as to arrive at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Shareholders WILL NOT BE ALLOWED to attend the AGM in person at the broadcast venue on the day of the AGM. Therefore, shareholders are strongly advised to participate and vote remotely at the AGM through live streaming and online remote voting using the Remote Participation and Voting Facilities provided by the Company. Please read the Administrative Guide for the AGM carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.

13 ADDITIONAL INFORMATION

Shareholders are advised to refer to Appendices in this Circular for additional information.

Yours faithfully
For and on behalf of the Board of Directors
KEY ASIC BERHAD

EG KAH YEE
Executive Chairman, Chief Executive Officer

BY-LAWS IN RELATION TO THE ESOS

BY-LAWS FOR KEY ASIC BERHAD'S EMPLOYEES' SHARE OPTION SCHEME

1. DEFINITIONS AND INTERPRETATIONS

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

Act	:	Companies Act 2016, as may be amended from time to time and including any re-enactment thereof;
Board	:	The board of Directors of the Company for the time being;
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W));
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W));
By-Laws	:	By-Laws governing the Scheme, as may be amended or modified from time to time in accordance with By-Law 17;
CDS Account	:	A central depository system account established by Bursa Depository for the recording of deposits and withdrawals of securities and dealings in such securities by a depositor;
Constitution	:	Constitution of the Company, as may be amended from time to time;
Date of Expiry	:	The last day of the Duration of the Scheme as provided in By-Law 20;
Date of Offer	:	The date on which an Offer (including subsequent Offers) (as described in By-Law 5) is made to the Eligible Person by the ESOS Committee;
Director	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007;
Duration of the Scheme	:	The duration of the Scheme as defined in By-Law 20 and includes any extension thereof;
Eligible Director(s)	:	Any director(s) who fulfils the criteria of eligibility set out in By-Law 3;
Eligible Person(s)	:	Any employee(s) and/or Eligible Director(s) of the Group who meets the eligibility for participation in the Scheme as set out in By-Law 3;
ESOS Committee	:	The committee comprising such persons as appointed and authorised by the Board to implement and administer the Scheme in accordance with the provisions of these By-Laws;

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

Grantee	:	An Eligible Person who has accepted the Offer in accordance with the provisions of By-Law 6;
Key ASIC or Company	:	Key ASIC Berhad (Registration No.: 200501024949 (707082-M));
Key ASIC Group or Group	:	The Company and its subsidiaries as defined in Section 4 of the Act (excluding dormant subsidiaries, if any) and where the context so requires, any one of them;
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendments which may be made from time to time;
Market Day	:	A day on which the stock market of Bursa Securities is open for trading of securities;
Maximum Limit	:	Shall have the meaning ascribed to it under By-Law 2.1 hereof;
Offer	:	Written offer(s) by the ESOS Committee to an Eligible Person to participate in the Scheme in the manner indicated under By-Law 5;
Option(s)	:	The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner indicated in By-Law 6 and where the context so requires, means any part of the Option(s) as shall remain unexercised;
Option Period	:	The period commencing from the Date of Offer, or such later date as may be determined by the ESOS Committee, and expiring on a date which the ESOS Committee may at its discretion decide PROVIDED THAT the option period shall not extend beyond the Duration of the Scheme;
Option Price	:	The price at which a Grantee is entitled to subscribe for one (1) new Share pursuant to the exercise of an Option in the manner indicated under By-Law 9;
Person(s) Connected	:	Shall have the meaning as ascribed to it under the Listing Requirements;
RM	:	Ringgit Malaysia;
Scheme	:	The employees' share option scheme for the granting of Options to Eligible Persons which will upon their acceptance thereof entitle them to subscribe for new Shares in accordance with the provisions of these By-Laws and such scheme shall be known as the "Key ASIC Berhad's Employees' Share Option Scheme"; and
Share(s)	:	Ordinary share(s) in the Company.

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

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

- 2.1 Subject to By-Law 2.2, the maximum number of new Shares which may be allotted and issued pursuant to the exercise of the Options granted under the Scheme shall not in aggregate exceed fifteen per centum (15%) of the total number of issued Shares (excluding any treasury shares) at any point in time during the Duration of the Scheme ("**Maximum Limit**").
- 2.2 Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares to be issued arising from the exercise of the Options granted under the Scheme exceeds the Maximum Limit as a result of the Company purchasing, cancelling or reducing its own Shares in accordance with Section 127 of the Act or undertaking any other corporate proposal and thereby exceeding the Maximum Limit, then such Options granted prior to the adjustment of the issued Shares shall remain valid and exercisable in accordance with the provisions of the By-Laws. For the avoidance of doubt, no further Offers shall be made by the ESOS Committee until the total number of new Shares to be issued arising from the exercise of the Options granted or to be granted under the Scheme falls below the Maximum Limit at any point of time over the Duration of the Scheme.
- 2.3 Each Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.

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

3. ELIGIBILITY

- 3.1 Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following criteria as at the Date of Offer of the Options shall be eligible to participate in the Scheme:
- (a) the director or employee shall have attained the age of eighteen (18) years on the Date of Offer and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) the person is:
 - (i) employed on a full time basis for at least twelve (12) months and is on the payroll of the Company and/or a subsidiary within the Group, and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/she was transferred to a subsidiary within the Group, in which case he/she must have been a confirmed employee in that subsidiary within the Group and has not served a notice of resignation or received a notice of termination;
 - (ii) a contract worker recruited under a contract of employment and has been employed within the Group for a period of at least twelve (12) months;
 - (c) the director has been appointed for at least twelve (12) months and remains appointed as a director of Key ASIC and/or any subsidiary within the Group, as at the Date of Offer;
 - (d) the director or employee has not participated in any other employees' share option scheme implemented by any subsidiary within the Group which is in force for the time being; and/or
 - (e) the director or employee has fulfilled such other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee from time to time.
- 3.2 Any directors or employees of the Group who represent the Government or Government institutions/agencies and Government employees in the public service as defined under Article 132 of the Federal Constitution are not eligible to participate in the Scheme.
- 3.3 The ESOS Committee may at its sole and absolute discretion determine additional criteria on eligibility and allocation of Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category/designation of employment as may be determined by the ESOS Committee, whose decision shall be final and binding. Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of such conditions of eligibility.
- 3.4 If any Eligible Person, who is the director, major shareholder or chief executive officer of the Company or its holding company ("**Interested Parties**") or a Person Connected with any of the Interested Parties, is eligible to participate in the Scheme, the specific allocation of Options granted by the Company to such Interested Parties and Persons Connected with them under the Scheme must first be approved by the shareholders of the Company at a general meeting provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving their respective allocation or allocation to Persons Connected with them.
- 3.5 Eligibility under the Scheme shall not confer an 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 unless an offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of these By-Laws.
- 3.6 The ESOS Committee shall have the discretion to determine whether a director or employee participating in the Scheme shall at any one point in time participate or be eligible to participate in any other employees' share option scheme implemented by any other company within the Group.

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

Such participation shall be subject to the rules and regulations governing employees' share option schemes or share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.

- 3.7 An employee who during the Duration of the Scheme becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee), subject to the maximum allowable allotment for the category to which he/she has been admitted.
- 3.8 The allotment of Options under By-Law 3.7 shall be from the balance of the Options available under the Scheme, subject always to By-Law 2.1.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF NEW SHARES

- 4.1 Subject to any adjustments, which may be made under By-Law 14, the aggregate maximum number of Options that may be allocated to an Eligible Person at any time in each Offer made pursuant to the Scheme shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority, length of service, performance, contribution and potential contribution to the continued success of the Group and/or such other factors that the ESOS Committee may deem relevant, subject to the following:
- (a) the total number of new Shares to be issued under the Scheme shall not exceed the Maximum Limit;
 - (b) the Eligible Directors and senior management of the Group do not participate in the deliberation or discussion of their own allocation of Options as well as allocation to Persons Connected with them;
 - (c) the allocation to an Eligible Person who, either singly or collectively through Persons Connected with him/her, holds twenty per centum (20%) or more of the total number of issued shares in the Company (excluding any treasury shares), shall not exceed ten per centum (10%) of the total number of new Shares to be issued under the Scheme;
 - (d) not more than seventy per centum (70%) of the Options shall be allocated, in aggregate, to the Eligible Directors and senior management of the Group; and
 - (e) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Director or employee of the Group shall be determined by the ESOS Committee,

PROVIDED ALWAYS THAT it is in accordance with the Listing Requirements or any prevailing guidelines, rules and/or regulations issued by Bursa Securities and/or any other relevant authorities as may be amended from time to time.

- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the maximum allowable allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than one (1) position within the Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum allowable allotment of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

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

- 4.4 In the event that an Eligible Person is promoted or redesignated to a higher category of employment, the maximum allowable allotment applicable to such Eligible Person shall be the maximum allowable allotment corresponding to the category of employee of which he then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1 and the maximum allowable allotment as set out under By-Law 4.1. The ESOS Committee has the sole and absolute discretion in deciding whether to grant the Options or additional Options, as the case may be, notwithstanding any such change in the employee's maximum allowable allocation.
- 4.5 In the event that an Eligible Person is demoted or redesignated to a lower category of employment for any reason whatsoever, the maximum allowable allotment applicable to such Eligible Person shall be the maximum allowable allotment corresponding to the category of employee of which he is then a party, unless an Offer has been made and accepted by him before such demotion or redesignation and subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1 and the maximum allowable allotment as set out under By-Law 4.1. Where the demoted Eligible Person has accepted the Offer which exceeds the maximum allowable allotment applicable to the lower category of employment, he shall not be entitled to any further allocation under such category.
- 4.6 The allocation and granting of the Options will be on a staggered basis over the Duration of the Scheme. The ESOS Committee may at its sole and absolute discretion decide whether the Options will be subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting are subject to performance target, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee.
- 4.7 In the event 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 as well as allocation of the Options to Persons Connected with him/her.
- 4.8 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the audit committee of Key ASIC at the end of each financial year as being in compliance with the criteria for allocation of Options which have been disclosed to the Eligible Persons. A statement by the audit committee of Key ASIC verifying such allocations shall be included in the annual report or annual audited financial statements of the Company, where applicable.
- 5. OFFER**
- 5.1 (a) Upon implementation of the Scheme, the ESOS Committee may at its discretion at any time as it shall deem fit during the Duration of the Scheme make one (1) or more Offers to any Eligible Person, based on the criteria of allotment set out in By-Law 4, to subscribe for new Shares in accordance with the terms of the Scheme.
- (b) Notwithstanding By-Law 5.1(a) above, where it involves a grant of Option to Eligible Persons who are members of the ESOS Committee, such grant of Options shall be decided by the Board subject to By-Law 3.
- 5.2 The actual number of Options which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and the number of new Shares so offered shall not be less than one hundred (100) Shares nor more than the maximum allowable allocation of such Eligible Person and shall be in multiples of one hundred (100) Shares.
- 5.3 Subject to By-Law 2, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first Offer provided always that the total aggregate number of new Shares to be offered to the Eligible Person (inclusive of Shares already offered under previous Offers, if any) shall not exceed the maximum allowable allotment as set out in By-Law 4.1.

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

- 5.4 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Offers may be granted to the Interested Parties or a Person Connected with the Interested Parties, unless the entitlement of that person under the Scheme has been approved by the shareholders of the Company in a general meeting and provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving his/her allocation.
- 5.5 The ESOS Committee will in its offer letter ("**Offer Letter**") to a Grantee state, inter alia, the number of Options that are being offered to the Grantee, the number of Shares that can be subscribed under the Offer, the Option Period, the Option Price determined in accordance with the provisions of By-Law 8, the closing date for acceptance of the Offer and the manner and conditions of exercise of the Options.
- 5.6 The Offer shall automatically lapse and be null and void in the event of death of the Grantee or the Grantee ceases to be a director or employed by the Key ASIC Group for any reason whatsoever prior to the acceptance of the Offer by the Grantee in the manner set out in By-Law 6.
- 5.7 Any Offer made by the ESOS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register:
- (a) the names of the Grantees;
 - (b) the addresses of the Grantees;
 - (c) the maximum allowable allotment;
 - (d) the number of Options offered;
 - (e) the number of Options accepted;
 - (f) the number of Options exercised;
 - (g) the Date of Offer;
 - (h) the Option Price; and
 - (i) the Option Period.
- 5.9 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.5 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within one (1) month of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter, except for Options which have already been exercised as at the date of the revised Offer Letter.

6. ACCEPTANCE OF THE OFFER

- 6.1 An Offer made by the ESOS Committee under By-Law 5 shall be valid for a period of fourteen (14) days from the Date of Offer or such longer period as may be determined or extended by the ESOS Committee on a case-to-case basis at its discretion. Subject to By-Law 6.2 below, a Grantee to whom the Offer is made may accept the Offer within this prescribed period by written notice to the ESOS Committee in the form prescribed by the ESOS Committee. The written notice shall be accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00)

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

- or its equivalent in other foreign currencies as may be determined by the ESOS Committee, as consideration for the grant of the Option, regardless of the number of Options comprised therein. The date of receipt by the ESOS Committee of such written notice shall constitute the date of acceptance.
- 6.2 If an Offer is not accepted in the manner set out in By-Law 6.1, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect.
- 6.3 Any Option that has lapsed and become null and void pursuant to this By-Law 6, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.
- 6.4 Within fourteen (14) days after due acceptance of the Offer in accordance with the provisions of the By-Laws, the ESOS Committee shall issue to the Grantee an Option certificate in such form as may be determined by the ESOS Committee from time to time confirming the grant of the Option to an Eligible Person, the Option Price together with the number of Shares comprised in the Option, and where applicable, the Option Period and any vesting conditions as specified in the Offer Letter. For the avoidance of doubt, any Option so granted shall not be surrendered for cancellation.
- 6.5 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the Options offered under the Scheme:
- (a) Date of Offer;
 - (b) Option Price;
 - (c) number of Options offered;
 - (d) market price of its securities on the Date of Offer;
 - (e) number of Options offered to each Eligible Director, if any; and
 - (f) vesting period of the Options offered, if any.

7. NON-ASSIGNABLE AND NON-TRANSFERABLE

An Option is personal to the Grantee. An Option shall be non-assignable and non-transferable and shall not be disposed of or otherwise subject to any encumbrances by the Grantee. Any attempt to transfer, assign, dispose or encumber any Option shall result in the automatic cancellation or termination of the Option.

8. OPTION PRICE

- 8.1 Subject to any adjustment made in accordance with these By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer, with a discount of not more than ten per centum (10%), as determined by the Board upon recommendation of the ESOS Committee.
- 8.2 The Option Price as determined by the Board shall be conclusive and binding on the Grantees.

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

9. EXERCISE OF OPTIONS

- 9.1 Subject to By-Law 18, an Option granted to a Grantee under the Scheme is exercisable only by that Grantee (in accordance with the terms set out in the Offer Letter) while the Grantee is in the employment by or appointment in the Group within the Option Period.
- 9.2 Subject to any adjustments in accordance with By-Law 14, the ESOS Committee may, at any time and from time to time before or after an Option is granted pursuant to By-Law 6, limit the exercise of the Option to a maximum number of new Shares and/or such percentage of the total new Shares relevant to the Option during such periods (as determined by the ESOS Committee) within the Option Period and impose any other terms and conditions deemed appropriate by the ESOS Committee at its absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of By-Law 17.
- 9.3 All Options to the extent that they have not been exercised upon the expiry of the Option Period or Duration of the Scheme (whichever the earlier) shall automatically lapse and become null and void and have no further effect.
- 9.4 The Grantee shall notify the ESOS Committee in writing in the prescribed form of the Grantee's intention to exercise the Option on any working days or such other period as may be stipulated by the ESOS Committee. The Option may be exercised in respect of such lesser number of Shares as the Grantee may so decide to exercise the Option subject to By-Law 5.2. Such partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance thereof at any time in the future but within the Option Period. 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 In the event the balance of the Options, when exercised by a Grantee, shall result in less than one hundred (100) Shares, the said balance, if exercised, shall be exercised in a single tranche.
- 9.6 Every such notice to exercise the Option shall be accompanied by the relevant Option certificate and a remittance in Ringgit Malaysia or other foreign currencies as may be determined by the ESOS Committee, in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the subscription monies in relation to the number of Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Shares to the Grantee in accordance with the provisions of the Constitution, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd, despatch the notice of allotment to the Grantee and make an application for the quotation of the new Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 9.7 The Grantee who exercises his/her Option shall provide the ESOS Committee with his/her CDS Account number in the notice referred to in By-Law 9.4. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.
- 9.8 For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own cost and expense before they can exercise their Options.
- 9.9 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 issuance 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.

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

- 9.10 The Company, the Board (including Directors who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Shares allotted and issued to a Grantee pursuant to the exercise of the Options by the Grantee; and/or
 - (b) any delay in crediting the said new Shares into the CDS Account of the Grantee with the nominee; and/or
 - (c) any other matter or dealing which is outside the control of the Company.

10. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company, or to participate in any dividends, rights, allotments or any other form of distributions that may be declared, made or paid, or offer of further securities in the Company unless and until the Grantee becomes a shareholder of the Company by exercising the Options.

11. RANKING OF THE NEW SHARES

- 11.1 The new Shares to be issued arising from the exercise of any Option granted under the Scheme will be subject to the provisions of the Constitution and shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the holders of such new Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the Company's shareholders where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new Shares.
- 11.2 The Grantees will not be entitled to any dividends, rights, allotments and/or other distributions until and unless such Grantees exercise their Options into new Shares and such new Shares are credited into the Grantees' respective CDS Accounts.
- 11.3 The new Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the entitlement date at the close of business to be entitled to attend and vote at the general meeting.
- 11.4 The new Shares under the Scheme will be subject to all the provisions of the Constitution relating to transfer, transmission or otherwise of the Shares.

12. RETENTION PERIOD

- 12.1 The new Shares to be allotted and issued to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer, disposal and/or assignment unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. However, Grantees are encouraged to hold the Shares as investment rather than for any speculative purposes and/or for the realisation of any immediate gain.
- 12.2 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offers, any conditions relating to any retention period or restriction on transfer, disposal and/or assignment of the new Shares to be issued arising from the exercise of an Option as it deems fit.

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

12.3 Notwithstanding the above, a Grantee who is a non-executive Director of any company within the Group must not sell, transfer or assign his/her Shares obtained through the exercise of the Options offered to him/her pursuant to the Scheme within one (1) year from the Date of Offer of such Options or such period as may be prescribed by Bursa Securities.

13. TAKE-OVER, DISPOSAL OF ASSETS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

13.1 In the event:

- (a) of a takeover offer being made, under the Malaysian Code on Take-overs and Mergers 2016 and Rules on Take-overs, Merger and Compulsory Acquisitions, for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer (“Offeror”) or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional, any unexercised Options may immediately be exercised by the Grantee or Grantee’s legal and personal representatives, as the case may be, during the offer period (as defined under the Rules on Take-overs, Mergers and Compulsory Acquisitions) or until the expiry of the Option Period, whichever is earlier;
- (b) of the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of the Shares under the provisions of the Act and/or Capital Markets and Services Act 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, any unexercised Options may immediately be exercised by the Grantee or Grantee’s legal and personal representatives, as the case may be, from the date of service of the said notice to the Company until and inclusive of the date on which the right of the compulsory acquisition is exercised or until the expiry of the Option Period, whichever is earlier; or
- (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any unexercised Options may immediately be exercised by the Grantee or Grantee’s legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the date prescribed by the ESOS Committee within the Option Period;

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

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

13.2 In the event of:

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

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- (b) the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any unexercised Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the Option Period;

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

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

- 13.3 All Options which the ESOS Committee permits to be exercisable pursuant to By-Law 13 shall be automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the Option Period has not commenced or has not expired.

14. ALTERATION OF SHARE CAPITAL

- 14.1 In the event of any alteration in the capital structure of the Company during the Duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:

- (A) the number of Options granted to each Grantee (excluding the Options already exercised); and/or
- (B) the Option Price.

All adjustments shall be made at the discretion of the ESOS Committee and be confirmed in writing by the relevant parties, PROVIDED ALWAYS THAT:

- (i) upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall within twenty-one (21) Market Days thereof notify the Grantee (or his/her legal representatives where applicable) in writing of the adjusted Option Price, the adjusted number of new Shares comprised in the Option and/or the revised method of exercise of the Option and the effective date of such adjustment; and
- (ii) all adjustments (other than bonus issues, subdivision or consolidation of Shares) must be confirmed in writing by the external auditors for the time being of the Company as being in their opinion (acting as experts and not as arbitrators) fair and reasonable.

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

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

$$\text{New Option Price} = \frac{L \times S}{M}$$

$$\text{New number of Option} = \frac{T \times M}{L}$$

where:

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

- L* = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion;
- M* = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion;
- S* = existing Option Price; and
- T* = existing number of Options held.

Each of such adjustment will be effective from the close of business of the Market Day following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities) or such other date as may be prescribed by Bursa Securities.

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

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

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

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

where:

- A* = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights allotments and/or other forms of distributions) immediately before such bonus issue or capitalisation issue;
- B* = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable); and
- T* = *T* in By-Law 14.1(a).

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

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);

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- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in respect of each such case, the 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 14.1 (c)(ii) hereof, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

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

where:

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

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

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

where:

- C = C in By-Law 14.1(c);
- E = the exercise price for one (1) additional Share under the terms of such offer or invitation or subscribe for one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

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

F = *the number of Shares which it 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 with right to acquire or subscribe for Shares; and*

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

For the purposes of D^* above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the formula:

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

where:

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

E^* = *the exercise 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 Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.*

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

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

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

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

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

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

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

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where:

- B* = *B* in By-Law 14.1(b);
- C* = *C* in By-Law 14.1(c);
- G* = the aggregate number of issued Shares on the entitlement date;
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H** = the aggregate number of new Shares under the 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 of invitation to acquire or subscribe for Shares; and
- T* = *T* in By-Law 14.1(a).

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.1(c)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the 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 additional number of Shares comprised in the Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

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

where:

- C* = *C* in By-Law 14.1(c);
- G* = *G* in By-Law 14.1(d);
- H* = *H* in By-Law 14.1(d);

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H^*	=	H^* in By-Law 14.1(d);
I	=	I in By-Law 14.1(d);
I^*	=	I^* in By-Law 14.1(d);
J	=	the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders of the Company;
K	=	the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
T	=	T in By-Law 14.1(a).

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided by in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of 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 additional number of Shares comprised in the Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

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

where:

B	=	B in By-Law 14.1(b);
C	=	C in By-Law 14.1(c);
G	=	G in By-Law 14.1(d);
H	=	H in By-Law 14.1(d);
H^*	=	H^* in By-Law 14.1(d);
I	=	I in By-Law 14.1(d);
I^*	=	I^* in By-Law 14.1(d);
J	=	J in By-Law 14.1(e);

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K = K in By-Law 14.1(e); and

T = T in By-Law 14.1(a).

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

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

Such adjustments (other than on a bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by either the external auditor or adviser, acting as an expert and not as arbitrator, 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;
- (ii) in the event that a fraction of a new Share arising from the adjustment referred to in this By-Law 14.1 would otherwise be required to be issued, the Grantee’s entitlement shall be rounded down to the nearest whole number;
- (iii) upon any adjustment being made pursuant to this By-Law 14, the ESOS Committee shall, within twenty-one (21) Market Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Options thereafter to be issued; and
- (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 14.

In addition, the Company, shall at the request of the Grantee, furnish such Grantee with a copy of the certificate from the external auditor to the effect that the opinion of such external auditor or adviser, acting as an expert and not an arbitrator, an adjustment is fair and reasonable either generally or as regard such Grantee, and such certification shall be final and binding on all parties.

For the avoidance of doubt, any adjustments to the Option Price and/or the number of Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the external auditor or the adviser.

- 14.2 No adjustments shall be made to the Option Price and/or the number of new Shares comprised in the Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:

- (a) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
- (b) an issue of new Shares arising from the exercise of any conversions rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (c) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the Group;

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

- (d) private placement or restricted issue of new Shares by the Company;
 - (e) an issue of securities as a special issue of new Shares to Bumiputera parties or investors approved by the Ministry of International Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation;
 - (f) a purchase by the Company of its own Shares and the cancellation of all or a portion of the Shares pursuant to the relevant provisions of the Act;
 - (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
 - (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.
- 14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.2 is applicable.
- 14.4 Notwithstanding the provisions referred to in the By-Laws, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Option Price and/or the number of Options should not be made or should 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 these By-Laws.
- 15. LISTING OF AND QUOTATION FOR THE NEW SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF OPTIONS**
- 15.1 An application will be made to Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Options on the Main Market of Bursa Securities.
- 15.2 The Company, the Board 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 new Shares or in procuring Bursa Securities to list the new Shares for which the Grantee is entitled to subscribe.
- 16. ADMINISTRATION OF THE SCHEME**
- 16.1 The Scheme shall be administered by the ESOS Committee consisting of such persons appointed by the Board from time to time. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee and appoint replacement members to the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board.
- 16.2 The ESOS Committee may for the purpose of administering the Scheme do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the Scheme, which the ESOS Committee may at its discretion consider to be necessary

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

or desirable to give full effect to the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.

- 16.3 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.

17. AMENDMENTS AND/OR MODIFICATIONS TO THE SCHEME

- 17.1 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 absolute 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 PROVIDED ALWAYS THAT no such addition, amendment or modification and/or deletion shall be made which would either:

- (a) materially prejudice the rights then accrued to any Grantees without his/her prior consent; or
- (b) alter to the advantage of any Grantee without the prior approval of the shareholders in a general meeting, the provisions set out in these By-Laws.

- 17.2 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 save and except if such additions, modifications or amendments to or deletions would:

- (a) materially prejudice any rights which would have accrued to any Grantee without his/her prior consent;
- (b) increase the number of new Shares beyond the maximum number of new Shares available under the Scheme; or
- (c) provide an advantage to any participant of the Scheme or group of participants of the Scheme or all the participants of the Scheme.

- 17.3 Subject to the compliance with the Listing Requirements and any other relevant rules and regulations, the prior approval of Bursa Securities and/or any other relevant authorities is not required for any subsequent amendment or modification to these By-Laws. However, a letter of compliance together with the amended new By-Laws shall be submitted to Bursa Securities within five (5) Market Days after the effective date of the amendments in the manner prescribed by the Listing Requirements, each time an amendment or modification is made, stating that the amendment or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Malaysia Depository Sdn Bhd as issued pursuant to the Securities Industry (Central Depositories) Act 1991.

- 17.4 For the purpose of complying with the provisions of the Listing Requirements, the relevant By-Laws shall not be amended or altered in any way whatsoever for the advantage of the participants of the Scheme without the prior approval of shareholders in general meeting, unless such amendment or alteration is otherwise allowed by the provisions of the Listing Requirements.

18. TERMINATION OF UNEXERCISED OPTIONS AND SUSPENSION

- 18.1 Subject to By-Laws 18.2 and 18.3, any unexercised Option in respect of the Scheme shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable, as the case may be, without

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

any claim against the Company, the Board and the ESOS Committee upon occurrence of any one (1) or more of the following events:

- (a) service of a notice of resignation by the Grantee;
- (b) service of a notice of termination on or termination or cessation of employment of the Grantee with the Group by reason of breach of contract or misconduct;
- (c) bankruptcy of the Grantee; or
- (d) any other circumstances prescribed by the ESOS Committee from time to time.

The Shares in respect of such unexercised Option may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

18.2 In the event of the termination or cessation of employment of the Grantee in any of the following circumstances:

- (a) retirement at or after attaining normal retirement age under the Group's retirement policy;
- (b) retirement before the normal retirement age with the consent of his/her employer being a company within the Group;
- (c) resignation or termination of the employment of the Grantee by reason of ill-health, injury or physical or mental disability;
- (d) retrenchment or redundancy, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group;
- (e) expiration of the employment contract of the Grantee; or
- (f) any other circumstances as may be deemed as acceptable to the ESOS Committee,

the Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any unexercised Option held by the Grantee ("**Request**") within such period as may be determined by the ESOS Committee upon occurrence of any one (1) or more of the above events subject to such terms and conditions as may be prescribed notwithstanding that:

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

The ESOS Committee shall have the discretion to evaluate the Request on a case-to-case basis and its decision shall be final and binding.

Any unexercised Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after such period as may be determined by the ESOS Committee upon occurrence of the events above, as the case may be, without any liability to or right to claim against the Company, the Board and the ESOS Committee. The Shares in respect of such Option may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

18.3 All Options which the ESOS Committee permits to be exercisable pursuant to the By-Law 18.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the Option Period has not commenced or has not expired.

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

- 18.4 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service of such Grantee) the ESOS Committee shall have the right, at its discretion, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate on the Grantee's right to exercise his/her Options having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT:
- (a) in the event such Grantee shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise the Grantee's Option as if such disciplinary proceeding had not been instituted in the first place;
 - (b) in the event such Grantee is found guilty of the charge and the same results in the dismissal or termination of service of such Grantee, the Options shall, immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such dismissal or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
 - (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise the Grantee's Option or any part thereof and if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
 - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the 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 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 the By-Laws.
- 18.5 In the event where a Grantee dies before the expiration of the Option Period and held unexercised Options, at the time of his/her death such unexercised Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his/her death provided that such exercise shall be no later than three (3) months thereafter unless otherwise approved by the ESOS Committee PROVIDED ALWAYS THAT such exercise shall always be subject to any restriction in the Offer Letter and PROVIDED FURTHER THAT no Option shall be exercised after the expiry of the Option Period. All unexercised or partially exercised Options of such Grantee shall become null and void after the expiry of the three (3) months period (or such other period as may be otherwise approved by the ESOS Committee) or upon the expiry of the Option Period, whichever is earlier.
- 18.6 Any Offer which has been made by the ESOS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6.1 arising from the Grantee's death, cessation or termination of employment with the Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 18.7 Any Option that has lapsed and become null and void pursuant to this By-Law 18, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.
- 18.8 The ESOS Committee may, at its absolute discretion, change or waive any of the requirements and/or timing as set out in the By-Law 18.2.

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

19. LIQUIDATION OR WINDING UP OF THE COMPANY

In the event that any order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and shall be null and void and have no further effect, in which event the Option shall be automatically terminated on the following date:

- (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
- (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

20. DURATION OF THE SCHEME

20.1 The effective date for the implementation of the Scheme ("**Effective Date**") shall be the date of full compliance with all relevant requirements of the Listing Requirements including the following:

- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance and a checklist showing compliance with the relevant requirements as may be prescribed by Bursa Securities (and/or such other documents as may be determined by Bursa Securities from time to time);
- (b) receipt of 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;
- (c) procurement of shareholders' approval for the Scheme in a general meeting;
- (d) receipt of approval of any other relevant regulatory authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals (if any).

20.2 The Scheme shall be in force for a period of five (5) years from the Effective Date. On or before the expiry of the above initial five (5)-year period, the Scheme may be extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee, provided always that the initial period and such extension of the Scheme shall not in aggregate exceed a duration of ten (10) years from the Effective Date. In the event the Scheme is extended and implemented in accordance with the terms of these By-Laws, the ESOS Committee shall inform the relevant parties of such extension, prior to the proposed extension of the Scheme.

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

20.4 Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. For the avoidance of doubt, no further sanction, approval or authorisation of the Company's shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of these By-Laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities within thirty (30) days prior to the expiry of the Scheme.

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

21. TERMINATION OF THE SCHEME

21.1 Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated by the Company at any time before its expiry without obtaining the approvals or consents from the Grantees or its shareholders provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

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

21.2 In the event of termination as stipulated by By-Law 21.1 above, the following provisions shall apply:

- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
- (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date;
- (c) all Offers, Options and/or Shares which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
- (d) all outstanding Options which have yet to be exercised by the Grantees shall automatically lapse on the Termination Date and become null and void.

22. DISPUTES/DIFFERENCES

22.1 In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or Grantee, as the case may be, as to any matter of any nature arising under the Scheme, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, within fourteen (14) days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the external auditors, for the time being of the Company, which the ESOS Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

22.2 Notwithstanding By-Law 22.1 above, matters concerning adjustments made pursuant to By-Law 14 shall be referred to the external auditor or adviser, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects.

23. COSTS AND EXPENSES

23.1 Save as otherwise provided for in the Scheme and the Constitution, all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company.

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

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

- 23.2 Notwithstanding the above, 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 brokerage commissions and stamp duties.
- 23.3 Any cost in relation to the loss of Option certificate will be fully borne by the Grantee and such Grantee will have to sign a statutory declaration to declare the loss of the Option certificate.

24. TRANSFER TO/FROM THE GROUP

In the event that:

- (a) an employee or a director who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “**the Group**”) 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 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 mentioned company in (a) and (b) is herein referred to as the “**Previous Company**”), such an employee of the Previous Company will be eligible to participate in the Scheme for its remaining Option Period, if the affected employee becomes and is an Eligible Person within the meaning under the By-Laws.

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

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

25. DIVESTMENT FROM THE GROUP

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

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

by the ESOS Committee in writing, the Options unexercised on the date of transfer shall be null and void and be of no effect.

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

- 25.3 Any Option that has lapsed and become null and void pursuant to this By-Law 25, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.

26. SCHEME NOT A TERM OF EMPLOYMENT

The Scheme does not form part of nor constitute nor shall in any way be construed as a term or condition of employment of an Eligible Person. The Scheme shall not confer nor 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 compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

27. COMPENSATION

- 27.1 Notwithstanding any provisions of these By-Laws:

- (a) the Scheme shall not form part of any contract of employment between any company of the Group and any employee or director of the Group and the rights of any Grantee under the terms of his/her office and employment with the Company or any company within the Group shall not be affected by his/her participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason; and
- (b) the Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company or any company of the Group directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group.

- 27.2 No Grantee or his/her legal or personal representative shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her rights to exercise his/her Options or his/her Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

28. CONSTITUTION

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Constitution, the provisions of the Constitution shall at all times prevail.

29. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

The Company may implement more than one (1) employees' share option scheme provided that the aggregate number of Shares available under all the schemes implemented by the Company is

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

not more than fifteen per centum (15%) of the total number of issued Shares (excluding any treasury shares) at any point in time during the Duration of the Scheme or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the Duration of the Scheme.

30. DISCLAIMER OF LIABILITY

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

31. ERRORS AND OMISSIONS

If in consequence of an error or omission, the ESOS Committee discovers/determines that:

- (a) an Eligible Person who was selected by the ESOS Committee has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of Shares allotted and issued to any Grantee pursuant to an exercise of Option(s) under the Scheme on any occasion is found to be incorrect,

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

32. SEVERABILITY

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

33. DECISION OF THE ESOS COMMITTEE

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

34. NOTICE

- 34.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or a 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 sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.

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

- 34.2 Unless otherwise provided in the By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee or any correspondence to be made with an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, or registered letter addressed to the Eligible Person or Grantee at the place of employment or at the last address known to the Company as being his/her correspondence address or by electronic mail. Any notice served by hand, electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by electronic mail, such notice shall be deemed to have been received by the recipient on the next day immediately following the day on which the electronic mail is sent and if by registered letter would be in the ordinary course of post be delivered.
- 34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by the Company or the ESOS Committee under the By-Laws in relation to matters which may affect all the Eligible Persons or Grantees, as the case may be, the Company or ESOS Committee may give through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.
- 35. GOVERNING LAW**
- 35.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.
- 35.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 35.3 In order to facilitate the making of any Offer under the Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by any company within the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the Scheme, as then in effect, unless the Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.
- 35.4 No action has been or will be taken by the Company to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken by the Company to ensure compliance by the Eligible Person to whom an Offer is made, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer.
- 35.5 Any Eligible Person to whom an Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Eligible Person has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Neither the Company nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither the Company nor its subsidiary companies are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings which might materially and adversely affect the business or financial position of the Group.

4. MATERIAL COMMITMENTS

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

5. CONTINGENT LIABILITIES

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of Key ASIC during office hours from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) Key ASIC's Constitution;
- (ii) Audited Financial Statements of Key ASIC for the financial years ended 31 May 2022 and 31 May 2023; and
- (iii) the By-Laws of ESOS.

EXTRACT OF THE RESOLUTIONS TO BE TABLED AT THE EIGHTEENTH AGM

SPECIAL RESOLUTION II**WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 FOR GRANTING OF OPTIONS AND ISSUANCE OF NEW SHARES UNDER THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

"THAT further to the shareholders' approvals obtained at the Extraordinary General Meeting held on 31 March 2022 for the establishment of the Company's ESOS under which options to subscribe for new shares in the Company ("Options") will be granted to eligible employees and Directors of the Company and its non-dormant subsidiaries ("Grantees") and the granting of Options to each of the Directors of the Company, the shareholders of the Company do hereby waive their pre-emptive rights under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 12(3) of the Constitution of the Company, over all Options granted and/or to be offered/granted, as well as all new shares of the Company issued and/or to be issued pursuant to the ESOS, to the Grantees (including each of the Directors of the Company), whether before or after the date of this resolution, such new shares, when issued, shall rank pari passu with the existing shares in the Company.

THAT subject to passing Ordinary Resolution IV – Proposed Granting of ESOS Options to Datuk Md Zubir Ansori Bin Yahaya, the shareholders of the Company do hereby waive their pre-emptive rights under Section 85 of the Act, read together with Clause 12(3) of the Constitution of the Company, to be offered the Options and/or any new shares ranking equally to the existing issued shares of the Company arising from the granting of Options pursuant to the ESOS to Datuk Md Zubir Ansori Bin Yahaya, such new shares, when issued, shall rank pari passu with the existing shares in the Company."

ORDINARY RESOLUTION IV**PROPOSED GRANTING OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OPTIONS TO DATUK MD ZUBIR ANSORI BIN YAHAYA**

"THAT contingent upon the passing of the Special Resolution II on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 for granting of options and issuance of new shares under the ESOS and subject to the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time, during the existence of the ESOS, to offer and grant to Datuk Md Zubir Ansori Bin Yahaya, being an Independent Non-Executive Director of the Company, options to subscribe for such number of new shares in the Company ("Key ASIC Shares") to be issued (as adjusted or modified from time to time pursuant to the by-laws governing the ESOS ("By-Laws")) pursuant to the ESOS ("ESOS Options"), provided that the allocation to him, if he, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Key ASIC Shares (excluding any treasury shares), does not exceed 10% of the ESOS Options granted, and subject always to such terms and conditions of the ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Key ASIC Shares to Datuk Md Zubir Ansori Bin Yahaya pursuant to the exercise of ESOS Options under the ESOS."