

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.

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Central Global Berhad

(Registration No. 201801036114 (1298143-T))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) PROPOSED BONUS ISSUE OF UP TO 108,000,002 NEW ORDINARY SHARES IN CENTRAL GLOBAL BERHAD ("CGB" OR "COMPANY") ("CGB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING CGB SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE OF SHARES");**
- (II) PROPOSED FREE WARRANTS ISSUE OF UP TO 108,000,002 FREE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING SHARES HELD ON AN ENTITLEMENT DATE WHICH WILL BE DETERMINED AFTER THE COMPLETION OF THE PROPOSED BONUS ISSUE OF SHARES ("PROPOSED FREE WARRANTS ISSUE");**
- (III) PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE SCHEME ("PROPOSED LTIS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME COMPRISING A SHARE OPTION SCHEME AND A SHARE GRANT SCHEME, FOR ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS NON-DORMANT SUBSIDIARIES; AND**
- (IV) PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR AWARD OF CGB SHARES TO THE DIRECTORS OF CGB UNDER THE PROPOSED LTIS ("PROPOSED ALLOCATIONS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for (I), (II) and (III)

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("EGM") of CGB will be conducted on a fully virtual basis via the online meeting platform at <https://bit.ly/2ZYVGtC> on Wednesday, 27 October 2021 at 3.00 p.m., or at any adjournment thereof. The Notice of the EGM and Form of Proxy are enclosed in this Circular.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Form of Proxy at CGB's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur or email to santhosh@hmc.my or weibo.loh@hmc.my in not less than 48 hours before the time for holding the meeting or any adjournment thereof.

The lodgment of the Form of Proxy shall not preclude you from attending and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

Last day, date and time for lodging the Form of Proxy : Monday, 25 October 2021 at 3.00 p.m.
Date and time of the EGM : Wednesday, 27 October 2021 at 3.00 p.m.

This Circular is dated 12 October 2021

DEFINITIONS

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

6M-FPE	:	6-month financial period ended 30 June
Act	:	Companies Act 2016 of Malaysia, as amended from time to time including any re-enactment thereof
Beacon Project	:	Refers to the construction of 1 block of 29-storey building (comprising carparks, shoplots, soho units and public facilities located at George Town, Penang)
Board	:	Board of Directors of CGB
Bonus Shares	:	Up to 108,000,002 new CGB Shares to be allotted and issued pursuant to the Proposed Bonus Issue of Shares
Bonus Shares Entitlement Date	:	The date (to be determined by the Board and announced by the Company) as at the close of business at 5.00 p.m. on which the names of shareholders must appear in the Record of Depositors in order to be entitled to the Proposed Bonus Issue of Shares
Bonus Shares Entitled Shareholders	:	The shareholders of the Company whose names appear in the Record of Depositors of the Company on the Bonus Shares Entitlement Date
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	By-Laws governing the Proposed LTIS, as amended, modified and supplemented from time to time in accordance with the provisions of the By-Laws
CGB or Company	:	Central Global Berhad
CGB Group or Group	:	CGB and its subsidiaries, collectively
CGB Share(s) or Share(s)	:	Ordinary share(s) in CGB
CGTSB	:	Central Global Technology Sdn Bhd, a wholly-owned subsidiary of CGB
CICB	:	Central Industrial Corporation Berhad, a wholly-owned subsidiary of CGB
CICC	:	CIC Construction of Sdn Bhd, a wholly-owned subsidiary of CGB
Circular	:	This circular to the shareholders of CGB in relation to the Proposals dated 12 October 2021
COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and is a global pandemic
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Deed Poll	:	The deed poll constituting the Warrants to be executed by the Company in relation to the Proposed Free Warrants Issue

DEFINITIONS (Cont'd)

Director(s)	:	A natural person who holds a directorship in the Company for the time being, whether in an executive or non-executive capacity, falling within the meaning given in Section 2(1) of the CMSA and Section 2(1) of the Act
Eco Horizon Project	:	Refers to the construction of 192 units double-storey houses and 2 units electrical substations located at Batu Kawan, Penang
EGM	:	Extraordinary general meeting
Eligible Person(s)	:	Employee(s), executive directors(s) and non-executive director(s) of CGB Group (excluding dormant subsidiaries) who fulfil the eligibility criteria for participation in the Proposed LTIS as set out in the By-Laws
EPS	:	Earnings per share
FYE	:	Financial year ended/ ending 31 December, as the case may be
Grantee	:	An Eligible Person who has accepted an offer of the Share Options and/ or Share Awards in the manner provided in the By-Laws
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	1 October 2021, being the latest practicable date prior to the printing of this Circular
LTD	:	17 August 2021, being the market day immediately before the submission of the application in relation to the Proposals to Bursa Securities
LTIS Award(s)	:	Share Options and Share Awards, collectively and any one of them is referred to as the " LTIS Award "
LTIS Committee	:	A committee to be duly appointed and authorised by the Board from time to time to administer the Proposed LTIS in accordance with the By-Laws
Maximum Scenario	:	Maximum number of up to 108,000,002 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares and up to 108,000,002 Warrants to be issued pursuant to the Proposed Free Warrants Issue
MCO(s)	:	Movement control order(s)
Minimum Scenario	:	93,500,002 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares and 93,500,002 Warrants to be issued pursuant to the Proposed Free Warrants Issue
Montage Project	:	Refers to the construction work for 1 block of 34-storey apartments located in Bayan Lepas, Penang
NA	:	Net assets

DEFINITIONS (Cont'd)

Offer	:	Offer of Share Options and/ or Share Awards made under the Proposed LTIS (i.e., Proposed Share Option Scheme and Proposed Share Grant Scheme) at the discretion of the LTIS Committee, to an Eligible Person from time to time within the duration of the Scheme to participate in the Proposed Share Option Scheme and/ or Proposed Share Grant Scheme in the manner provided in the By-Laws
Option Price	:	The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the Share Options, as specified in the Offer and as may be adjusted in accordance with the provisions of the By-Laws
PBSB	:	Proventus Bina Sdn Bhd, a wholly-owned subsidiary of CICC
Placement Shares	:	Up to 18,000,000 new CGB Shares to be issued pursuant to the Private Placement
Private Placement	:	Private placement of up to 18,000,000 new CGB Shares, representing not more than 20% of the total number of issued shares of CGB (excluding treasury shares, if any)
Proposals	:	Proposed Bonus Issue of Shares, Proposed Free Warrants Issue and Proposed LTIS, collectively
Proposed Allocations	:	Proposed allocations of Share Options and/ or award of CGB Shares to the Directors of CGB under the Proposed LTIS
Proposed Bonus Issue of Shares	:	Proposed bonus issue of up to 108,000,002 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Share held on the Bonus Shares Entitlement Date
Proposed Free Warrants Issue	:	Proposed free warrants issue of up to 108,000,002 Warrants on the basis of 1 Warrant for every 2 existing Shares held on the Warrants Entitlement Date
Proposed LTIS or Scheme	:	Proposed long-term incentive scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time throughout the duration of the scheme, which comprises of the Proposed Share Option Scheme and Proposed Share Grant Scheme
Proposed Share Option Scheme	:	The share option scheme for the granting of Share Options to Eligible Persons to subscribe for new Shares in accordance with the By-Laws
Proposed Share Grant Scheme	:	The share grant scheme for the granting of Share Awards to the Eligible Persons in accordance with the By-Laws
Record of Depositors	:	A record consisting of names of depositors established by Bursa Malaysia Depository Sdn Bhd
RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
Share Option(s)	:	The right of a Grantee to subscribe for such number of new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-Laws

DEFINITIONS (Cont'd)

Share Award(s)	:	The right of a Grantee to have a number of fully paid Share(s) specified in the Offer, vest in him/ her on the specified vesting date, their equivalent cash value or combinations thereof subject to the terms and conditions of the By-Laws and the Offer
Share Grant Price	:	The reference price which is used to determine the number of Shares to be granted under the Share Award
TA Securities or Adviser	:	TA Securities Holdings Berhad
TEBP	:	Theoretical ex-bonus price
VWAP	:	Volume weighted average market price
Warrants Entitled Shareholders	:	The shareholders of the Company whose names appear in the Record of Depositors of the Company on the Warrants Entitlement Date
Warrants Entitlement Date	:	The date (to be determined by the Board and announced by the Company after the completion of the Proposed Bonus Issue of Shares) as at the close of business at 5.00 p.m. of which the names of shareholders must appear in the Record of Depositors in order to be entitled to the Proposed Free Warrants Issue
Warrants	:	Up to 108,000,002 Warrants to be allotted and issued pursuant to the Proposed Free Warrants Issue

All references to “**you**” in this Circular are references to shareholders of CGB.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the figures included in this Circular between the amount stated and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY REPRESENTS ONLY A SUMMARY OF THE PERTINENT INFORMATION ON THE PROPOSALS AS SET OUT IN THIS CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

Key information	Description	Reference to the Circular
Brief details of the Proposals	<u>Proposed Bonus Issue of Shares</u> <ul style="list-style-type: none"> Proposed bonus issue of up to 108,000,002 CGB Shares on the basis of 1 Bonus Share for every 1 existing Share held on the Bonus Shares Entitlement Date. 	Section 2
	<u>Proposed Free Warrants Issue</u> <ul style="list-style-type: none"> Proposed free warrants issue of up to 108,000,002 Warrants on the basis of 1 Warrant for every 2 existing Shares held on the Warrants Entitlement Date. The Company will announce the Warrants Entitlement Date after completion of the Proposed Bonus Issue of Shares. The Warrants shall have a tenure of 3 years at an exercise price to be determined later. The Warrants will be issued in registered form and constituted by the provisions of the Deed Poll. The Warrants will be issued at no cost to the Warrants Entitled Shareholders. 	Section 3
	<u>Proposed LTIS and Proposed Allocations</u> <ul style="list-style-type: none"> The Proposed LTIS involves the establishment of a long-term incentive scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time throughout the duration of the Scheme for the eligible employees, executive directors and non-executive directors of CGB and its subsidiaries (excluding dormant subsidiaries) who fulfil the eligibility criteria for participation in the Proposed LTIS as set out in the By-Laws governing the Proposed LTIS. The Proposed LTIS shall comprise a Proposed Share Option Scheme and a Proposed Share Grant Scheme. The Scheme shall be in force for a period of 5 years from its effective date and may be extended for a further period of 5 years pursuant to the By-Laws. The maximum number of CGB Shares that may be issued under the Scheme shall not exceed 15% of the total number of CGB Shares (excluding treasury shares, if any) at any point in time over the duration of the Scheme. 	Section 4

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
	<ul style="list-style-type: none"> The Proposed LTIS and Proposed Allocations will be administered by the LTIS Committee. The members of the LTIS Committee shall comprise of Directors, senior management personnel of the Group and/ or other persons identified and appointed from time to time by the Board. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the LTIS Committee pursuant to the By-Laws may be exercised at the LTIS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the LTIS Committee's functions and responsibilities. 	
Rationale	<p><u>Proposed Bonus Issue of Shares</u></p> <p>The Board is of the view that the Proposed Bonus Issue of Shares is the most appropriate avenue of rewarding the existing shareholders of the Company as the Proposed Bonus Issue of Shares will:</p> <ul style="list-style-type: none"> (i) provide the Company's shareholders with greater participation in the equity of the Company in terms of number of CGB Shares held and maintaining their percentage of equity interest in the Company; and (ii) be able to encourage the trading liquidity of CGB Shares on Bursa Securities via a greater participation of broader range of investors with the increase in the number of CGB Shares. <p><u>Proposed Free Warrants Issue</u></p> <p>The Proposed Free Warrants Issue is intended to:</p> <ul style="list-style-type: none"> (i) reward the Company's existing shareholders for their continuous support by enabling them to participate in convertible securities of the Company which are issued at no cost to them and tradable on Bursa Securities; <p>The Board views the Proposed Free Warrants Issue to be beneficial to the Company and its shareholders after having taken into consideration, among others, the following:</p> <ul style="list-style-type: none"> (a) there are potential funds to be raised by the Group, as and when the Warrants are exercised. The Group would be able to raise funds without having to incur interest cost and service the interest and principal repayments (as opposed to bank borrowings); and (b) the Proposed Free Warrants Issue is a potential avenue for funds to be raised in future i.e., when Warrant holders exercise their Warrants (if any) which will in turn provide additional working capital to the Group prior to the expiry of the Warrants; 	Section 6

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
	<p>(ii) the exercise of the Warrants into new Shares would strengthen the Group's capital base and shareholders' funds as well as potentially provide funds for the Group to finance its working capital requirements and improve its gearing;</p> <p>(iii) provide the existing shareholders of the Company with an opportunity to increase their equity in the Company at a predetermined price during the tenure of the Warrants; and</p> <p>(iv) allow the existing shareholders of the Company to further participate in the future prospects and growth of the Group and/ or any potential capital appreciation in the Warrants and CGB Shares, as and when the Warrants are exercised.</p> <p><u>Proposed LTIS</u></p> <p>The Proposed LTIS is to provide the Company with the flexibility in determining the mode/ manner of rewarding its employees at the relevant point in time which will take into consideration various factors, among others, impact to the earnings and funding requirements of the Group.</p> <p>The Proposed LTIS is established to achieve the following objectives:</p> <p>(i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;</p> <p>(ii) to reward the Eligible Persons in recognition of their contribution to the operations and continued growth of the Group;</p> <p>(iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company;</p> <p>(iv) to align the interests of the Eligible Persons with the interests of the shareholders by providing an incentive for the Eligible Persons to participate in the future growth of the Group and motivating them towards achieving better performance; and</p> <p>(v) to attract and retain high-calibre Eligible Persons.</p> <p>The non-executive Directors are also eligible to participate in the Scheme. This is to recognise their contribution to the Company, their independent views in the decision making process and maintaining good corporate practices. The LTIS Awards under the Proposed LTIS will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive directors who will assist in providing inputs in the overall strategic decisions and direction of the Group.</p>	

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
Approvals required	<p>The Proposals are subject to the following approvals being obtained:</p> <ul style="list-style-type: none"> (i) the approval of Bursa Securities for the: <ul style="list-style-type: none"> (a) listing and quotation of up to 108,000,002 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares; (b) admission to the Official List and listing and quotation of up to 108,000,002 Warrants to be issued pursuant to the Proposed Free Warrants Issue; (c) listing and quotation for up to 108,000,002 new CGB Shares to be issued arising from the exercise of the Warrants; and (d) listing of such number of new CGB Shares, representing up to 15% of the total number of issued shares of CGB (excluding treasury shares, if any) to be issued pursuant to the Proposed LTIS, <p>on the Main Market of Bursa Securities;</p> (ii) the approval of shareholders for the Proposals as well as the Proposed Allocations at an EGM to be convened; and (iii) the approvals/ consents of any other relevant authorities and/ or parties, if required. 	Section 9
Interests of directors, major shareholders, chief executive and/ or persons connected with them	<p><u>Proposed Bonus Issue of Shares and Proposed Free Warrants Issue</u></p> <p>None of the Company's Directors, major shareholders, chief executive and/ or persons connected with them has any interest, direct or indirect, in the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue other than their respective entitlements under the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue as shareholders of the Company, to which all Bonus Shares Entitled Shareholders and Warrants Entitled Shareholders are similarly entitled to.</p> <p><u>Proposed LTIS</u></p> <p>All the Directors of the Company are deemed interested in the Proposed LTIS by virtue of their eligibility for the LTIS Awards and in respect of their allocations as well as allocations to persons connected with them under the Proposed LTIS.</p>	Section 11

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
Board's recommendation	<p>The Board, after having considered all aspects of the Proposals including, the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.</p> <p>The Board recommends that you vote IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p> <p>However, in view that all the Directors are eligible to participate in the Proposed LTIS, they have abstained from deliberating and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocation to persons connected with them, if any.</p>	Section 12

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Central Global Berhad

(Registration No. 201801036114 (1298143-T))
(Incorporated in Malaysia)

Registered Office:

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

12 October 2021

Board of Directors

Dato' Faisal Zelman Bin Datuk Abdul Malik (*Executive Chairman*)
Tan Yeang Tze (Tobby) (*Executive Director*)
YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah (*Independent Non-Executive Director*)
Shaharuddin Bin Abdullah (*Independent Non-Executive Director*)
Lee King Loon (*Independent Non-Executive Director*)

To: Shareholders of Central Global Berhad

Dear Sir/Madam,

- (I) **PROPOSED BONUS ISSUE OF SHARES;**
- (II) **PROPOSED FREE WARRANTS ISSUE;**
- (III) **PROPOSED LTIS; AND**
- (IV) **PROPOSED ALLOCATIONS**

1. INTRODUCTION

On 26 July 2021, TA Securities had, on behalf of the Board announced that the Company proposes to undertake the following proposals:

- (i) proposed bonus issue of up to 216,000,004 new CGB Shares ("**Bonus Share(s)**") on the basis of 2 Bonus Shares for every 1 existing CGB Share held by the shareholders of CGB whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined later ("**Entitlement Date**") ("**Initial Proposed Bonus Issue of Shares**");
- (ii) proposed free warrants issue of up to 162,000,003 free warrants ("**Warrants**") on the basis of 1 Warrant for every 2 existing Shares held on the same Entitlement Date as the Initial Proposed Bonus Issue of Shares ("**Initial Proposed Free Warrants Issue**"); and
- (iii) proposed establishment of a long-term incentive scheme of up to 15% of the total number of issued Shares (excluding treasury shares, if any), which shall comprise a share option scheme and a share grant scheme, for eligible employees, executive directors and non-executive directors of the Company and its non-dormant subsidiaries.

(Collectively, referred to as the "**Previous Proposals**")

On 28 July 2021, TA Securities had, on behalf of the Board announced a revision to the entitlement date of the Initial Proposed Free Warrants Issue, from the same Entitlement Date as the Initial Proposed Bonus Issue of Shares to an entitlement date to be determined after the completion of the Initial Proposed Bonus Issue of Shares.

On 18 August 2021, TA Securities had, on behalf of the Board, announced that the Board had resolved to revise the Previous Proposals to the Proposals. For the avoidance of doubt, the revisions (in respect of the number of Bonus Shares, number of Warrants to be issued and tenure of the Warrants) as per the Proposals shall supersede the Previous Proposals.

On 1 October 2021, TA Securities had, on behalf of the Board announced that Bursa Securities had, vide its letter dated 1 October 2021, granted its approval for the following:

- (i) listing and quotation of up to 108,000,002 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- (ii) admission to the Official List and listing and quotation of up to 108,000,002 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
- (iii) listing and quotation for up to 108,000,002 new CGB Shares to be issued arising from the exercise of the Warrants; and
- (iv) listing of such number of new CGB Shares, representing up to 15% of the total number of issued shares of CGB (excluding treasury shares, if any) to be issued pursuant to the Proposed LTIS,

on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in **Section 9** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED BONUS ISSUE OF SHARES

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue of Shares will entail the issuance of up to 108,000,002 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Share held by the Bonus Shares Entitled Shareholders.

The actual number of CGB Shares to be issued pursuant to the Proposed Bonus Issue of Shares will depend on the total number of issued Shares as at the Bonus Shares Entitlement Date. For illustrative purposes only, the maximum number of 108,000,002 Bonus Shares under the Maximum Scenario was arrived at after taking into account the following:

- (i) CGB's existing number of issued Shares being 93,500,002 CGB Shares as at the LPD. As at the LPD, CGB does not have any treasury shares and/ or convertible securities; and

- (ii) assuming completion of the placement of the remaining 14,500,000 Placement Shares to third party investors prior to the Bonus Shares Entitlement Date.

On 5 April 2021, on behalf of the Board, TA Securities announced that the Company proposes to undertake the Private Placement. On 22 April 2021, Bursa Securities resolved to approve the listing and quotation of up to 18,000,000 new CGB Shares to be issued pursuant to the Private Placement. As at the LPD, CGB has allotted and issued 3,500,000 Placement Shares pursuant to the Private Placement as summarised below:

Tranche	Date of listing	Issue price per Placement Share (RM)	Number of Placement Shares	Gross proceeds raised (RM'000)
1	9 June 2021	2.000	1,000,000	2,000
2	27 September 2021	1.187	1,000,000	1,187
3	29 September 2021	1.173	750,000	880
4	1 October 2021	1.160	750,000	870
Total			3,500,000	4,937

The summary of the Private Placement as at the LPD is as follows:

Maximum number of Placement Shares available to be placed out	(A)	18,000,000
Issued Placement Shares	(B)	3,500,000
Remaining number of Placement Shares available to be issued	(A) – (B)	14,500,000

The Company has up to 21 October 2021 to complete the Private Placement. On 6 October 2021, TA Securities had on behalf of the Board submitted an application to Bursa Securities to seek an extension of time up to 31 December 2021 for CGB to complete the Private Placement.

The basis of 1 Bonus Share for every 1 existing Share was determined after taking into consideration, among others, potential enhancement to the trading liquidity of CGB Shares traded in the market given the adjustments to the share price of CGB Shares arising from the Proposed Bonus Issue of Shares as well as increase in number of CGB Shares pursuant to the Proposed Bonus Issue of Shares.

The Board takes cognisance of the maximum number of Bonus Shares allowable under Paragraph 6.30(1A) of the Listing Requirements. Pursuant to Paragraph 6.30(1A) of the Listing Requirements, the share price adjusted for the Proposed Bonus Issue of Shares should not be less than RM0.50 based on the daily VWAP during the past 3-month period prior to the date of the listing application to Bursa Securities.

Fractional entitlements arising from the Proposed Bonus Issue of Shares, if any, will be disregarded and/ or dealt with by the Board in such manner as the Board in its absolute discretion deems fit and expedient and in the best interest of the Company.

The reference price of CGB Shares will be adjusted for the Proposed Bonus Issue of Shares. For illustrative purposes, based on the 5-day VWAP of CGB Shares up to and including the LPD as well as the lowest daily VWAP of CGB Shares during the past 3-month period up to and including the LTD, the TEBP of CGB Shares is as follows:

	Before the Proposed Bonus Issue of Shares	After the Proposed Bonus Issue of Shares
	Market price	TEBP
5-day VWAP up to the LPD (RM)	1.2274	0.6137@
Lowest daily VWAP during the past 3-month period up to and including the LTD (RM)	1.2978	0.6489
No. of Shares	91,000,002*	Up to 216,000,004^

Notes:

@ For illustration purposes, the TEBP of CGB Shares based on 5-day VWAP up to the LDP is arrived at based on the following formula:

$$\begin{aligned}
 \text{TEBP} &= \frac{P \times Y}{Y + X} \\
 &= \frac{1.2274 \times 1}{1 + 1} \\
 &= \underline{\underline{\text{RM0.6137}}}
 \end{aligned}$$

Where:

P = 5-day VWAP up to the LPD (RM)

Y = Number of existing Share (unit) to be held in order to be entitled for 1 Bonus Share

X = Bonus Share (unit)

* Represents the number of issued Shares as at the LTD and prior to completion of Private Placement.

^ Based on Maximum Scenario.

The Board confirms that the share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAP during the past 3-month period up to and including the LTD in accordance with Paragraph 6.30(1A) of the Listing Requirements.

The Proposed Bonus Issue of Shares is not intended to be implemented in stages over a period of time.

2.2 No capitalisation of reserves

In compliance with the provisions of the Act, the Board has resolved that the Bonus Shares shall be issued as fully paid shares at no consideration and without any capitalisation of the Company's reserves.

The Proposed Bonus Issue of Shares will increase the number of issued CGB Shares but will not increase the value of the share capital of CGB.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, carry the same rights with the then existing CGB Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such Bonus Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

As the CGB Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act, 1991, the Bonus Shares will be credited directly into the respective Central Depository System accounts of the Bonus Shares Entitled Shareholders and no physical share certificates will be issued.

For the avoidance of doubt, the Bonus Shares will be entitled to the Warrants.

2.4 Listing and quotation of the Bonus Shares

The Bonus Shares will be listed on the Main Market of Bursa Securities. Bursa Securities had, vide its letter dated 1 October 2021, granted its approval for, among others, listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. Further information is set out in **Section 9** of this Circular.

3. DETAILS OF THE PROPOSED FREE WARRANTS ISSUE

3.1 Basis and number of Warrants to be issued

The Proposed Free Warrants Issue entails the issuance of up to 108,000,002 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the Warrants Entitled Shareholders.

The Company will announce the Warrants Entitlement Date after completion of the Proposed Bonus Issue of Shares.

The basis and number of Warrants to be issued were determined after taking into consideration, among others, the following:

- (i) the enlarged number of CGB Shares upon exercise of the Warrants;
- (ii) the potential dilutive effect on CGB's earnings per Share; and
- (iii) the number of new CGB Shares arising from the exercise or conversion of all outstanding convertible equity securities* must not exceed 50% of the Company's total number of issued shares (excluding treasury shares and before the exercise of convertible equity securities*) at all times, in compliance with Paragraph 6.50 of the Listing Requirements.

Note:

* "convertible equity securities" shall mean warrants and convertible preference shares, as defined in Paragraph 6.49(2) of the Listing Requirements. As at the LPD, the Company does not have any convertible equity securities.

Based on the Maximum Scenario, a total of 108,000,002 Warrants will be issued pursuant to the Proposed Free Warrants Issue. The enlarged number of CGB Shares is as illustrated below:

	No. of Shares
Enlarged number of issued Shares after the Proposed Bonus Issue of Shares	216,000,004
Assuming full exercise of the Warrants	108,000,002
Enlarged number of issued Shares after the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue	324,000,006

The actual number of Warrants to be issued pursuant to the Proposed Free Warrants Issue will depend on the total number of issued Shares as at the Warrants Entitlement Date.

Fractional entitlements arising from the Proposed Free Warrants Issue, if any, will be disregarded and/ or dealt with by the Board in such manner as the Board in its absolute discretion deems fit and expedient and in the best interest of the Company.

The Proposed Free Warrants Issue is not intended to be implemented in stages over a period of time.

3.2 Salient terms of the Warrants

The Warrants shall have a tenure of 3 years at an exercise price to be determined later. The Warrants will be issued in registered form and constituted by the provisions of the Deed Poll. The salient terms of the Warrants are set out in **Appendix I** of this Circular.

3.3 Basis and justification of the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Warrants Entitled Shareholders.

The exercise price of the Warrants shall be determined by the Board at a later date after obtaining all relevant approvals but prior to the Warrants Entitlement Date. The Board in determining the exercise price of the Warrants will take into consideration, among others, the following:

- (i) the Warrants will be issued at no cost to the Warrants Entitled Shareholders;
- (ii) the Warrants are exercisable at any time during the tenure of 3 years commencing on the date of issuance of the Warrants; and
- (iii) the TEBP of CGB Shares calculated based on the 5-day VWAP prior to the price fixing date, with a discount of not more than 20%. This discount was determined after taking into consideration the prospects and future plans of the Group as well as future funding requirements, and thus the need to fix an exercise price which makes the Warrants attractive to encourage the shareholders to exercise the Warrants.

For illustrative purpose, the exercise price of Warrants is assumed to be at RM0.50 each, which represents a discount of RM0.1137 or 18.53% to the TEBP of RM0.6137 each, calculated based on the 5-day VWAP of CGB Shares up to the LPD of RM1.2274. The Board wishes to emphasise that the assumed exercise price of Warrants of RM0.50 each should not be taken as an indication of or reference to the actual exercise price of the Warrants, which will be determined and announced on the price-fixing date. Once the exercise price of the Warrants has been determined, the Company will announce the exercise price, basis and justification in determining the exercise price of the Warrants on the price-fixing date. The Company will announce the Warrants Entitlement Date after the announcement of price-fixing date of the Warrants.

3.4 Ranking of the Warrants and the new Shares to be issued arising from the exercise of Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/ or offer of securities in CGB until and unless such holders of the Warrants exercise their Warrants into new CGB Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, carry the same rights with the then existing CGB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

3.5 Listing and quotation of the Warrants and new Shares pursuant to the exercise of the Warrants

The Warrants and new Shares to be issued pursuant to the exercise of the Warrants will be listed on the Main Market of Bursa Securities. Bursa Securities had, vide its letter dated 1 October 2021, granted its approval for, among others, the admission of the Warrants to the Official List of the Main Market of Bursa Securities as well as the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. Further information is set out in **Section 9** of this Circular.

4. DETAILS OF THE PROPOSED LTIS AND PROPOSED ALLOCATIONS

The Proposed LTIS involves the establishment of a long-term incentive scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time throughout the duration of the Scheme for the eligible employees, executive directors and non-executive directors of the Group (excluding dormant subsidiaries) who fulfil the eligibility criteria for participation in the Proposed LTIS as set out in the By-Laws and subject to such Proposed LTIS not contravening any foreign laws, regulatory requirements and/ or administrative constraints in the respective countries.

The number of Share Options and/ or Share Awards to be allocated to an Eligible Person shall be determined by the LTIS Committee after taking into consideration, among other factors, the Eligible Person's performance, contribution, employment grade, seniority, length of service and/ or such other factors as the LTIS Committee deems fit, and subject to the following conditions:

- the total number of Shares made available under the Proposed LTIS shall not exceed 15% of the total number of issued CGB Shares (excluding treasury shares, if any) at any point in time over the duration of the Scheme;
- not more than 10% of the total number of Shares to be issued under the Proposed LTIS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares); and
- not more than 70% of the total number of Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are Eligible Persons.

Further details on the basis of allocation and maximum allowable allotment of the Proposed LTIS are set out in **Section 4.1(3)** of this Circular.

(i) Proposed Share Option Scheme

The Company is proposing to grant Share Options to Eligible Persons with the right to subscribe for new Shares at the Option Price, subject to the achievement of certain performance targets to be prescribed by the LTIS Committee. Nevertheless, no performance target has been set for the vesting of Share Options at this juncture.

Upon acceptance of the Share Options by the Eligible Persons (i.e., Grantee), the Share Options will be vested to the Grantee over the tenure of the Scheme, subject to the Grantee fulfilling certain vesting conditions as determined by the LTIS Committee at a later date after the establishment of the Proposed LTIS. The Share Options when vested and exercised under the Proposed Share Option Scheme will be satisfied by the allotment and issuance of new CGB Shares.

The Option Price shall be based on the 5-day VWAP of CGB Shares, as quoted on Bursa Securities, immediately preceding the date of offer with a discount of not more than 10% (or such other percentage of discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time).

(ii) Proposed Share Grant Scheme

The Proposed Share Grant Scheme is intended to allow the Company to award Share Award(s) to the Eligible Persons, subject to the achievement of certain performance targets to be prescribed by the LTIS Committee. Nevertheless, no performance target has been set for the vesting of Share Awards at this juncture.

A Share Award, once accepted by the Eligible Person (i.e., Grantee), will vest in the Grantee at no cost to the Grantee subject to the Grantee fulfilling certain vesting conditions as determined by the LTIS Committee at a later date after the establishment of the Proposed LTIS.

The vesting of CGB Shares under the Proposed Share Grant Scheme will be satisfied by the allotment and issuance of new CGB Shares (without any cash consideration payable by the Grantee) and/ or by way of cash settlement based on the discretion of the LTIS committee.

In the case of settlement by way of cash, the reference price used to determine the amount to be paid to the Grantee will be based on the market value of the CGB Shares after taking into account, among others, the 5-day VWAP of CGB Shares immediately preceding the Share Award vesting date(s).

(iii) Proposed Allocations

In accordance to the By-Laws, where a specific allotment is to be made to any Eligible Person who is a Director, major shareholder or chief executive of the Company or holding company of the Company (“**Interested Parties**”) or a person connected with any of the Interested Parties, the specific allocation of Share Options and/ or Share Awards granted by the Company to him/ her under the Scheme must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and persons connected with them shall not have voted on the resolution approving their respective allocation.

Accordingly, the Board proposes to seek shareholders’ approval at the forthcoming EGM for the proposed allocation of Share Options and/ or Share Awards to the Directors of CGB as follows:

No.	Name	Designation
(i)	Dato’ Faisal Zelman Bin Datuk Abdul Malik	Executive Chairman
(ii)	Tan Yeang Tze (Tobby)	Executive Director
(iii)	YM Tengku Dato’ Indera Abu Bakar Ahmad Bin Tengku Abdullah	Independent Non-Executive Director
(iv)	Shaharuddin Bin Abdullah	Independent Non-Executive Director
(v)	Lee King Loon	Independent Non-Executive Director

For the avoidance of doubt, the proportion/ quantum of shares to be awarded/ allocated under the Proposed Share Option Scheme and Proposed Share Grant Scheme, respectively under the Proposed LTIS has not been determined at this juncture.

If any foreign laws, regulatory requirements and/ or administrative constraints prevent or restrict the ability of CGB to allow the eligible employees of overseas subsidiaries (excluding dormant overseas subsidiaries) to participate in the Proposed LTIS, an alternative such as cash settlement may be put in place to ensure equitable treatment of employees covered by similar terms and conditions across the CGB Group.

The Proposed LTIS and Proposed Allocations will be administered by the LTIS Committee. The members of the LTIS Committee shall comprise of Directors, senior management personnel of the Group and/ or other persons identified and appointed from time to time by the Board. At as the LPD, the composition of the LTIS Committee has yet to be decided by the Board. The LTIS Committee will have the absolute discretion in administering the Proposed LTIS. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the LTIS Committee pursuant to the By-Laws may be exercised at the LTIS Committee’s sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the LTIS Committee’s functions and responsibilities. The decision as to whether or not to stagger the allocation of the LTIS Award over the duration of the Proposed LTIS shall be determined by the LTIS Committee at a later date.

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4.1 Indicative principal features of the Proposed LTIS and Proposed Allocations

No.	Terms	Details
(1)	Duration of the Scheme	<p>: Subject to the By-Laws, the Scheme when implemented, shall take effect on the date of full compliance with the relevant requirements of the Listing Requirements (“Effective Date”) and shall be in force for a period of 5 years from the Effective Date and may be extended or renewed (as the case may be) for a further period of 5 years or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the LTIS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the Effective Date. 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 or renewal (as the case may be).</p> <p>In the event the Scheme is extended in accordance with the provision of the By-Laws, the LTIS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities prior to such extension.</p> <p>On expiry of the Scheme, Share Options which have been vested but remained unexercised or any Share Awards which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void.</p>
(2)	Maximum number of CGB Shares available under the Proposed LTIS	<p>: The maximum number of CGB Shares that may be issued under the Scheme shall not exceed 15% of the total number of issued CGB Shares (excluding treasury shares, if any) at any point in time over the duration of the Scheme.</p>
(3)	Basis of allocation and maximum allowable allotment	<p>: Subject to the By-Laws and any adjustment which may be made under the By-Laws, the number of Share Options and/ or Share Awards to be allocated to an Eligible Person at any time in each offer shall be at the sole and absolute discretion of the LTIS Committee after taking into consideration, among other factors, the Eligible Person’s performance, contribution, employment grade, seniority, length of service and/ or such other factors as the LTIS Committee deems fit, and subject to the following conditions:</p> <ul style="list-style-type: none"> (i) the total number of Shares made available under the Proposed LTIS shall not exceed 15% of the total number of issued CGB Shares (excluding treasury shares, if any) at any point in time over the duration of the Scheme; (ii) not more than 10% of the total number of Shares to be issued under the Proposed LTIS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares); (iii) not more than 70% of the total number of Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are Eligible Persons (where “senior management” shall be subject to any criteria as may be determined by the LTIS Committee from time to time). This is intended to (a) incentivise the Directors of the Group for their contribution towards the development, growth and success and strategic direction of the Group, to drive long-term shareholder value enhancement of the Group; and (b) incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance. The basis was determined by the Board taking into consideration:

No.	Terms	Details
(3)	Basis of allocation and maximum allowable allotment (<i>cont'd</i>)	<p>(aa) the number of directors and senior management who are eligible to participate in the Proposed LTIS as well as their position, ranking, seniority, length of service and contribution to the Group; and</p> <p>(bb) they are crucial to the performance of the Group as the Directors and senior management are key drivers of the Group's business and operations; and</p> <p>(iv) the directors and senior management of the Group and members of the LTIS Committee who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,</p> <p>provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.</p> <p>The LTIS Committee shall have the discretion in determining:</p> <p>(i) the maximum number of Share Options and/ or Share Awards that can be offered under the Scheme in relation to each class or grade of the Directors and employees and the aggregate maximum number of Share Options and/ or Share Awards that can be offered to the Directors and senior management of the Group (excluding dormant subsidiaries) under the Scheme from time to time, and the decision of the LTIS Committee shall be final and binding;</p> <p>(ii) whether the granting of the Share Options and/ or Share Awards to the Eligible Persons will be based on staggered granting over the duration of the Scheme or in 1 single grant or separate and independent with each other;</p> <p>(iii) whether the Share Options and/ or Share Awards are subject to any vesting period, and if so, to determine the vesting conditions for the Share Options and/ or Share Awards; and</p> <p>(iv) whether any vesting condition has been fully and duly satisfied. If applicable, where the LTIS Committee has determined that the vesting conditions have been fully and duly satisfied, the LTIS Committee shall notify the Grantee the number of Share Options vested or which will be vested to him/ her on the vesting date.</p> <p>The Company shall ensure that allocation of LTIS Awards is verified by its Audit and Risk Management Committee at the end of each financial year as being in compliance with the criteria for allocation of LTIS Awards which have been disclosed to the Eligible Persons.</p> <p>No performance target has been set for the allocation of LTIS Awards at this juncture. The LTIS Committee may from time to time at its own discretion decide on the performance targets.</p>
(4)	Eligibility	<p>: Subject to the discretion of the LTIS Committee, only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Scheme:</p> <p>(i) in respect of an employee, the employee must, as at the date of the offer of the LTIS Award:</p> <p>(a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;</p> <p>(b) entered into a full-time or fixed-term contract with, and is on the payroll of, any company within the Group (excluding dormant subsidiaries), and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the relevant company within the Group; and</p>

No.	Terms	Details
(4)	Eligibility (<i>cont'd</i>)	<p>: (c) fulfilled any other eligibility criteria as may be set by the LTIS Committee at any time and from time to time.</p> <p>(ii) in respect of a Director, the Director must, as at the date of the offer of the LTIS Award:</p> <p>(a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;</p> <p>(b) has been appointed as a Director of any company within the Group (excluding dormant subsidiaries) for such period as may be determined by the LTIS Committee prior and up to the date of offer; and</p> <p>(c) fulfilled any other eligibility criteria as may be set by the LTIS Committee at any time and from time to time.</p> <p>(iii) in respect of a Director or an employee who is serving under an employment contract with any company within the Group (excluding dormant subsidiaries), such employment contract must be for a fixed duration of at least 1 year (which shall include any probation period), unless otherwise decided by the LTIS Committee in its absolute discretion; and</p> <p>(iv) the LTIS Committee may in its absolute discretion determine any other eligibility criteria and/ or waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the LTIS Committee shall be final and binding.</p> <p>Eligibility does not confer on an Eligible Person a claim or right to participate in the Proposed LTIS unless the LTIS Committee has made an offer to the Eligible Person in the manner set out in the By-Laws and the Eligible Person has accepted the offer in accordance with the terms of offer and the Proposed LTIS.</p> <p>The specific allotment to be made to any Interested Parties or a person connected with any of the Interested Parties, the specific allocation of LTIS Awards granted by the Company to him/ her under the Scheme must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and persons connected with them shall not have voted on the resolution approving their respective allocation.</p>
(5)	Retention period	<p>: The Shares to be issued/ transferred to a Grantee (save for a Grantee who is a non-executive Director) pursuant to the exercise of a Share Option or vesting of a Share Award under the Scheme, shall not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantees to hold the Shares issued under the Proposed LTIS to them as a long-term investment and not for any speculative and/ or realisation to yield a profit. Notwithstanding the foregoing, the LTIS Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restrictions on transfer as it sees fit.</p> <p>A Grantee who is a non-executive Director shall be subjected to the restrictions on dealing in accordance with any prevailing and applicable guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time including, but not limited to Paragraph 8.20 of the Listing Requirements which prohibits a non-executive Director from selling, transferring or assigning the Shares obtained through the LTIS Awards offered to him pursuant to the Scheme within 1 year from the date of offer of such LTIS Awards.</p>

No.	Terms	Details
(6)	Alteration of share capital and adjustment	<p>: In the event of any alteration in the share capital of the Company during the period of the Scheme (whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of CGB Shares or reduction or any other variation of capital), the LTIS Committee may, at its discretion, determine whether:</p> <ul style="list-style-type: none"> (i) in respect of the Proposed Share Option Scheme, the Option Price and/ or the number of Shares comprised in the Share Options; and (ii) in respect of the Proposed Share Grant Scheme, the Share Grant Price and/ or number of CGB Shares comprised in the Share Awards, <p>shall be adjusted and, if so, the manner in which such adjustments should be made.</p> <p>Such adjustments shall be confirmed in writing by the external auditors of the Company or an adviser (a person who is permitted to carry on regulated activity of advising corporate finance under the Capital Markets and Services Act, 2007 which includes a principal adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the Securities Commission Malaysia), to be in their opinion, fair and reasonable.</p>
(7)	Modifications, variations and/ or amendments to the By-Laws	<p>: Subject to the provisions of the By-Laws and compliance with the Listing Requirements, the LTIS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall, at its sole discretion, deems 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 the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/ or modification is made, stating that the amendment and/ or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Malaysia Depository Sdn Bhd.</p> <p>Subject to the By-Laws, the approval of the shareholders of the Company in a general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws (including any additions, modifications or amendments to or deletions of these By-Laws for purposes of complying with the Act) provided that no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:</p> <ul style="list-style-type: none"> (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or (ii) increase the number of Shares available under the Proposed LTIS beyond the maximum imposed by item (2) above (under Maximum number of CGB Shares available under the Proposed LTIS); or (iii) prejudice any rights of the shareholders of the Company; or (iv) alter any matter which is required to be contained in the By-Laws by virtue of the Listing Requirements to the advantage of an Eligible Person and/ or Grantee unless prior approval of the shareholders of the Company in a general meeting is obtained.

No.	Terms	Details
(8)	Termination of the Scheme	<p>: Subject to compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the LTIS Committee at any time before the date of expiry provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:</p> <ul style="list-style-type: none"> (i) the effective date of termination ("Termination Date"); (ii) the number of Share Options exercised and/ or Shares vested; and (iii) the reasons and justification for termination. <p>In the event of termination of the Proposed LTIS, the following provisions shall apply:</p> <ul style="list-style-type: none"> (i) no further LTIS Awards shall be made by the LTIS Committee from the Termination Date); (ii) all LTIS Awards which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date; and (iii) all outstanding Share Options which have yet to be exercised or vested and all outstanding Share Awards to any unvested Shares, as the case may be shall be automatically terminated on the Termination Date. <p>Approval or consent of shareholders by way of a resolution in a general meeting and written consent of the Grantees whose Share Options or Shares pursuant to Share Awards have yet to be exercised or vested are not required to effect the termination of the Scheme.</p>

4.2 Basis of determining the Option Price and issue price of the Share Award

Proposed Share Option Scheme

The Option Price of the Share Options shall be a price to be determined by the LTIS Committee based on the 5-day VWAP of the Shares immediately preceding the date of offer subject to a discount of not more than 10% or such other percentage or discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time.

Proposed Share Grant Scheme

A Share Award, once accepted by the Eligible Person, will vest at no cost to the Grantee if the vesting conditions stipulated in the said Share Award (if any) have been satisfied on the vesting date(s).

A Share Award under the Proposed Share Grant Scheme may be granted on a staggered basis over the duration of the Proposed LTIS. The vesting of CGB Shares under the Proposed Share Grant Scheme will be satisfied by the allotment and issuance of new CGB Shares and/ or by way of cash settlement as determined by the LTIS Committee.

The reference price of the CGB Shares under the Share Awards to be awarded will be determined based on the market value of the CGB Shares, which will take into account, among others the 5-day VWAP of CGB Shares immediately preceding the date of offer.

In the case of settlement by way of cash, the reference price used to determine the amount to be paid to the Grantee will be based on the market value of CGB Shares after taking into account, among others, the 5-day VWAP of CGB Shares immediately preceding the Share Award vesting date(s).

4.3 Rights attaching to the Share Options, Share Awards and ranking of the new CGB Shares

The LTIS Awards shall not carry any right to vote at any general meeting of the Company until the Shares are allotted and issued to the Grantee. The new CGB Shares to be issued arising from the Proposed LTIS will be subject to the provisions of the Company's Constitution relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company.

New CGB Shares to be issued arising from the Proposed LTIS, upon allotment and issuance, carry the same rights with the then existing CGB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

4.4 Listing of shares issued under the Scheme

The Shares to be issued under the Proposed LTIS will be listed on the Main Market of Bursa Securities. Bursa Securities had, vide its letter dated on 1 October 2021, granted its approval for, among others, the listing of and quotation for such number of new CGB Shares, representing up to 15% of the total number of issued shares of CGB (excluding treasury shares, if any) at any one time to be issued pursuant to the Proposed LTIS on the Main Market of Bursa Securities. Further information is set out in **Section 9** of this Circular.

5. UTILISATION OF PROCEEDS

The Proposals are not expected to raise any funds as the Bonus Shares, Warrants and LTIS Awards will be issued at no cost to the Company's shareholders and/ or Eligible Persons.

However, as and when the Warrants and Share Options (under the Proposed LTIS) are exercised, the exact quantum of proceeds that may be raised by CGB will depend upon the exercise price and actual number of Warrants and/ or Share Options exercised during the tenure of the Warrants/ Scheme. As such, the exact timeframe and the breakdown for the utilisation of the proceeds are not determinable at this juncture. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants based on the assumed exercise price of RM0.50 each, under the Maximum Scenario is set out below:

No. of Warrants	108,000,002
Total gross proceeds to be raised assuming full exercise of Warrants (RM)	54,000,001

The Company intends to utilise the proceeds arising from the exercise of the Warrants and/ or Share Options, if any, for the working capital of the Group. The proceeds to be raised from the exercise of the Warrants and/ or Share Options will be utilised to finance the Group's day-to-day operations, including the payment to contractors and suppliers for its construction projects as well as defrayment of operational and administrative expenses (e.g., staff costs, utilities, marketing expenses). The allocation of proceeds to be utilised for each component of working capital shall be subjected to the Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by the Board at a later date.

Pending utilisation of the proceeds to be raised as and when the Warrants and/ or Share Options are exercised, the proceeds may be placed in deposits with licensed financial institutions and/ or short-term money market instruments. The interest derived from the deposits with licensed financial institutions and/ or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group.

5.1 Equity fund raising exercise undertaken by the Company in the past 12 months up to the LPD

Reference is made to the Company's announcement dated 5 April 2021 ("**Private Placement Announcement**") in relation to the Private Placement. As at the LPD, CGB has allotted and issued 3,500,000 Placement Shares pursuant to the Private Placement raising gross proceeds of RM4.94 million as summarised below:

Tranche	Date of listing	Issue price per Placement Share (RM)	Number of Placement Shares	Gross proceeds raised (RM'000)
1	9 June 2021	2.000	1,000,000	2,000
2	27 September 2021	1.187	1,000,000	1,187
3	29 September 2021	1.173	750,000	880
4	1 October 2021	1.160	750,000	870
Total			3,500,000	4,937

The Company intends to continue pursuing the fund raising via the Private Placement and a summary of the intended utilisation is as follows:

- capital expenditure for the purchase and installation of a new masking tape coater production line ("**New Line**");
- funding for the Group's existing construction project;
- working capital; and
- estimated expenses relating to the Private Placement.

As at the LPD, the Group had only utilised RM0.09 million of the proceeds raised for expenses incurred in relation to the Private Placement (e.g., professional fee, placement fee and other miscellaneous expenses incurred in relation to the Private Placement). The balance proceeds of RM4.85 million (including RM2.94 million which were raised in the month of September 2021 up to the LPD) had yet to be utilised.

6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Bonus Issue of Shares

After due consideration, the Board is of the view that the Proposed Bonus Issue of Shares is the most appropriate avenue of rewarding the existing shareholders of the Company as the Proposed Bonus Issue of Shares will:

- provide the Company's shareholders with greater participation in the equity of the Company in terms of number of CGB Shares held and maintaining their percentage of equity interest in the Company; and
- be able to encourage the trading liquidity of CGB Shares on Bursa Securities via a greater participation of broader range of investors with the increase in the number of CGB Shares.

6.2 Proposed Free Warrants Issue

The Proposed Free Warrants Issue is intended to:

- (i) reward the Company's existing shareholders for their continuous support by enabling them to participate in convertible securities of the Company which are issued at no cost to them and tradable on Bursa Securities.

In this regard, the Board takes cognisance that the Group recorded losses attributable to the owners of the Company for FYE 2018 to FYE 2020 and 6M-FPE 2021 while the Proposed Free Warrants Issue is not expected to raise funds immediately and/ or on a "lump-sum" basis for the Group. Nevertheless, the Board views the Proposed Free Warrants Issue to be beneficial to the Company and its shareholders after having taken into consideration, among others, the following:

- (a) there are potential funds to be raised by the Group, as and when the Warrants are exercised. The proceeds are intended to be utilised as additional working capital which would be expected to yield benefits to the Group. Thus, the Group would be able to raise funds from the equity market without incurring interest cost as opposed to bank borrowings thereby minimising any potential cash outflow in respect of interest servicing costs and principal repayments. This would allow the Group to preserve its cash flow and may potentially enhance the Company's shareholders' value.

Please refer to the impact of the Proposed Free Warrants Issue and value creation to the Group and the Company's shareholders as set out in **Section 7.8** of this Circular, for further details; and

- (b) the Proposed Free Warrants Issue is a potential avenue for funds to be raised in future i.e., when Warrant holders exercise their Warrants (if any) which will in turn provide additional working capital to the Group prior to the expiry of the Warrants. The Warrants have a tenure of 3 years and the Board intends to fix an exercise price which makes the Warrants attractive to encourage the shareholders to exercise the Warrants.

Please refer to the adequacy of the Proposed Free Warrants Issue in addressing the financial concerns of the Group as set out in **Section 7.9** of this Circular, for further details;

- (ii) the exercise of the Warrants into new Shares would strengthen the Group's capital base and shareholders' funds as well as potentially provide funds for the Group to finance its working capital requirements and improve its gearing;
- (iii) provide the existing shareholders of the Company with an opportunity to increase their equity in the Company at a predetermined price during the tenure of the Warrants; and
- (iv) allow the existing shareholders of the Company to further participate in the future prospects and growth of the Group and/ or any potential capital appreciation in the Warrants and CGB Shares, as and when the Warrants are exercised.

6.3 Proposed LTIS and Proposed Allocations

The objective of incorporating both the Proposed Share Option Scheme and Proposed Share Grant Scheme under the Proposed LTIS is to provide the Company with the flexibility in determining the mode/ manner of rewarding its employees at the relevant point in time which will take into consideration various factors, among others, impact to the earnings and funding requirements of the Group.

The Proposed LTIS is established to achieve the following objectives:

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company;
- (iv) to align the interests of the Eligible Persons with the interests of the shareholders by providing an incentive for the Eligible Persons to participate in the future growth of the Group and motivating them towards achieving better performance; and
- (v) to attract and retain high-calibre Eligible Persons.

The non-executive Directors are also eligible to participate in the Scheme. This is to recognise their contribution to the Company, their independent views in the decision making process and maintaining good corporate practices. The LTIS Awards under the Proposed LTIS will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive Directors who will assist in providing inputs in the overall strategic decisions and direction of the Group.

7. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

Based on the Company's annual report for the FYE 2020, CGB Group's primary geographical markets are Malaysia and Asia (excluding Malaysia) contributing 86.01% and 9.53%, respectively to the Group's revenue. Other countries (comprising Australia, United States of America ("USA") and Europe) collectively contributed to 4.45% to the Group's revenue for the FYE 2020. As such, the Company has set out below the overview and outlook of Malaysia, Asia-Pacific region, USA and Europe.

7.1 Economic outlook of Malaysia

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order (FMCO). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

(Source: *Developments in the Malaysian Economy, Quarterly Bulletin Second Quarter 2021, Bank Negara Malaysia*)

The Malaysian economy was on track for a broad recovery in 2021 as compared to last year. However, the resurgence of COVID-19 cases has necessitated the re-imposition of nationwide containment measures, which would weigh on growth. Nevertheless, the impact will be partially mitigated by continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will continue to be supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the economic recovery will be underpinned by higher external demand and gradual improvement in domestic demand. The rapid progress of the nationwide vaccination programme will allow economic sectors to be gradually reopened and provide some lift to household and business sentiments.

Against this backdrop, for 2021, the Malaysian economy is projected to expand within the range of 3.0 – 4.0%, although the pace of recovery will be uneven across sectors. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

The balance of risks remains tilted to the downside, arising mainly from pandemic-related factors, such as delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery.

(Source: *Macroeconomic Outlook, Quarterly Bulletin Second Quarter 2021, Bank Negara Malaysia*)

7.2 Economic outlook of Asia-Pacific region

The economic outlook for the Asia-Pacific region has improved in recent months after a sharp contraction in 2020, but recovery will be uneven and fragile as the global pandemic has deepened in some places. Asia-Pacific economies are expected to grow by 6.9% in 2021 compared to the contraction of 2.2% in 2020.

(Source: *Regional Economic Outlook Asia and Pacific: Navigating the Pandemic: A Multispeed Recovery in Asia, International Monetary Fund*)

Growth in the Asia-Pacific region is largely reflecting a strong rebound in China. Nevertheless, output in two-thirds of the countries in the region will remain below pre-pandemic levels until 2022. The pandemic is expected to dampen potential growth in many economies, especially those that suffered most from extended outbreaks of COVID-19 and the collapse of global tourism and trade.

(Source: *Global Economic Prospects, June 2021, World Bank*)

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7.3 Economic outlook of USA and the European region

USA

Growth in advanced economies is forecast to reach 5.4% in 2021, 2.1% points higher than envisioned in January, powered by stronger than expected momentum leading into 2021, faster vaccination in several countries, additional USA fiscal support, and the release of sizable pent-up demand. USA growth is expected to outperform that of other major advanced economies due to its more rapid vaccine rollout and larger fiscal support. After this year's rebound, growth is expected to moderate but remain robust in 2022 as the removal of pandemic control measures continues.

(Source: Global Economic Prospects, June 2021, World Bank)

In all, USA growth is projected to reach 7.0% in 2021, 0.6% point above April forecasts, deriving from better access to COVID-19 vaccines, continued fiscal support, and the impact of anticipated legislation boosting infrastructure investment and strengthening the social safety net in the second half of 2021. The additional fiscal support is expected to lift 2022 growth by 1.1% point, with positive spillovers to trading partners.

(Source: World Economic Outlook Update, July 2021, International Monetary Fund)

Euro area

A slow and inconsistent vaccine rollout and the need to maintain stringent mobility restrictions in the face of more transmissible variants have constrained the pace of recovery in the first half of the year. The Euro area is set to experience a strong recovery in the second half of 2021, alongside the expected acceleration of vaccinations and a relaxation of pandemic restrictions.

Growth in 2021 is projected to reach 4.2%, 0.6% point above January forecasts, and pick up further to 4.4% in 2022 as European region countries steadily unwind pandemic controls, enabling the continued release of pent-up demand. Disbursement of Next Generation European Union (EU) grants and loans will also contribute to the recovery over the forecast horizon, helping to finance various growth-enhancing investments, including green and digital infrastructure.

More generally, advanced economies continue to experience a two-track recovery, with sales and production of goods nearing or exceeding their pre-pandemic levels, while services sectors struggle to overcome headwinds from the pandemic and associated lockdown measures. Although labour markets so far are healing at a faster pace than during the global financial crisis, employment in early 2021 remains well below its pre-pandemic level.

(Source: Global Economic Prospects, June 2021, World Bank)

7.4 Outlook of Malaysian manufacturing sector

The manufacturing sector is expected to record robust growth as the COVID-19 pandemic accelerates the structural shifts towards digitalisation, spurring demand for telecommunications, cloud computing and medical device products. Malaysia's electrical and electronics ("E&E") cluster will stand to benefit as it is well integrated in these global value chains. Growth in the primary-related cluster is also expected to benefit from increased production of refined petroleum and petrochemical from the large petrochemical facilities in Johor.

On the domestic-front, production in the construction-related manufacturing clusters are also expected to be supported by the pick-up in construction of large infrastructure projects. Growth in the consumer-related manufacturing cluster is also expected to improve, in tandem with the recovery in consumption activity, as most major consumer industries and their supply chain are expected to operate, while observing the standard operating procedures (SOPs). Manufactured exports is expected to expand by 8.4% in 2021 (2020: 0.8%), supported by broad-based improvement across both the E&E and non E&E segments. Capacity expansion and commencement of new E&E production facilities will enable firms to benefit from the stronger global demand for semiconductors.

(Source: *Economic and Monetary Review 2020, Bank Negara Malaysia*)

Growth in the manufacturing sector expanded by 26.6% (1Q 21: 6.6%). On a seasonally adjusted, quarter-on-quarter basis however, manufacturing growth declined by 1.5%. This was a result of the imposition of MCO 3.0 which impacted demand domestically for products in the consumer- and construction-related clusters. Demand conditions for export-oriented industry remained resilient amid the continued global tech upcycle and recovery in global growth. Manufacturing growth was further impacted by the Full MCO Phase 1, which limited operations to only essential sectors and those in the global value chain.

(Source: *Developments in the Malaysian Economy, Quarterly Bulletin Second Quarter 2021, Bank Negara Malaysia*)

7.5 Outlook of Malaysian construction sector

The construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects. The civil engineering subsector will continue to be the main driver of the construction sector. Among the major infrastructure projects include Mass Rapid Transit 2 (MRT2), Light Rail Transit 3 (LRT3), West Coast Expressway (WCE) and Bayan Lepas Light Rail Transit (LRT) as well as Pan Borneo and Coastal Highways in Sarawak. Utility projects include the Langat 2 Water Treatment Plant, Baleh Hydroelectric Dam and Sarawak Water Supply Grid Programme (Phase 1).

The residential subsector is anticipated to improve, supported by various measures taken by the Malaysian government to address the property overhang situation. Among the measures include the extension of Home Ownership Campaign (HOC), exemption of Real Property Gains Tax (RPGT), the introduction of Rent-To-Own (RTO) scheme as well as reduction of foreign ownership threshold. The performance of the non-residential subsector is expected to recover marginally, supported by on-going commercial projects, including Bukit Bintang City Centre, Cyberjaya City Centre, Forest City and Malaysia Vision Valley 2.0.

(Source: *Macroeconomic Outlook, Economic Outlook 2021, Ministry of Finance*)

The construction sector registered a strong positive growth of 40.3% (1Q2021: -10.4%). Growth was supported by the continuation of construction works in large infrastructure projects and on-going implementation of small-scale projects under the 2021 Budget, Program Strategik Memperkasa Rakyat dan Ekonomi (“PEMERKASA”) and PEMERKASA+ stimulus packages. However, on a seasonally adjusted, quarter-on-quarter basis, construction growth declined by 3.2%. Activity was disrupted by the restrictions under Phase 1 of the FMCO, where only essential construction projects were allowed to operate, albeit at a reduced capacity.

(Source: *Developments in the Malaysian Economy, Quarterly Bulletin Second Quarter 2021, Bank Negara Malaysia*)

7.6 Prospects and future plans of the Group

The Group is currently involved in:

- **Manufacturing segment**
Under its manufacturing segment, the Group's business activities include manufacturing, trading, marketing and sales of self-adhesive label stocks and tapes of its own brand and of others as well as related products; and
- **Construction segment**
The Group's construction segment's principal activities include, being a contractor of building and infrastructure, general contract works and trading of building materials.

The implementation of the MCO (including subsequent phases of movement control orders) to contain the spread of COVID-19 in the country saw most business operations coming to a complete halt in March 2020, but have gradually resumed business operations until to date, adhering to stringent operating procedures imposed by the Malaysian government, to curb the spread of COVID-19.

On 28 May 2021, the Malaysian government announced the imposition of a three-phase nationwide lockdown (full MCO 3.0). The three-phase nationwide lockdown started with a full lockdown from 1 June 2021 to 14 June 2021, and further extended to 16 July 2021, where all sectors were not allowed to operate during this period except for those in the essential economic and service sectors. On 27 June 2021, the Malaysian government announced that the full MCO 3.0 is known as Phase 1 of Movement Control under the National Recovery Plan ("**NRP**"). During the Parliament meeting held on 26 July 2021, the Malaysian government expects to reopen the economy and lift movement controls for most states as early as October 2021 as the country ramps up its COVID-19 immunisation programme. On 15 August 2021, the Malaysian government announced that non-essential activities in the manufacturing, construction, mining and quarrying sectors for all states under Phases 1, 2 and 3 of the NRP are allowed to operate from 16 August 2021, with operating capacity dependent on the level of vaccination of the workers. On 22 September 2021, the Malaysian government announced that the attendance of employees for each business is allowed to operate at full capacity provided that the employer and all employees are fully vaccinated. As at the LPD, CICB's employees are fully vaccinated. Echoing the sentiments felt domestically and across regions as stated in **Sections 7.1 to 7.5** of this Circular, the Group's business and operations too have been impacted by the adverse effects of the pandemic.

(i) **Manufacturing**

The Group's manufacturing division which is undertaken by CICB focuses on manufacturing and sales of self-adhesive label stocks and tapes. The Group's existing manufacturing plant is located in Mukim Sungai Pasir, Kuala Muda, Kedah on a factory land area measuring approximately 7.99 acres (or approximately 347,836 square feet).

The Group's manufacturing operations continue to face headwinds with the softening domestic and slowing Malaysian economy. For the export segment, on-going USA and China trade tensions resulted in increased regional competition as Chinese manufacturers for masking tapes and label stocks lowered prices to support manufacturing output. In addition, the outbreak of COVID-19 pandemic has affected the Group's business due to imposition of the various MCOs to curb the spread of COVID-19.

The revenue from the Group's manufacturing segment for the latest financial year declined by 3.08% from RM54.15 million in FYE 2019 to RM52.48 million in FYE 2020 mainly due to lower sales during the first half of 2020. There was lower demand for the Group's products as most of the Group's domestic customers remained closed over the duration of the initial MCO (imposed by the Malaysian government from 18 March 2020 until 3 May 2020) although some of the Group's labels stocks customers were operating, being part of the essential goods supply chain. In addition, the Group's manufacturing operations faced supply chain disruptions (shortages of certain raw materials used to manufacture tapes products) as well as logistics challenge (to deliver products from its plant to customers who were operating). Notwithstanding the above, some of the Group's customers for export markets remained partially open and the Group was able to meet the requirements of these export customers during the MCO as local haulage and international shipping lines remained open. As the market moved to recovery in the 2nd half of 2020, the Group's sales momentum continued with customers adjusting to post-pandemic activities. The Group's manufacturing segment recorded a segment profit of RM0.12 million in FYE 2020 (FYE 2019: segment loss of RM1.35 million). **Section 6 of Appendix III** sets out the financial commentaries of CGB Group for the FYE 2018, FYE 2019 and FYE 2020 as well as 6M-FPE 2020 and 6M-FPE 2021.

Under the Phase 1 of Movement Control under the NRP, all sectors were not allowed to operate except for those in the essential economic and service sectors. The Group's manufacturing plant which is located in Mukim Sungai Pasir, Kuala Muda, Kedah was also subjected to enhanced movement control order from 5 July 2021 till 1 August 2021. In August 2021, CICB was only allowed to operate with 60% workforce. On 22 September 2021, the Malaysian government announced that the attendance of employees for each business is allowed to operate at 100% capacity provided that the employer and all employees are fully vaccinated. As at the LPD, CICB has resumed operations at full capacity. The Board views that the MCO may affect the Group's financial performance for FYE 2021 as the Group's manufacturing plant was only allowed to carry out certain operational activities deemed necessary by the relevant authorities and subject to compliance with the standard operating procedures and conditions imposed under various MCOs and the relevant authorities. Although CICB is allowed to operate at 100% capacity, the Board remains cautious at this juncture on the prospects of the Group's manufacturing segment in the near term. Furthermore, continued demand for the Group's products is also dependent on continued recovery of the economy.

Measures taken to improve the Group's manufacturing operations and mitigate the impact of COVID-19 on the Group's manufacturing segment

CICB had in July 2021 participated in the Program Imunisasi Industry COVID-19 Kerjasama Awam-Swasta ("**PIKAS**") to provide vaccination for its employees. PIKAS is a public-private partnership vaccination program under Phase 4 of the National Covid-19 Immunization Program (PICK) intended to facilitate the Malaysian government's efforts to accelerate vaccination for the Malaysian public and achieve herd immunity by increasing the vaccination uptake among the Malaysian work force and reduce the number of COVID-19 workplace clusters. With the participation in the PIKAS, the Group hopes to contribute in curbing the current pandemic situation and remains hopeful that the provision of vaccination to its employees of the manufacturing plant could reduce the chances of workplaces cluster and thereby ensuring business continuity in this challenging business operating environment. As at the LPD, CICB's employees are fully vaccinated.

Despite the challenging external economic pressures to the Group's manufacturing operations, the Group remains resilient and steadfast in meeting these challenges. Some of the strategies and measures undertaken by the Group's manufacturing operations include:

- (a) continue to improve the Group's manufacturing operational efficiencies and quality to support the growth of masking tapes sales to the domestic segment. Among the initiatives undertaken by the Group include the following:
 - Group's Enterprise Resource Planning (ERP) system has facilitated the plant in enhancing material and process management as well as routing and product costing refinement; and
 - KAIZEN (Japanese term meaning "continuous improvement") and LEAN (LEAN is a concept of efficient manufacturing/operations) concepts continue to drive productivity and quality;
- (b) continue with supply chain strategies by undertaking cost reduction initiatives of key raw materials, to mitigate higher cost of sales. To this end, the manufacturing operations were successful in developing alternative lower cost crepe paper with the Group's existing suppliers which resulted in cost savings;
- (c) continue to actively seek out new agencies/ products to be launched, in addressing changes in consumer preferences, increasing competition and advances in technology;
- (d) communication and discussions are carried out on a daily basis with personnel at all levels to keep them updated with the latest progress of the manufacturing plant and latest changes in the standard operating procedures by the relevant authorities in-line with the various MCO imposed by Malaysian government;
- (e) planning for further capacity expansion driven by market opportunities in the competitive self-adhesive tapes markets to cater for growing demand from domestic and export customers. The products manufactured by CGB Group are more suitable for the South East Asian market such as adaptable to humidity and heating treatment. The products manufactured have the required quality and adaptableness to cater for, in particular the automotive industry; and
- (f) prudent costs monitoring including reducing and removing unnecessary expenses will be a key focus area for manufacturing.

(ii) Construction

The Group's construction unit, PBSB[^], is a contractor with Category G7 registered with the Construction Industry Development Board (CIDB). With the G7 categorisation, PBSB is qualified to tender and carry out all categories of private construction contracts. The Group's construction segment is focused on providing the full spectrum of construction works, construction related activities, mainly in residential and commercial developments in Malaysia.

Note:

[^] *PBSB became a wholly-owned subsidiary of CICC (also a wholly-owned subsidiary of CGB) effective 4 February 2021.*

The revenue from the Group's construction segment for the latest financial year increased by 8.90% from RM59.91 million in FYE 2019 to RM65.24 million in FYE 2020 mainly due to:

- (i) revenue contributed by the Beacon Project and Eco Horizon Project. Both of these projects contributed a total of RM54.84 million to the Group. Both projects were subsequently completed in first half of 2021; and
- (ii) revenue from the Montage Project which was secured in FYE 2020. The construction work commenced in July 2020.

Despite higher revenue, the Group's construction segment recorded a segment loss of RM4.70 million in FYE 2020 (FYE 2019: segment profit of RM3.17 million). The outbreak of the COVID-19 pandemic affected the Group's business as the project sites were temporarily shut down due to imposition of the initial MCO by the Malaysian government (from 18 March 2020 until 3 May 2020). The Group had on 4 May 2020 resumed operations in accordance with relevant guidelines and standard operating procedures. With the implementation of the initial MCO, the Group's construction projects were brought to a complete halt, directly increasing the costs to complete the projects. The loss incurred for the Group's construction segment for the FYE 2020 was largely due to the revision of gross profit for its ongoing projects after taking into consideration the impact of additional costs for mobilization following the initial MCO and the prolonging of the construction period. Upon upliftment of the initial MCO, the Group re-mobilised works at its project sites. The Group has been working closely with its clients on applications for extension of time to account for the extra time and expenses needed due to the unexpected disruptions to operations. **Section 6 of Appendix III** sets out the financial commentaries of CGB Group for the FYE 2018, FYE 2019 and FYE 2020 as well as 6M-FPE 2020 and 6M-FPE 2021.

Under the Full MCO 3.0 (known as Phase 1 of Movement Control under the NRP) imposed on 28 May 2021, the list of essential services consist of 17 sectors and "critical" construction works allowed to operate are limited to critical maintenance and repair works, construction of important public infrastructure, and construction of workers quarters at construction sites or for "centralised labour quarters" (CLQ). During the imposition of the Full MCO 3.0, CGB Group has 2 key on-going projects:

- (i) construction work for Montage Project; and
- (ii) upgrade of the water supply system work in Lahad Datu, Sabah.

PBSB's on-site project activities for Montage Project was suspended as Montage Project is not classified under "critical" construction works. Nevertheless, PBSB has since resumed its on-site project activities upon MITI's approval. The Board views that the said suspension may have an impact on the progress of the on-going projects. While the Group will request for extension of time for completion of projects, this may result in delays in its work schedule and in turn, may affect its financial performance. As such, the Board remains cautious at this juncture on the prospects of the construction business of the Group in the near term.

Measures taken to improve the Group's construction operations and mitigate the impact of COVID-19 on the Group's construction segment

Since the initial MCO in March 2020 till the LPD, PBSB has been continuously updating its standard operating procedures in adherence with the Malaysian government's and relevant authorities' requirements to sustain its business operations while minimising the spread of COVID-19 among its workforce.

As at 30 September 2021, the Group's outstanding orderbook stood at RM130.71 million. The unprecedented economic impact of the COVID-19 will continue to have a bearish effect on the construction industry. However, PBSB has reorganised its resources internally to enhance efficiency and productivity of the team and to optimize the Group's cash flow position.

Moving forward, PBSB will focus on delivering the on-going projects which will continue to contribute to the Group's revenues and profits. Amidst the current challenging business operating environment, the Group continues to work closely with its network of developers in securing potential development projects. The Group endeavours to deliver its projects with quality and timeliness to build its reputation in the construction industry. PBSB is also looking forward to actively participate in some open tenders for infrastructure projects. The Group's marketing efforts will focus mainly on looking into working closely with established construction players to jointly/ collaborate in undertaking some of these public infrastructure projects.

Despite the challenging conditions due to the COVID-19 pandemic, the Group had in FYE 2020 secured a new project, namely the Montage Project* with a contract value of RM42.24 million. In addition, the Group continues to tender and secure more projects to sustain the Group's construction business and future profitability.

Note:

* *This project was suspended due to the Full MCO 3.0 and allowed to resume with effect from 5 August 2021.*

On 16 April 2021, PBSB accepted a letter of award from RYRT International Sdn. Bhd. ("**RYRT**") for Phase 1 of "Projek Menaiktaraf Sistem Bekalan Air" located at Lahad Datu with a contract value of RM100.54 million. The scope of works encompasses the supply of labour, materials, machinery and equipment relating to the upgrading of water supply infrastructure connecting Kg Belacon to the water treatment plant located at Jalan Dam, and further connecting to the main water reservoir at Lahad Datu, Sabah. This project commenced on 28 April 2021 and is expected to be completed in June 2023.

On 9 June 2021, PBSB entered into a Memorandum of Understanding ("**MOU**") with Multi Scopes Engineering Sdn. Bhd. ("**MSE**") to establish a joint venture to undertake infrastructural works on a sewage treatment plant in Selangor with an estimated contract value of up to RM250.00 million. As at the LPD, the joint venture has not been formed as parties are still in discussion stage.

Notwithstanding the current uncertain operating environment, the Board believes that by proceeding with its plans and strategies as mentioned above, the Group has the opportunity to create economic value and increase its earnings potential in the near future. As the COVID-19 pandemic situation is still evolving, the Group will remain vigilant by closely monitoring developments to ascertain the magnitude of the on-going impact from the COVID-19 pandemic and will continue to exercise prudence in managing the operations of the Group. Premised on the above, the Board is cautiously optimistic on the gradual recovery of the Malaysian economy. Nevertheless, the Board is looking forward to better economic prospects in 2022 in view of the global roll-out of vaccines as well as the Malaysian government's expectation of achieving herd immunity by end of 2021 and the initiatives announced by the Malaysian government.

(Source: Management of CGB)

7.7 Steps or actions which have been taken/ will be taken to improve the financial condition of the Group

Section 7.6(i) and **Section 7.6(ii)** of this Circular sets out the measures taken to improve the Group's manufacturing operations and mitigate the impact of COVID-19 on the Group's manufacturing segment as well as measures taken to improve the Group's construction operations and mitigate the impact of COVID-19 on the Group's construction segment. The Group has taken steps to improve its financial performance and strengthen its financial position which include the following:

(i) Secure more projects/ contracts/ business arrangements to sustain the Group's construction business and future profitability

The Group has been seeking new opportunities and projects to enable the Group to generate more revenue from its construction segment. Some of the major projects successfully secured in FYE 2021 and currently undertaken by the Group are as follows:

- (a) On 16 April 2021, PBSB accepted a letter of award from RYRT for Phase 1 of "Projek Menaiktaraf Sistem Bekalan Air" located at Lahad Datu with a contract value of RM100.54 million. The scope of works encompasses the supply of labour, materials, machinery and equipment relating to the upgrading of water supply infrastructure connecting Kg Belacon to the water treatment plant located at Jalan Dam, and further connecting to the main water reservoir at Lahad Datu, Sabah. This project commenced on 28 April 2021 and is expected to be completed in June 2023; and
- (b) On 9 June 2021, PBSB entered into a MOU with MSE to establish a joint venture to undertake infrastructural works on a sewage treatment plant in Selangor with an estimated contract value of up to RM250.00 million. As at the LPD, the joint venture has not been formed as parties are still in discussion stage.

Notwithstanding to the above, the Group will continue to pursue more contracts for its construction business when the opportunity arises to improve its financial condition, including exploring potential partnerships and/ or participating in more tenders. As at 30 September 2021, the Group's outstanding orderbook stood at RM130.71 million.

(ii) Venture into new business activities

On 25 August 2021, CGTSB entered into a MOU with Smart Sabah Corporation Sdn. Bhd. ("**SSC**") to establish a framework for collaboration in respect of business opportunities and/ or potential business ventures that may involve planning, design, development, implementation and maintenance of the dashboard for the Ministry of Finance, Sabah, which is under the purview of the State Government of Sabah. The MOU will expire 6 months from the MOU date (i.e., 25 August 2021) ("**Effective Period**") and may be extended for a further period to be mutually agreed by the parties within 1 month prior to the expiry of the Effective Period.

SSC is a wholly-owned company of the State Government of Sabah. SSC is engaged in the business of information and communication and technology (ICT) consultant, and solution provider on data communication and event management. SSC is tasked to provide technological ecosystem (comprising solutions, hardware and infrastructure) to meet the Smart Sabah 2030 vision (an initiative towards the digitalisation of Sabah).

The MOU is one of the Group's initiatives to explore other businesses which will potentially provide an additional source of income to the Group. As at the LPD, CGTSB and SSC are still in the preliminary stage of discussion on, among others, for CGB Group to gain understanding on the overall project requirements and Smart Sabah 2030 initiatives. The Company will make the appropriate announcements on any material developments in respect to the MOU pursuant to the Listing Requirements, if required.

(iii) Increase production capacity of masking tape

The Group's plans for its manufacturing operations include:

- continuing focus on production and sales of masking tapes;
- keeping critical production volumes up;
- undertaking efforts to drive efficiencies in production to minimise wastages; and
- ensuring consistency in product quality,

all of which are key to support sustainable and recurring orders, especially for export orders for the South East Asian market.

In line with the Group's plans for its manufacturing operations, the Group has embarked on an expansion plan to increase the production capacity of masking tape. The group is in the midst of finalising the purchase of machinery and to install a new masking tape coater production line (New Line) which is expected to generate production capacity of approximately 50 million meters² per annum. Thus, with the addition of the New Line, the Group's total production capacity will increase to 70 million meters² per annum. The New Line will be located in the Group's existing manufacturing facility which would occupy approximately 22,755 square feet. The Board expects the New Line to be commissioned by October 2022 and commence commercial production by January 2023.

(iv) Cost rationalisation efforts

Since the outbreak of the COVID-19 pandemic, the Group has been carrying out cost rationalisation efforts which includes, among others, continuous monitoring of its operations to contain the Group's costs and made efforts to improve operational productivity in order to optimise operational efficiency. The Group is exercising prudence in manpower planning and spending by striving to maintain its workforce at the optimum level to meet its operational requirements. The Group's Enterprise Resource Planning (ERP) system has facilitated its manufacturing plant in enhancing material and process management as well as routing and product costing refinement. These are expected to improve the Group's financial performance moving forward.

7.8 Impact of the Proposed Free warrants Issue and value creation to the Group and the Company's shareholders

The Proposed Free Warrants Issue, which is to be issued on a pro-rata basis, is not expected to raise funds immediately and/ or on a "lump-sum" basis as the Warrants will be issued at no cost to the Warrants Entitled Shareholders. However, as and when the Warrants are exercised during the tenure of the Warrants of 3 years, the Proposed Free Warrants Issue will enable the CGB Group to raise additional funds for its working capital. Under the Maximum Scenario and based on the assumed exercise price of RM0.50, the Group may potentially raise gross proceeds of up to RM54.00 million over the tenure of the Warrants of 3 years. **Section 5** of this Circular sets out, among others, the utilisation of proceeds arising from the exercise of Warrants.

The potential funds to be raised from the exercise of Warrants will be utilised as additional working capital for the Group's day-to-day operations such as payment to contractors and suppliers for its construction projects as well as defrayment of operational and administrative expenses (e.g., staff costs, utilities, marketing expenses), depending on the Group's operational requirements at the time of utilisation.

Notwithstanding the above, there will be a corresponding dilution in CGB's consolidated EPS as a result of the increase in the number of Shares arising from the Proposed Free Warrants Issue (when the Warrants are exercised). The potential effect of the Proposed Free Warrants Issue on the future earnings and EPS of the Group will depend upon, among others, the number of Shares issued pursuant to the exercise of Warrants at any point in time and the potential benefits from the utilisation of the proceeds. The effects of the Proposed Free Warrants Issue on the Company's share capital, consolidated NA and gearing, consolidated earnings and EPS and substantial shareholders' shareholding are set out in **Section 8** of this Circular.

Furthermore, the potential funds to be raised from the exercise of Warrants will enable the Group to tap into the equity market to raise funds without incurring interest cost as opposed to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs and principal repayments thus preserving the Group's cash flow and may potentially enhance the Company's shareholders' value.

7.9 Adequacy of the Proposed Free Warrants Issue in addressing the financial concerns of the Group

As set out in **Section 3.3** of this Circular, in determining the exercise price of the Warrants, the Board intends to fix the exercise price of the Warrants at a discount of not more than 20% to the TE BP of CGB Shares calculated based on the 5-day VWAP prior to the price fixing date. This discount was determined after taking into consideration the prospects and future plans of the Group as well as future funding requirements, and thus the need to fix an exercise price which makes the Warrants attractive to encourage the shareholders to exercise the Warrants.

The Board takes cognisance that the Proposed Free Warrants Issue is not expected to raise funds immediately and/ or on a "lump-sum" basis as the Warrants will be issued at no cost to the Company's shareholders. However, the potential funds to be raised from the exercise of Warrants (if any) would serve as additional working capital to the Group, as set out in **Section 7.8** of this Circular. As such, the Board is of the view the Proposed Free Warrants Issue is one of the avenues of fund raising in future (if the Warrants are exercised), which will contribute to the Group's future financial requirements.

There is no assurance that all the Warrants will be fully exercised throughout the tenure of the Warrants and therefore Company will continue to explore and evaluate other suitable funding proposals for the Group's financing requirements. As set out in **Sections 7.6** and **7.7** above, the Company is also taking steps to improve the Group's financial performance and strengthen its financial position.

8. EFFECTS OF THE PROPOSALS

For illustrative purposes, the pro forma effects of the Proposals are based on the following scenarios:

Minimum Scenario	Based on the total number of 93,500,002 issued CGB Shares as at the LPD and assuming none of the 14,500,000 Placement Shares are placed out.
Maximum Scenario	Based on the total number of 93,500,002 issued CGB Shares as at the LPD and assuming the remaining 14,500,000 Placement Shares are fully placed out.

8.1 Share capital

The pro forma effect of the Proposals on the share capital of the Company is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Share capital as at the LPD	93,500,002	56,343,431	93,500,002	56,343,431
Issuance of Placement Shares	-	-	14,500,000	(1) 17,797,300
Issuance of Bonus Shares	93,500,002	56,343,431	108,000,002	74,140,731
	93,500,002	-	108,000,002	-
New Shares to be issued assuming full exercise of Warrants	187,000,004	56,343,431	216,000,004	74,140,731
	93,500,002	(2) 46,750,001	108,000,002	(2) 54,000,001
New Shares to be issued pursuant to the Proposed LTIS	280,500,006	103,093,432	324,000,006	128,140,732
	42,075,000	(3) 21,879,000	48,600,000	(3) 25,272,000
Enlarged share capital	322,575,006	124,972,432	372,600,006	153,412,732

Notes:

- (1) Based on an illustrative issue price of RM1.2274 (being the 5-day VWAP of CGB Shares up to the LPD) for each Placement Share.
- (2) Based on the assumed exercise price of RM0.50 per Warrant.
- (3) Assuming all the Share Options are exercised into new CGB Shares at the illustrative exercise price of RM0.52 per new CGB Share, which represents a discount of approximately 9.69% to the theoretical ex-bonus and ex-warrants price ("TEBWP") of RM0.5758 each, calculated based on the 5-day VWAP of CGB Shares up to the LPD of RM1.2274.

For illustration purposes, the TEBWP of CGB Shares is arrived at based on the following formula:

TEBWP	=	$\frac{(P \times Y) + (X \times Ep)}{Y + X}$
	=	$\frac{(0.6137 \times 2) + (1 \times 0.50)}{(2 + 1)}$
	=	<u>RM0.5758</u>

Where:

P	=	TEBP of CGB Shares (RM0.6137, calculated based on the 5-day VWAP of CGB Shares up to the LPD of RM1.2274. The computation is set out in Section 2.1 of this Circular.)
Y	=	Number of existing Shares (unit) to be held in order to be entitled for 1 Warrant
X	=	Warrant (unit)
Ep	=	Exercise price of each Warrant (RM)

The Proposed LTIS will not have any immediate effect on the Company's existing total number of issued shares, which will increase in accordance with the number of new CGB Shares to be issued pursuant to the Proposed LTIS.

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8.2

NA and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group are as follows:

Minimum Scenario

	Audited as at 31 December 2020 (RM'000)	(I) After subsequent events (RM'000)	(II) After (I) and the Proposed Bonus Issue of Shares (RM'000)	(III) After (II) and the Proposed Free Warrants Issue (RM'000)	(IV) (4)After (III) and assuming full exercise of Warrants (RM'000)
Share capital	51,407	(1)56,343	56,343	56,343	103,093
Translation reserve	248	248	248	248	248
Accumulated losses	(6,748)	(2)(6,855)	(3)(7,185)	(7,185)	(7,185)
Shareholders' funds / NA	44,907	49,736	49,406	49,406	96,156
Non-controlling interests	1,926	1,926	1,926	1,926	1,926
Total equity	46,833	51,662	51,332	51,332	98,082
No. of Shares in issue ('000)	90,000	93,500	187,000	187,000	280,500
NA per Share (RM)	0.50	0.53	0.26	0.26	0.34
Total borrowings (RM'000)	3,429	3,429	3,429	3,429	3,429
Gearing (times)	0.07	0.07	0.07	0.07	0.03

Notes:

- (1) After accounting for the placement of 3,500,000 Placement Shares. Further details of the Private Placement (including the issue prices and listing dates for different tranches of Placement Shares) are set out in **Section 5.1** of this Circular.
- (2) Taking into account the expenses of RM0.11 million for the implementation of the Private Placement.
- (3) After deducting estimated expenses of RM0.33 million in relation to the Proposals.
- (4) Based on the assumed exercise price of RM0.50 per Warrant.

Maximum Scenario

	Audited as at 31 December 2020 (RM'000)	(I) ⁽¹⁾ After subsequent events (RM'000)	(II) ⁽³⁾ After placement of the remaining Placement Shares (RM'000)	(III) After (II) and the Proposed Bonus Issue of Shares (RM'000)	(IV) After (III) and the Proposed Free Warrants Issue (RM'000)	(V) ⁽⁶⁾ After (IV) and assuming full exercise of Warrants (RM'000)
Share capital	51,407	⁽¹⁾ 56,343	74,141	74,141	74,141	128,141
Translation reserve	248	248	248	248	248	248
Accumulated losses	(6,748)	⁽²⁾ (6,855)	⁽⁴⁾ (7,232)	⁽⁵⁾ (7,562)	(7,562)	(7,562)
Shareholders' funds / NA	44,907	49,736	67,157	66,827	66,827	120,827
Non-controlling interests	1,926	1,926	1,926	1,926	1,926	1,926
Total equity	46,833	51,662	69,083	68,753	68,753	122,753
No. of Shares in issue ('000)	90,000	93,500	108,000	216,000	216,000	324,000
NA per Share (RM)	0.50	0.53	0.62	0.31	0.31	0.37
Total borrowings (RM'000)	3,429	3,429	3,429	3,429	3,429	3,429
Gearing (times)	0.07	0.07	0.05	0.05	0.05	0.03

Notes:

- (1) After accounting for the placement of 3,500,000 Placement Shares. Further details of the Private Placement (including the issue prices and listing dates for different tranches of Placement Shares) are set out in **Section 5.1** of this Circular.
- (2) Taking into account the expenses of RM0.11 million for the implementation of the Private Placement.
- (3) After accounting for the placement of remaining 14,500,000 Placement shares at an illustrative issue price of RM1.2274 (being the 5-day VWAP of CGB Shares up to the LPD) for each Placement Share.
- (4) Taking into account the estimated expenses of RM0.38 million for the placement of the remaining 14,500,000 Placement shares.
- (5) After deducting estimated expenses of RM0.33 million in relation to the Proposals.
- (6) Based on the assumed exercise price of RM0.50 per Warrant.

The Proposed LTIS and Proposed Allocations are not expected to have an immediate effect on the NA and gearing of the Group until such time when the new CGB Shares are allotted and issued in satisfaction of the Share Options exercised and Share Awards vested. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be allotted and issued which can only be determined at the point of:

- (i) exercise of the Share Options; and
- (ii) vesting of CGB Shares under the Share Awards.

Upon exercise of the Share Options and/ or vesting of the Share Awards, the NA per Share is expected to increase if the Option Price and/ or the fair value of CGB Shares under the Share Awards is higher than the NA per Share at such point of exercise and/ or vesting. The NA is expected to decrease if the Option Price and/ or the fair value of CGB Shares under the Share Awards is lower than the NA per Share at such point of exercise and/ or vesting.

8.3 Earnings and EPS

8.3.1 Proposed Bonus Issue of Shares and Proposed Free Warrants Issue

The Proposed Bonus Issue of Shares and Proposed Free Warrants Issue are not expected to have any material effect on the earnings of the Group for the FYE 2021. However, there will be a corresponding dilution in CGB's consolidated EPS as a result of the increase in the number of Shares arising from the Proposed Bonus Issue of Shares and the Proposed Free Warrants Issue (when the Warrants are exercised).

The potential effect of the Proposed Free Warrants Issue on the future earnings and EPS of the Group will depend upon, among others, the number of Shares issued pursuant to the exercise of Warrants at any point in time and the potential benefits from the utilisation of the proceeds. Although the EPS shall be correspondingly diluted as a result of the increase in the number of Shares upon the exercise of the Warrants, the Proposed Free Warrants Issue is expected to contribute positively to the Company's earnings thereafter through the utilisation of proceeds.

8.3.2 Proposed LTIS

The Proposed LTIS is not expected to have any immediate material effect on the earnings and EPS of the Group until such time when the Share Options and/ or Share Awards are granted and exercised/ vested.

Any potential effect on the EPS of the Group in the future will depend on the number of Share Options and/ or Share Awards granted and/ or vested, the Option Price and the non-cash expenses arising from the granting of the LTIS Awards under Malaysian Financial Reporting Standard 2 – Share-based Payment (“**MFRS 2**”).

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the Share Options or vesting the Share Awards based on, among others, the share price volatility, risk-free interest rate and/ or pricing model. The fair value of the Share Options or Shares granted under the Proposed LTIS will be recognised as an expense in the profit or loss account of the Group over the vesting period of the Share Options or Share Awards. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Share Options and/ or Share Awards to the Eligible Persons.

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8.4

Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial shareholder's shareholdings in the Company based on the register of substantial shareholders of the Company as at the LPD are as follows:

Minimum Scenario

	As at the LPD			(I) After the Proposed Bonus Issue of Shares			(II) After (I) and the Proposed Free Warrants Issue		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)
Substantial shareholder									
Chew Hian Tat	27,315	29.21	-	54,629	29.21	-	54,629	29.21	-

	(III) After (II) and the assuming full exercise of the Warrants		
	Direct		Indirect
	No. of Shares ('000)	%	No. of Shares ('000)
Substantial shareholder			
Chew Hian Tat	81,944	29.21	-

Maximum Scenario

	As at the LPD			(I) After the completion of the Private Placement			(II) After (I) and the Proposed Bonus Issue of Shares		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)
Substantial shareholder									
Chew Hian Tat	27,315	29.21	-	27,315	25.29	-	54,629	25.29	-

	(III) After (II) and the Proposed Free Warrants Issue			(IV) After (III) and the assuming full exercise of the Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)
Substantial shareholder						
Chew Hian Tat	54,629	25.29	-	81,944	25.29	-

The Proposed LTIS is not expected to have any immediate effect on the substantial shareholders' shareholdings in the Company until and unless new Shares are allotted and issued pursuant to the exercise of the Share Options and/ or vesting of the Share Awards. Any potential effect on the substantial shareholders' shareholdings in the Company would depend on the number of new Shares to be allotted and issued at the relevant point in time.

8.5 Convertible securities

The Company does not have any other outstanding warrants, options, convertible securities and uncalled capital as at the LPD.

9. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:

- (i) the approval of Bursa Securities for the:
 - (a) listing and quotation of up to 108,000,002 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
 - (b) admission to the Official List and listing and quotation of up to 108,000,002 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
 - (c) listing and quotation for up to 108,000,002 new CGB Shares to be issued arising from the exercise of the Warrants; and
 - (d) listing of such number of new CGB Shares, representing up to 15% of the total number of issued shares of CGB (excluding treasury shares, if any) to be issued pursuant to the Proposed LTIS,

on the Main Market of Bursa Securities.

The approval has been given by Bursa Securities in its letter dated 1 October 2021 subject to, among others, the following conditions:

No.	Conditions	Status of compliance
(a)	CGB and TA Securities must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Proposals;	Noted
(b)	CGB and TA Securities are required to inform Bursa Securities upon the completion of the Proposals;	To be complied
(c)	CGB and TA Securities are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
(d)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed LTIS;	To be complied

No.	Conditions	Status of compliance
(e)	CGB/ TA Securities is required to make the relevant announcements for Proposed Bonus Issue of Shares pursuant to Paragraphs 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements;	To be complied
(f)	CGB/ TA Securities is required to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the extraordinary general meeting approving the Proposed Bonus Issue of Shares; and	To be complied
(g)	CGB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and Proposed LTIS respectively as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the approval of shareholders at the forthcoming EGM to be convened for the Proposals as well as the Proposed Allocations; and
- (iii) the approvals / consents of any other relevant authorities and/ or parties, if required.

The Proposed Free Warrants Issue is conditional upon the Proposed Bonus Issue of Shares but not vice versa.

The Proposed Bonus Issue of Shares and Proposed Free Warrants Issue are not conditional upon the Proposed LTIS and vice versa.

The Proposed LTIS is not conditional upon the Proposed Allocations. However, the Proposed Allocations is conditional upon the Proposed LTIS and will only be implemented upon the implementation of Proposed LTIS. Further, the Proposed Allocations is not inter-conditional upon each other.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company including the Private Placement.

10. CORPORATE EXERCISE/ SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and as disclosed below, the Board confirms that the Company does not have any other outstanding corporate exercise/ scheme which has been announced by the Company but is pending implementation or completion prior to the printing of this Circular:

- (i) On 5 April 2021, TA Securities had on behalf of the Board announced that the Company proposes to undertake the Private Placement. On 22 April 2021, Bursa Securities resolved to approve the listing and quotation of up to 18,000,000 new CGB Shares to be issued pursuant to the Private Placement. **Section 5.1** of this Circular sets out the status on the Private Placement as at the LPD. The Company has up to 21 October 2021 to complete the Private Placement. On 6 October 2021, TA Securities had on behalf of the Board submitted an application to Bursa Securities to seek an extension of time up to 31 December 2021 for CGB to complete the Private Placement.

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

11.1 Proposed Bonus Issue of Shares and Proposed Free Warrants Issue

None of the Directors, major shareholders, chief executive and/ or persons connected with them has any interest, direct or indirect, in the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue other than their respective entitlements under the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue as shareholders of the Company, to which all Bonus Shares Entitled Shareholders and Warrants Entitled Shareholders are similarly entitled to.

11.2 Proposed LTIS

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

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

The Directors of CGB shall abstain from voting in respect of any of their direct and/ or indirect shareholdings at the forthcoming EGM on the ordinary resolutions to be tabled for any of their respective proposed allocation as well as to any proposed allocation to the persons connected with them.

The Directors of CGB will undertake to ensure that any persons connected with them will abstain from voting in respect of any of their direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to their respective proposed allocation and proposed allocation to the persons connected with them to be tabled at the EGM.

The direct and indirect shareholdings of the Directors and major shareholder as at the LPD are set out below:

	Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%
<u>Directors</u>				
Dato' Faisal Zelman Bin Datuk Abdul Malik	-	-	-	-
Tan Yeang Tze (Tobby)	4,175	4.47	-	-
YM Tengku Dato' Indera Abu Bakar Ahmad	-	-	-	-
Bin Tengku Abdullah	-	-	-	-
Shaharuddin Bin Abdullah	-	-	-	-
Lee King Loon	-	-	-	-
<u>Major shareholder</u>				
Chew Hian Tat	27,315	29.21	-	-

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposals including, the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

However, in view that all the Directors of the Board are eligible to participate in the Proposed LTIS, they have abstained from deliberating and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocation to persons connected with them, if any.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals is expected to be completed by the 4th quarter of 2021.

The tentative timetable for the Proposals is as follows:

Events	Tentative timeline
• EGM for the Proposals	27 October 2021
• Announcement of the Bonus Shares Entitlement Date	Early November 2021
• Bonus Shares Entitlement Date	Mid November 2021
• Listing of the Bonus Shares and completion of the Proposed Bonus Issue of Shares	Mid November 2021
• Announcement of the Warrants Entitlement Date	Mid November 2021
• Warrants Entitlement Date	End November 2021
• Listing of Warrants and completion of the Proposed Free Warrants	End November 2021

14. EGM

The EGM, the notice which is set out in this Circular, will be conducted on a fully virtual basis via the online meeting platform at <https://bit.ly/2ZYVGtC> on Wednesday, 27 October 2021 at 3.00 p.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals as well as the Proposed Allocations.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Form of Proxy at CGB's Registered Office at Level 2, Tower 1, Avenue 5, 59200 Kuala Lumpur or email to santhosh@hmc.my or weibo.loh@hmc.my not less than 48 hours before the time for holding the meeting or any adjournment thereof. The lodgment of the Form of Proxy shall not preclude you from attending and voting at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

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15. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board
CENTRAL GLOBAL BERHAD

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK
Executive Chairman

SALIENT TERMS OF THE WARRANTS

The indicative salient terms of the Warrants are set out as follows:

Terms	Details
Issue size	: Up to 108,000,002 Warrants
Form and constitution	: The Warrants will be issued in registered form and constituted by the Deed Poll
Tenure	: 3 years commencing from and including of the date of issuance of the Warrants (" Issue Date ")
Expiry date	: The day preceding the third (3 rd) anniversary of the Issue Date and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day (" Expiry Date ")
Exercise price	: The exercise price of the Warrants (" Exercise Price ") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Warrants Entitlement Date. The Exercise Price and/ or the number of Warrants in issue during the exercise period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Exercise period	: The period commencing on and including the Issue Date and ending at 5.00 p.m. on the Expiry Date (" Exercise Period "). Any Warrant not exercised by the Expiry Date (as defined herein) will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	: A Warrant holder is required to lodge an exercise form with the Company's share registrar which is duly completed, signed and stamped together with payment by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia or by way of interbank transfer for the credit of an account maintained by the Company for the amount equal to the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Exercise rights	: Each Warrant shall entitle the Warrant holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Board lot	: For the purposes of trading on Bursa Securities, a board lot for the Warrants shall be 100 Warrants or such other denominations as permitted by any relevant authorities.
Adjustment in the exercise price and/ or number of Warrants	: The Exercise Price and/ or number of Warrants may be adjusted by the Board in consultation with an approved adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.

SALIENT TERMS OF WARRANTS (Cont'd)

Terms	Details
Rights of the Warrant Holders in the event of winding-up, liquidation, compromise or arrangement	<p>: Where a resolution has been passed for a members' voluntary winding-up of the Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:</p> <p>(i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution of the Warrants holders, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and</p> <p>(ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions of Deed Poll, every Warrant holder shall thereupon be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if the Warrant holder had on such date been the holder of the new Shares to which the Warrant holder would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose.</p>
Modifications of rights of the Warrant holders	: Subject to the provisions of the Deed Poll, no amendment or addition may be made to the provisions of Deed Poll without the sanction of a special resolution of the Warrants holders unless the amendments or additions are required to correct any manifest errors or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Listing	: The Warrants will be listed on the Main Market of Bursa Securities.
Governing law	: The laws of Malaysia.

BY-LAWS OF CENTRAL GLOBAL BERHAD LONG TERM INCENTIVE SCHEME

1. DEFINITIONS AND INTERPRETATION

- 1.1. In these By-Laws, the following terms and expressions shall have the following meanings:

Act	: the Companies Act, 2016;
Adviser	: a person who is permitted to carry out regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007 which includes a principal adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the SC including any amendments thereto that may be made from time to time;
ARMC	: the audit and risk management committee of the Company;
Auditor	: the auditors for the time being of the Company or in the event of them being unable or unwilling to carry out any action requested by the Company pursuant to the provisions of these By-Laws, such other auditors licenced by the Audit Oversight Board (as established under Part IIIA of the Securities Commission Act 1993) as may be nominated by the Company for that purpose;
Board	: the board of directors of the Company;
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd Registration No.: 198701006854 (165570-W);
Bursa Securities	: Bursa Malaysia Securities Berhad Registration No.: 200301033577 (635998-W);
By-Laws	: the rules, terms and conditions of the Scheme, as may be modified, varied and/or amended from time to time in accordance with the terms and conditions therein;
CDS	: Central Depository System;
CDS Account	: an account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities for dealings in such securities by a depositor;

DRAFT BY-LAWS (Cont'd)

Central Depositories Act	: the Securities Industry (Central Depositories) Act 1991;
Company or CGB	: Central Global Berhad Registration No.: 201801036114 (1298143-T);
Constitution	: the Constitution of the Company as may be amended from time to time;
Date of Expiry	: the last day of the Duration of the Scheme;
Director	: a natural person who holds a directorship within the Group, whether in an Executive or Non-Executive capacity, within the meaning of 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 11.2 ;
Effective Date	: the date on which the Scheme comes into force as provided in By-Law 11.1 ;
Eligible Person(s)	: the persons who meet the criteria of eligibility for participation in the Scheme as set out in By-Law 5 ;
Employee(s)	: a natural person who is employed by and on the payroll of any company within the Group;
Entitlement Date	: the date as at the close of business on which the shareholders' names must appear in the Company's Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments and/or other distributions;
Executive Director	: a natural person who holds a directorship within the Group and performs an executive function;
Grantee	: an Eligible Person who has accepted a LTIS Award in accordance with these By-Laws (including, where applicable, his/her Representative);
Group	: the Company and its Subsidiaries which are not dormant and "Group Company" shall mean any one of them;
Interested Parties	: has the meaning given to it in By-Law 5.2 ;
Listing Requirements	: the Main Market Listing Requirements of Bursa Securities including any Practice Notes issued in relation thereto;

LTIS Award	: the Share Option and the Share Award collectively and “ LTIS Award ” shall mean any one of them;
Market Day	: a day on which Bursa Securities is open for trading in securities;
Maximum Allowable Allotment	: the maximum number of Shares in respect of the LTIS Awards that can be offered to an Eligible Person in accordance with the provisions of By-Law 6 ;
Maximum Shares	: has the meaning given to it in By-Law 4.1 ;
Offeror	: has the meaning given to it in By-Law 31.1(a) ;
Option Certificate	: has the meaning given to it in By-Law 40.4 ;
Non-Executive Director	: a Director within the Group who is not an Executive Director;
Notice of Exercise	: has the meaning given to it in By-Law 41.8 ;
Performance Period	: the period in which the Performance Targets, as stipulated by the Scheme Committee and communicated to the Eligible Person/Grantee, are required to be achieved;
Performance Targets	: means (i) the performance conditions imposed by the Scheme Committee and as communicated to the Eligible Person/Grantee and (ii) such other conditions as may be determined by the Scheme Committee at its sole and absolute discretion and communicated to the Eligible Person/Grantee from time to time, which are to be achieved by the Group Company and/or Eligible Person/Grantee;
Permitted Period	: has the meaning given to it in By-Law 12.5.1(a)(i) ;
Person Connected	: has the meaning given to “person connected” in Paragraph 1.01 of the Listing Requirements;
Previous Company	: has the meaning given to it in By-Law 9.3 .
Representative	: a legal or personal representative(s) or heir(s);
Rules of Bursa Depository	: the rules of Bursa Depository, as issued pursuant to the Central Depositories Act;
“RM” and “sen”	: Ringgit Malaysia and sen respectively;
SC	: Securities Commission Malaysia.

Scheme or LTIS	: Central Global Berhad Long-Term Incentive Scheme comprising the Share Option Scheme and Share Grant Scheme established under these By-Laws for the grant of the LTIS Awards to Eligible Persons;
Scheme Committee	: the committee appointed by the Board to implement and administer the Scheme in accordance with these By-Laws, comprising such persons appointed by the Board from time to time;
Shares	: ordinary shares in the Company;
Share Award(s)	: an award of new Shares made in writing by the Scheme Committee from time to time to an Eligible Person to participate in the Share Grant Scheme as set out in By-Law 42 ;
Share Award Letter	: has the meaning given to it in By-Law 44.1 ;
Share Award Offer Period	: the period of thirty (30) days from the Share Grant Date or such other period stipulated in the Share Award Letter;
Share Award Vesting Date	: The date as stated in the Share Award Letter as the date on which the Shares granted under the Share Award are to be allotted and/or delivered to a Grantee;
Share Capital	: has the meaning given to it in By-Law 4.1 ;
Share Grant Date	: the date on which a Share Award is made by the Scheme Committee to an Eligible Person pursuant to By-Law 42 ;
Share Grant Price	: the reference price which is used to determine the number of Shares to be granted under the Share Award;
Share Grant Scheme	: the Share Grant Scheme established under these By-Laws;
Share Option(s)	: the right of a Grantee to subscribe for new Shares at the Share Option Price and where the context so requires, means any part of the Share Options as shall remain unexercised;
Share Option Offer	: an offer made by the Scheme Committee an Eligible Person pursuant to By-Law 38 ;
Share Option Offer Period	: the period as stipulated in By-Law 38.3 ;

Share Option Offer Date	: the date on which a Share Option Offer is made by the Scheme Committee to an Eligible Person pursuant to By-Law 38 ;
Share Option Period	: the period commencing from the Share Option Offer Date and expiring on the Date of Expiry or such other dates as stipulated by the Scheme Committee in the Share Option Offer or upon the date of termination of the Scheme as provided in By-Law 11 , whichever is earlier;
Share Option Price	: the price at which a Grantee shall be entitled to subscribe for each new Share upon the exercise of a Share Option, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 39 ;
Share Option Scheme	: the Share Option Scheme established under these By-Laws;
Share Option Vesting Date	: the date on which the Grantee becomes entitled to exercise the Share Options or any part thereof;
Subsidiary(ies)	: subsidiary of the Company within the meaning of Section 4 of the Act and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Duration of the Scheme but excludes those which have been divested in the manner provided in By-Law 9 ;
Termination Date	: has the meaning given to it in By-Law 11.5(a) ;
Trust	: the trust established to facilitate the implementation of the Scheme (if required);
Trust Deed	: the trust deed constituting the Trust, if any;
Trustee	: the trustee (if required) shall be the Trustee as appointed by the Company for the Scheme pursuant to By-Law 35 ;
Unexercised Share Option(s)	: Share Options and any part thereof which has not been fully exercised at the relevant time and in respect of which the Share Option Period has not expired;
Unvested Share Award(s)	: unvested Share Award(s) or any part thereof which has not been vested in the Grantee;
Unvested Share Option(s)	: unvested Share Option(s) or any part thereof which has not been vested in the Grantee;

DRAFT BY-LAWS (Cont'd)

- Vesting Date** : the Share Option Vesting Date and/or the Share Award Vesting Date as the context requires and “Vest” and “Vested” shall be construed accordingly.
- 1.2. Headings are for ease of reference only and do not affect the meaning of a By-Law.
 - 1.3. Any reference to a statutory provision or an applicable law shall include a reference to:
 - (a) any and all subsidiary legislation made from time to time under that provision of law;
 - (b) any and all Listing Requirements, policies and/or guidelines of Bursa Securities whether or not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities;
 - (c) 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 the Scheme;
 - (d) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
 - 1.4. Words importing the masculine gender shall include the feminine and neuter genders.
 - 1.5. Words importing the singular number shall include the plural number and vice versa.
 - 1.6. If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the Duration of the Scheme.
 - 1.7. Any liberty or power or discretion which may be exercised and/or any decision or determination which may be made, under these By-Laws:
 - (a) by the Board may be exercised in the Board’s sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor;
 - (b) by the Scheme Committee may be exercised in the Scheme Committee’s sole and absolute discretion and the Scheme Committee shall not be under any obligation to give any reasons therefor, but subject always to the Board’s power to overrule any decision of the Scheme Committee.
 - 1.8. Unless the context otherwise expressly requires, words and expressions which are otherwise defined in the Listing Requirements shall have the same meaning when used in these By-Laws.
 - 1.9. In the event of any change in the name of the Company from its present name, all references to “**Company**” in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company’s new name.

PART A: GENERAL PROVISIONS**2. NAME OF THE SCHEME**

- 2.1. This scheme shall be called the “**Central Global Berhad Long-Term Incentive Scheme**” and shall comprise the Share Option Scheme and Share Grant Scheme.

3. APPLICATION OF PART A: GENERAL PROVISIONS

- 3.1. Unless expressly provided, the provisions of this Part A shall apply generally to the Share Option Scheme and the Share Grant Scheme.

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1. The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed **fifteen percent (15%)** of the total number of issued shares of the Company (excluding treasury shares) (“**Share Capital**”) at any point in time during the Duration of the Scheme (“**Maximum Shares**”).
- 4.2. In the event the Company purchases or cancels its own Shares in accordance with the provisions of the Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its Share Capital, the following provisions shall apply in respect of future LTIS Awards but the Share Options and/or Share Awards granted prior to such purchase and/or reduction/adjustment of the Share Capital shall remain valid or exercisable in accordance with the provisions of these By-Laws as if that purchase and/or reduction/adjustment had not occurred:
- (a) if, after such purchase, cancellation or reduction, the aggregate number of Shares in respect of the LTIS Awards granted (including Shares comprised in the Share Options and/or Share Awards granted pursuant thereto) by the Company as at the date of purchase, cancellation or reduction of shares is equal to or greater than the Maximum Shares, no further LTIS Awards shall be made by the Scheme Committee until such aggregate number of Shares in respect of the LTIS Awards granted falls below the Maximum Shares; and
 - (b) if, after such purchase, cancellation or reduction, the aggregate number of Shares in respect of the LTIS Awards granted (including Shares comprised in the Share Options and/or Share Awards granted pursuant thereto) by the Company as at the date of purchase, cancellation or reduction of shares is less than the Maximum Shares, the Scheme Committee may make further LTIS Awards but only until such aggregate number of Shares in respect of the LTIS Awards granted is equivalent to the Maximum Shares after such purchase, cancellation or reduction.
- 4.3. For the avoidance of doubt, any Share Option and/or Share Award that is not accepted by any Eligible Person pursuant to these By-Laws will be added back to the number of Shares available to be awarded under the Scheme.

5. ELIGIBILITY

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

5.1.1. In respect of any Employee, the Employee must, as at the Share Option Offer Date or (as the case may be) the Share Grant Date:

- (a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) entered into a full-time or fixed-term contract with, and is on the payroll of any Group Company, and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the Group Company; and
- (c) fulfilled any other eligibility criteria as may be set by the Scheme Committee at any time and from time to time.

5.1.2. In respect of any Director, the Director must, as at the Share Option Offer Date or (as the case may be) the Share Grant Date:

- (a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) has been appointed as a Director of any Group Company for such period as may be determined by the Scheme Committee prior and up to the Share Option Offer Date or (as the case may be) the Share Grant Date; and
- (c) fulfilled any other eligibility criteria as may be set by the Scheme Committee at any time and from time to time.

5.1.3. In addition to the eligibility criteria set out in **By-Laws 5.1.1 and 5.1.2**, in respect of an Employee or a Director who is serving under an employment contract with any company within the Group, such employment contract must be for a fixed duration of at least **one (1) year** (which shall include any probation period), unless otherwise decided by the Scheme Committee in its absolute discretion.

5.1.4. Notwithstanding the above, the Scheme Committee may in its absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this **By-Law 5.1** for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the Scheme Committee shall be final and binding.

5.1.5. In determining the eligibility of an Eligible Person to participate in the Scheme, the Scheme Committee may take into account amongst other factors, the performance, contribution, employment grade, seniority and/or length of service to the relevant company within the Group and/or such other factors that the Scheme Committee may deem fit.

DRAFT BY-LAWS (Cont'd)

- 5.2. Notwithstanding **By-Law 5.1**, the specific allotment to be made to any Eligible Person who is a Director, major shareholder or chief executive of the Company or holding company of the Company ("**Interested Parties**") or a Person Connected with any of the Interested Parties, the specific allocation of Shares and/or Share Options granted by the Company to him under the Scheme must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and Persons Connected with them shall not have voted on the resolution approving their respective allocation.
- 5.3. 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 category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The Scheme Committee shall be entitled at its discretion to determine the applicable category.
- 5.4. An Employee or Director of a dormant company within the Group is not eligible to participate in the Scheme.
- 5.5. An Employee or Director who during the Duration of the Scheme becomes an Eligible Person may, at the discretion of the Scheme Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment.
- 5.6. The Scheme Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the LTIS Awards. In the event that any Eligible Person is a member of the Scheme Committee, such Eligible Person shall not participate in the deliberation of his/her own allocations.
- 5.7. Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme.

6. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

- 6.1. Subject to **By-Law 4** and any adjustment which may be made under **By-Law 17**, the aggregate maximum number of Shares that may be allocated to an Eligible Person pursuant to the Scheme shall be determined and entirely at the sole and absolute discretion of the Scheme Committee after taking into consideration, amongst other factors, the Eligible Person's performance, contribution, employment grade, seniority, length of service and/or such other factors as the Scheme Committee deems fit, and subject to the following conditions:
- (a) the total number of Shares made available under the Scheme shall not exceed the amount stipulated in **By-Law 4.1**;
 - (b) not more than **ten percent (10%)** of the total number of Shares to be issued under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through Persons Connected with the Eligible Person, holds **twenty percent (20%)** or more of the total number of issued shares of the Company (excluding treasury shares);

- (c) not more than **seventy percent (70%)** of the total number of Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are Eligible Persons (where “senior management” shall be subject to any criteria as may be determined by the Scheme Committee from time to time); and
- (d) the Directors, senior management and members of the Scheme Committee who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,

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

- 6.2. The Scheme Committee shall be entitled to determine the Maximum Allowable Allotment in relation to each class or grade of the Directors and Employees and the aggregate maximum number of LTIS Awards that can be offered to the Directors and senior management of the Group under the Scheme from time to time, and the decision of the Scheme Committee shall be final and binding.
- 6.3. In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such promoted Eligible Person shall be the Maximum Allowable Allotment corresponding to the new category of employee which he/she then is a party, subject always to the availability of LTIS Awards and the maximum number of Shares available under the Scheme under **By-Law 4.1**.
- 6.4. The Company shall ensure that allocation of Shares and Share Options is verified by the ARMC at the end of each financial year as being in compliance with the criteria for allocation of Shares and Share Options which have been disclosed to the Eligible Persons.
- 6.5. The Scheme Committee may at its discretion determine whether the granting of the LTIS Awards to the Eligible Persons will be based on staggered granting over the Duration of the Scheme or in one (1) single grant and/or whether the LTIS Awards are subject to any performance targets, vesting period, and if so, to determine the vesting conditions for the LTIS Awards.
- 6.6. To the extent possible and subject always these By-Laws, the Scheme Committee will ensure that there should be equitable allocation to various categories of Eligible Persons.

7. PERFORMANCE TARGETS FOR VESTING

- 7.1. The vesting of any LTIS Award may be subject to the fulfillment by the Group Company and/or the Eligible Person/Grantee (as the case may be) of Performance Targets within the Performance Period and/or such other conditions, as may be determined by the Scheme Committee.
- 7.2. The determination as to whether the Performance Targets have been fulfilled shall be made by the Scheme Committee at the expiry of the Performance Period and such determination by the Scheme Committee shall be final and binding.

DRAFT BY-LAWS (Cont'd)

- 7.3. Where the Scheme Committee has made the determination that the Performance Targets and/or such other conditions imposed, if any, have been fulfilled pursuant to **By-Law 7.2**, the Scheme Committee shall notify the Eligible Person/Grantee of the number of LTIS Awards which will be vested.
- 7.4. If the Performance Targets and/or other conditions imposed (if any) is not fulfilled, the Scheme Committee may, in its sole and absolute discretion, determine the number of LTIS Awards which will be vested.

8. VESTING CONDITIONS

- 8.1. The LTIS Awards will vest in such manner as the Scheme Committee may in its discretion determine, as set out in the Share Option Offer or Share Award Letter (as the case may be) provided that the vesting conditions as set out in the Share Option Offer or the Share Award Letter (as the case may be), are fully and duly satisfied and met on the Share Option Vesting Date or the Share Award Vesting Date (as the case may be) and as may be determined by the Scheme Committee and, unless the Scheme Committee decides otherwise in its sole discretion:
- (a) the Grantee must remain in employment with the Group as at the relevant Vesting Date and shall not have given a notice of resignation or received a notice of termination as at each of the Vesting Date save and except as may be provided under these By-Laws; and
 - (b) the Grantee is not an undischarged bankrupt as at the relevant Vesting Date under the laws to which he is subjected to and shall not have received any notice that a bankruptcy proceeding is being instituted/threatened to be instituted against him as at such Vesting Date.
- 8.2. The Scheme Committee shall have full discretion to determine whether any vesting condition has been fully and duly satisfied. If applicable, where the Scheme Committee has determined that the vesting conditions have been fully and duly satisfied, the Scheme Committee shall notify the Grantee the number of LTIS Awards vested or which will be vested to him/her on the Vesting Date.

9. DIVESTMENT FROM THE GROUP

- 9.1. In the event that a company within the Group shall be divested from the Group, the Scheme Committee may permit the vesting of Unvested Share Award or Unvested Share Options or the exercise of Unexercised Share Options (or any part thereof) in a Grantee at any time subject to such terms and conditions as may be prescribed, notwithstanding that a relevant Vesting Date is not due or has not occurred and/or other terms and conditions of the Share Options and the Share Award respectively have not been fulfilled or satisfied.
- 9.2. For the purposes of **By-Law 9.1**, 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 above fifty percent (50%) to fifty percent (50%) or below so that such company would no longer be a subsidiary of the Company pursuant to the Act.

DRAFT BY-LAWS (Cont'd)

9.3. In the event:

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

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

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

10. WINDING-UP

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

11. DURATION, TERMINATION AND EXTENSION OF THE SCHEME

- 11.1. The Effective Date for the implementation of the Scheme shall be at the date of full compliance with all relevant requirements in 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 pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (b) receipt of the approval from Bursa Securities for the listing of and quotation for such number of new Shares to be issued under the Scheme;
 - (c) procurement of shareholders' approval for the Scheme in a general meeting;

- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals, if any.

The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date of implementation of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a 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.

- 11.2. The Scheme, when implemented, shall be in force for a period of **five (5) years** from the Effective Date and may be extended or renewed (as the case may be) for a further period of **five (5) years** or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the Scheme Committee, provided always that the initial scheme period stipulated above and such extension of the Scheme made pursuant to these By-laws shall not in aggregate exceed a duration of **ten (10) years** from the Effective Date. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be). In the event the Scheme is extended or renewed (as the case may be) pursuant to this **By-Law 11.2**, the Company shall serve appropriate notices on each Grantee and make the necessary announcements to Bursa Securities prior to such extension or renewal (as the case may be).
- 11.3. The LTIS Awards can only be made during the Duration of the Scheme and before 5.00 p.m. on the Date of Expiry.
- 11.4. Notwithstanding anything to the contrary, all LTIS Awards shall lapse at 5.00 p.m. on the Date of Expiry.
- 11.5. Subject to compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the Scheme Committee at any time before the Date of Expiry **PROVIDED THAT** the Company makes an announcement immediately to Bursa Securities. The announcement shall include:
 - (a) the effective date of termination ("**Termination Date**");
 - (b) the number of Share Options exercised under the Share Option Scheme and/or Shares vested under the Share Grant Scheme; and
 - (c) the reasons and justification for termination.
- 11.6. In the event of termination as stipulated in **By-Law 11.5**, the following provisions shall apply:
 - (a) no further LTIS Awards shall be made by the Scheme Committee from the Termination Date; and
 - (b) all LTIS Awards which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date;

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- (c) all LTIS Awards which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
 - (d) all Share Options which have yet to be exercised by Grantees and/or vested shall be automatically terminated on the Termination Date.
- 11.7. For the avoidance of doubt, approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of the Grantees who have Unexercised Share Options and/ or Unvested Share Awards are not required to effect a termination of the Scheme pursuant to **By-Law 11.5** unless otherwise required by the Listing Requirements and/ or other applicable laws.

12. TERMINATION OF LTIS AWARDS

- 12.1. Any LTIS Award which has not been accepted by an Eligible Person or exercised by or vested in a Grantee shall be automatically terminated in the following circumstances:
- (a) termination or cessation of employment of the Eligible Person or Grantee with the Group for any reason whatsoever, in which event the LTIS Award shall be automatically terminated on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
 - (b) bankruptcy of the Eligible Person or Grantee, in which event the LTIS Award shall be automatically terminated on the date a bankruptcy order (or other similar order) is made against the Grantee by a court of competent jurisdiction; or
 - (c) subject to **By-Law 10**, winding up or liquidation of the Company; or
 - (d) termination of the Scheme pursuant to **By-Law 11.5**,
- whichever shall be applicable.

Upon the termination of the LTIS Award pursuant to **By-Laws 12.1(a), (b), (c) or (d)**, the Eligible Person or Grantee shall have no right to compensation or damages or any claim against the Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise or vest his/her LTIS Awards or his/her LTIS Awards ceasing to be valid.

12.2. Notwithstanding By-Law 12.1:

12.2.1. An Eligible Person or Grantee may apply in writing to the Scheme Committee:

- (a) to permit the acceptance of any unaccepted LTIS Award;

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(b) to be allowed to continue to hold and to exercise any unexercised Share Option; and/or

(c) to permit the vesting of any unvested LTIS Award,

upon termination of employment with the Group in any of the circumstances set out in **By-Law 12.2.2**.

12.2.2. The circumstances referred to in **By-Law 12.2.1** are as follows:

(a) retirement upon or after attaining the age in accordance with the Company's (including any company within the Group) retirement policy; or

(b) retirement before the age specified under the above said retirement policy, with the consent of his/her employer; or

(c) ill-health, injury, physical or mental disability; or

(d) redundancy, retrenchment or voluntary separation scheme; or

(e) any Director not being re-elected during a general meeting of the Company; or

(f) transfer to any company outside the Group at the direction of the Company or a company within the Group; or

(g) any other circumstance as may be deemed as acceptable to the Scheme Committee.

12.3. Applications under **By-Law 12.2** shall be made within the Duration of the Scheme:

(a) in a case where **By-Law 12.2.2 (a), (b), (e) or (g)** is applicable, within **one (1) month** before the Eligible Person's or Grantee's last day of employment/service. In the event that no application is received by the Scheme Committee within the said period, any unaccepted LTIS Awards and/or any unexercised Share Option and/or any unvested LTIS Award held by the Eligible Person or Grantee on his last day of employment shall be automatically terminated;

(b) in a case where **By-Law 12.2.2(c)** is applicable, within **one (1) month** after the Eligible Person or Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability. In the event that no application is received by the Scheme Committee within the said period, any unaccepted LTIS Awards and/or any unexercised Share Option and/or any unvested LTIS Award held by the Eligible Person or Grantee at the expiry of the said period shall be automatically terminated;

(c) in a case where **By-Law 12.2.2(d)** is applicable, within **one (1) month** after the Eligible Person or Grantee is notified that he/she will be retrenched or, where he/she is given an offer by his employer as to whether he/she wishes to accept

retrenchment upon certain terms, within **one (1) month** after he/she accepts such offer. In the event that no application is received by the Scheme Committee within the said period, any unaccepted LTIS Awards and/or any unexercised Share Option and/or any unvested LTIS Award held by the Eligible Person or Grantee at the expiry of the said period shall be automatically terminated; and

- (d) in a case where **By-Law 12.2.2(f)** is applicable, within **one (1) month** after the Eligible Person or Grantee is notified that he/she will be transferred to a company outside the Group. In the event that no application is received by the Scheme Committee within the said period, any unaccepted LTIS Awards and/or any unexercised Share Option and/or any unvested LTIS Award held by the Eligible Person or Grantee at the expiry of the said period shall be automatically terminated.

12.4. The Scheme Committee shall consider applications under **By-Law 12.2** on a case-by-case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decision of the Scheme Committee shall be final and binding. Any unaccepted LTIS Awards and/or any unexercised Share Option and/or any unvested LTIS Award in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of **By-Law 12.3** or on the date of the Scheme Committee's decision, whichever is the later.

12.5. In the event a Grantee:

12.5.1. dies before the expiration of the Share Option Period and at the time of his/her death held Unexercised Share Options, the following provisions shall apply:

- (a) such Unexercised Share Options may be exercised by the Representative of the deceased Grantee:
 - (i) within **twelve (12) months** after the Grantee's death ("**Permitted Period**"); or
 - (ii) within the Share Option Period,

whichever expires first.
- (b) in the event that the Share Option Period expires before the Permitted Period, any Share Option which has not been exercised by the Representative at the expiry of the Share Option Period shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Share Options.
- (c) In the event that the Permitted Period expires before the Option Period, the following provisions shall apply:
 - (i) the Representative may, at any time before the expiry of the Permitted Period, apply in writing to the Scheme Committee for

an extension of the Permitted Period, stating the reasons as to why the extension is required. In the event that no application is received by the Scheme Committee before the expiry of the Permitted Period, any Share Option which has not been exercised by the Representative at the expiry of the Permitted Period shall be automatically terminated; and

- (ii) the Scheme Committee shall consider such applications on a case-by-case basis and may in its discretion approve or reject an application in whole or in part without giving any reason thereof and may impose any term and condition in granting an approval. The decision of the Scheme Committee shall be final and binding. Any Share Option in respect of which an application is rejected shall be automatically terminated at the expiry of the Permitted Period or on the date of the Scheme Committee's decision, whichever is the later.

For the avoidance of doubt, in the event the Representative exercises such Unexercised Share Options, the provisions in these By-Laws shall apply mutatis mutandis to the Representative.

12.5.2. dies before the Vesting Date, any unvested Share Option or Share Award will be deemed forfeited.

13. ADMINISTRATION

13.1. The Scheme shall be administered by the Scheme Committee. The Scheme Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit and with such powers and duties as are conferred upon it by the Board. The decision of the Scheme Committee shall be final and binding.

13.2. Without limiting the generality of **By-Law 13.1**, the Scheme Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:

- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and/or LTIS Awards granted under it, to define the terms therein and to recommend to the Board to establish, amend and/or revoke rules and regulations relating to the Scheme and its administration. The Scheme 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 a LTIS Award in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

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

- (a) approve, rescind and/or revoke the appointment of any person in the Scheme Committee as it shall deem fit; or
- (b) assume and/or exercise or execute any of the powers and authorities conferred upon the Scheme Committee pursuant to these By-Laws.

14. DISCIPLINARY PROCEEDINGS

- 14.1. In the event an Eligible Person and/or Grantee is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), after a Share Option Offer and/or Share Award is made but before the acceptance thereof by such Eligible Person, the Share Option Offer and/or Share Award is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the Scheme Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Eligible Person. Nothing in these By-Laws shall prevent the Scheme Committee (but the Scheme Committee shall not be obliged to do so) from making a fresh Share Option Offer and/or Share Award to such Eligible Persons in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn provided that such Share Option Offer and/or Share Award is made within the Duration of the Scheme.
- 14.2. In the event an Eligible Person and/or Grantee is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the right of the Grantee to have vested any Unvested Share Options and/or Unvested Share Award or to exercise any Unexercised Share Option shall be suspended pending the outcome of the disciplinary proceedings unless otherwise decided by the Scheme Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Grantee. Nothing herein shall prevent the Scheme Committee (but the Scheme Committee shall not be obliged to do so) from making a fresh Share Option Offer and/or reinstating the right of the Grantee to have vested any Unvested Share Award and/or to exercise any Unexercised Share Options in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn provided that such Share Option Offer and/or reinstatement is made within the Duration of the Scheme. If the Scheme Committee does not reinstate such right of the Grantee prior to the expiry of the Duration of the Scheme, the Share Option Offer and/or Share Award and acceptance thereof shall automatically lapse and shall immediately become null and void.
- 14.3. In the event a Grantee had been given a letter in relation to the Grantee being subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the Scheme Committee has the right to recall any unvested LTIS Awards and/or Unexercised Share Options.

15. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

- 15.1. Subject to **By-Law 15.2** and compliance with the Listing Requirements, the Scheme Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall, at its sole discretion, deem fit and the Board shall have the power at any time and from

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time to time by resolution to add to, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.

- 15.2. Subject to **By-Law 15.3**, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws (including any additions, modifications or amendments to or deletions of these By-Laws for purposes of complying with the Act) **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:

- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (b) increase the number of Shares available under the Scheme beyond the maximum imposed by **By-Law 4.1**; or
- (c) prejudice any rights of the shareholders of the Company; or
- (d) alter to the advantage of Eligible Persons and/or Grantees, any matter which is required to be contained in these By-Laws by virtue of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting.

- 15.3. Upon amending or modifying all or any of the provisions of the Scheme, the Company shall within **five (5) Market Days** after the effective date of the amendments, cause to be submitted to Bursa Securities the amended By-Laws and a confirmation letter that the said amendment or modification complies and does not contravene any of the provisions of the Listing Requirements.

- 15.4. The Grantees shall be given written notices in the term prescribed by the Scheme Committee from time to time in the event of any conditions, amendments to and/or modifications of these By-Laws within **fourteen (14) Market Days** of any of the foregoing taking effect.

16. MULTIPLE JURISDICTIONS

- 16.1. In order to facilitate the making of any Share Option and/or Share Award (and/or the benefit thereof) under the Scheme, the Scheme Committee and/or the Board may provide for such special terms to apply to any Share Option and/or Share Award to Eligible Persons who are employed by a Group Company in any particular jurisdiction, or who are nationals or any particular jurisdiction that is outside Malaysia, as the Scheme Committee and/or the Board may consider necessary and/or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Scheme Committee and/or the Board may approve such supplements to or amendments, restatement or alternative versions of this Scheme as it may consider necessary and/or appropriate for such purposes, without thereby affecting the terms of these By-Laws as is in effect for any other purpose. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms

of this Scheme as then in effect unless this Scheme could have been amended to eliminate such inconsistency.

- 16.2. Any Eligible Person to whom the Share Option and/or Share Award is offered, is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Share Option Offer or Share Award (as the case may be). By their acceptance of the Share Option Offer or Share Award (as the case may be), each Eligible Person represents, warrants and agrees that he has and will continue to observe all applicable laws and regulations.

17. ALTERATION OF CAPITAL

- 17.1. 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 shall take place or if the Company shall make a capital distribution during the Duration of the Scheme, then the Company shall cause the following adjustments to be made to:

- (a) the Share Option Price and/or Share Grant Price;
- (b) the number of Shares which are the subject of a Share Option and/or Share Award to the extent not yet vested and/or vested but not credited into the CDS Account;
- (c) the number of Shares over which future Share Options may be offered and/or future Share Award may be granted; and/or
- (d) the maximum number of existing Shares which may be delivered in settlement pursuant to the Share Awards,

as shall be necessary to ensure that any adjustment made in such manner as the Scheme Committee may determine to be appropriate and except in relation to a bonus issue, subdivision or consolidation of shares upon the Auditor or the Adviser (acting as experts and not as arbitrators), having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

- 17.2. **By-Law 17.1** shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) an issue of Shares pursuant to the exercise of the Share Options or vesting of Shares pursuant to the Share Awards under the Scheme;
- (b) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business;
- (c) an issue of securities via a private placement (including an issuance of securities pursuant to Sections 75 or 76 of the Act);
- (d) any special issuance of new Shares or other securities to Bumiputera investors nominated/ required by the Malaysian government and/or any other relevant

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- authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;
- (e) a restricted issue of securities;
 - (f) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible into new Shares or upon exercise of any other rights including warrants, convertible loan stocks or other instruments by the Company;
 - (g) a purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to Section 127 of the Act; or
 - (h) any other proposals which will not result in an adjustment to the reference price of the Shares and as amended from time to time by the relevant authorities such as Bursa Securities and Securities Commission Malaysia.
- 17.3. In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, **By-Law 17.1** 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 17.1** is applicable, but **By-Law 17.1** 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 17.1** is not applicable as described in **By-Law 17.2**.
- 17.4. Upon any adjustment being made, the Scheme Committee shall give notice in writing within thirty (30) days from the date of adjustment to a Grantee or his/her Representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.
- 17.5. Notwithstanding the provisions contained in these By-Laws and to the extent permitted by law, the Scheme Committee may exercise its discretion to determine:
- (a) whether any adjustments as provided for under these By-Laws, be calculated on a different basis or date or should take effect on a different date;
 - (b) that such adjustments be made notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws provided that the adjustment is not detrimental to the Grantees; and/or
 - (c) that the adjustments provided under these By-Laws should not be made.
- 17.6. Any adjustment pursuant to this **By-Law 17** shall be made in accordance with the formulae below, pursuant to **By-Law 17.4**:
- (a) **Consolidation or subdivision**

If and whenever a Share, by reason of any consolidation or subdivision or conversion of the Shares occurs, then the Share Option Price and/or Share Grant Price shall be adjusted and the additional number of Shares comprised in the Share Option Offer and/or Share Award shall be calculated in accordance with the following formula:

$$\text{New Share Option Price and/or Share Grant Price} = S \times \frac{\text{Total number of issued Shares (excluding treasury shares) immediately preceding such consolidation or subdivision}}{\text{Total number of issued Shares (excluding treasury shares) after such consolidation or subdivision}}$$

$$\text{Additional number of Shares} = T \times \left(\frac{\text{Total number of issued Shares (excluding treasury shares) after such consolidation or subdivision}}{\text{Total number of issued Shares (excluding treasury shares) immediately preceding such consolidation or subdivision}} - T \right)$$

where

S = existing Share Option Price and/or Share Grant Price; and

T = existing number of Shares comprised in the Share Option Offer and/or Share Award

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

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

If and whenever the Company shall make any issue of new Shares to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature), the Share Option Price and/or Share Grant Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Shares comprised in the Share Option Offer and/or Share Award shall be calculated as follows:

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

where

A = the aggregate number of issued Shares immediately before such bonus issue or capitalisation issue;

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B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature); and

T = as T above.

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

(c) If and whenever the Company shall make:

- (i) **Capital distribution**
a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) **Rights issue of Shares**
any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
- (iii) **Rights issue of convertible securities**
any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Share Option Price and/or Share Grant 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-Laws 17.6(c)(ii) and (c)(iii)** hereof, the additional number of Shares comprised in the Share Option Offer and/or Share Award shall be calculated as follows:

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

where

C = the Current Market Price (as defined in **By-Law 17.6(h)** below) 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;

- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under **By-Law 17.6(c)(ii)** above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under **By-Law 17.6(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 17.6(c)** hereof, the fair market value, as determined by an auditor and/or Adviser of the Company, of that portion of the Capital Distribution attributable to one (1) Share.

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

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

where

- C = as C above;
- E = the subscription price for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;
- F = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares; and
- D* = the value of rights attributable to one (1) Share (as defined below),

for the purpose of definition 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	=	as C above;
E*	=	the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and
F*	=	the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of **By-Law 17.6(c)**, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new Shares (not falling under **By-Law 17.6(b)**) or other securities by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).

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

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

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

If and whenever the Company makes any allotment to its ordinary shareholders as provided in **By-Law 17.6(b)** and also makes any offer or invitation to its ordinary shareholders as provided in **By-Law 17.6(c)(ii)** or **(iii)** and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Share Option Price and/or Share Grant 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 an allotment to its ordinary shareholders as provided in **By-Law 17.6(b)** above and also makes an offer or invitation to its ordinary shareholders as provided in **By-Law 17.6(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 Shares comprised in the Share Option Offer and/or Share Award shall be calculated as follows:

Additional number of Shares comprised in Share Options

$$= T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Additional number of Shares to be vested

$$= T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

where

B = as B above;

C = as C above;

G = the aggregate number of issued and fully paid-up 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 new Shares or rights to acquire or subscribe for new Shares, as the case may be;

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

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

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

T = as T above.

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

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

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in **By-Law 17.6(c)(ii)** above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares as provided in **By-Law 17.6(c)(iii)** above, the Share Option Price and/or Share Grant 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 Share Option Offer and/or Share Award shall be calculated as follows:

Additional number of Shares comprised in Share Options

$$= T \times \left(\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Additional number of Shares to be vested

$$= T \times \left(\frac{(G + H^* + J) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right) - T$$

where

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of Shares to be issued to its ordinary shareholders of the Company 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 = as T above.

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

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

If and whenever the Company makes an allotment to its ordinary shareholders as provided in **By-Law 17.6(b)** above and also makes an offer or invitation to its

ordinary shareholders to acquire or subscribe for Shares as provided in **By-Law 17.6(c)(ii)** above, together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided in **By-Law 17.6(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 Share Option Price and/or Share Grant 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 Share Option Offer and/or Share Award shall be calculated as follows:

Additional number of Shares comprised in Share Options

$$= T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Additional number of Shares to be vested

$$= T \times \left(\frac{(G + H^* + J + B) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right) - T$$

where

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

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

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under **By-Laws 17.6(c)(ii), (c)(iii), (d), (e) or (f)** above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Share Option Price and/or Share Grant Price shall be adjusted by multiplying it by the following fraction:

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

where

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

For the purpose of **By-Law 17.6(g)**, the "Total Effective Consideration" shall be determined by the Board with the concurrence of an Auditor and/or Adviser of the Company and shall be:

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

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total

Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of **By-Law 17.6(g)**, the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

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

- (h) For the purpose of **By-Laws 17.6(c), (d), (e) and (f)**, the "Current Market Price" in relation to one (1) Share for any relevant day shall be the weighted average market price for the five (5) consecutive Market Days before such date.

- 17.7. If an event occurs that is not set out in **By-Law 17.6** or if the application of any of the formulae to an event results in a manifest error or does not, in the opinion of the Scheme Committee, achieve the desired result of preventing the dilution or enlargement of the Grantee's rights, the Scheme Committee may agree to an adjustment subject to the provision of **By-Law 17.3** provided that the Grantees shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the Scheme Committee.
- 17.8. In the event that a fraction of a Share arises from the adjustments pursuant to this **By-Law 17**, the number of Shares shall automatically be rounded down to the nearest whole number. Any adjustment to the share price shall automatically be rounded up to the nearest one (1) Sen.

18. SCHEME NOT A TERM OF EMPLOYMENT

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

DRAFT BY-LAWS (Cont'd)

19. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

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

20. ERRORS AND OMISSIONS

- 20.1. If in consequence of an error or omission, the Scheme Committee discovers/determines that:

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

and such error or omission cannot be corrected, the Scheme Committee may do all such acts and things to rectify such error or omission and ensure that the Eligible Persons given the opportunity to participate in the Scheme and/or the aggregate number of Shares to which the Grantee is correctly entitled to is credited into his CDS Account.

- 20.2. In the event of any error in the Share Option Offer and/or Share Award, the Scheme Committee may issue a supplemental Share Option Offer and/or Share Award stating the correct particulars of the Share Option Offer and/or Share Award.

21. LISTING OF AND QUOTATION FOR SHARES

- 21.1. Bursa Securities has vide its letter dated 1 October 2021 approved the listing of such number of new Shares representing up to 15% of the Company's total number of issued Shares (excluding treasury shares, if any) at any one time to be issued pursuant to the Scheme on the Main Market of Bursa Securities.

22. NOTICE

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

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

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

DRAFT BY-LAWS (Cont'd)

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

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

- 22.3. Where any notice which the Company or the Scheme Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the Grantees (as the case may be) pursuant to the Scheme, the Company or the Scheme Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the Scheme Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under **By-Law 22.2** shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantee, as the case may be.

23. CONSTITUTION

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

24. COMPENSATION

- 24.1. No Eligible Persons or Participants who ceases/ fails to commence to hold office in or employment with the Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.
- 24.2. The Company, the Board and/or the Scheme Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Grantee or legal or personal representatives whatsoever and howsoever arising from the suspension, termination, cancellation and/or non-vesting of any rights pursuant to the provisions of the By-Laws.

25. TAXES

- 25.1. All taxes (including income tax) arising from the grant or Release of any LTIS Award granted to any Grantee under the Scheme shall be borne by the Grantee.

26. COSTS AND EXPENSES OF THE SCHEME

- 26.1. Each Grantee shall bear all expenses relating to or in connection with the opening and maintenance of the CDS Account.
- 26.2. Save for the taxes referred to in **By-Law 25** and such other costs and expenses expressly provided in the Scheme to be payable by the Grantees, the Company shall bear all fees, costs and expenses incurred in relation to the Scheme including but not limited to the

costs and expenses relating to the issue and allotment, purchase and/or transfer of the Shares pursuant to the Awards.

27. SEVERABILITY

- 27.1. Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

28. DISCLAIMER OF LIABILITY

- 28.1. Notwithstanding any provisions herein contained, the Scheme Committee, the Trustee (if applicable), the Company and the Board and employees shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of and quotation for the new Shares on Bursa Securities in accordance with the By-Laws for any reason whatsoever.

29. DISCLOSURES IN ANNUAL REPORT

- 29.1. The Company will make such disclosures in its annual report for as long as the Scheme continues in operation as from to time required by the Listing Requirements including (where applicable) a statement by the ARMC verifying that the allocation of Shares pursuant to the Scheme is in compliance with the criteria for allocation.

30. DISPUTES

- 30.1. In case any dispute or difference shall arise between the Scheme Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the Scheme Committee during the Duration of the Scheme, then the Scheme Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person and/or Grantee, as the case may be PROVIDED THAT where the dispute is raised by a member of the Scheme Committee, the said member shall abstain from voting in respect of the decision of the Scheme Committee in that instance. In the event the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the Scheme Committee within **fourteen (14) days** of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding on all respects, provided that any Director of the Company who is also in the Scheme Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. 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 Scheme Committee shall be borne by such party.

DRAFT BY-LAWS (Cont'd)

- 30.2. Notwithstanding the foregoing provisions of **By-Law 30.1**, matters concerning adjustments made pursuant to **By-Law 17** shall be referred to the Company's external auditor or an approved company auditor or an Adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

31. TAKEOVER / SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, MERGER

- 31.1. In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or
- (c) the court sanctioning a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies; or
- (d) the Company decides to merge with other company or companies,

the Scheme Committee may at its discretion to the extent permitted by law allow the vesting of Unvested Share Awards (or any part thereof) in the Grantee or the Grantee's Representatives, as the case may be, and/or the exercise of any Unexercised Share Options or Unvested Share Options by the Grantee or the Grantee's Representatives as the case may be, at any time subject to such terms and conditions as maybe prescribed notwithstanding that:

- (a) the Share Option Vesting Date and/or Share Award Vesting Date is not due or has not occurred; and/or
- (b) the Share Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Share Option Offer and/or Share Award have not been fulfilled/satisfied.

- 31.2. All Share Options which the Scheme Committee permits to be exercisable pursuant to **By-Law 31.1** shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed notwithstanding that the Share Option Period has not commenced or expired.

32. NON-TRANSFERABILITY

- 32.1. A LTIS Award is personal to the Grantee and, prior to the allotment and/or transfer to the Grantee of the Shares to which the LTIS Award relates, shall not be transferred (other than in accordance with **By-Laws 12 and 31** (where applicable)), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Scheme Committee and if a Grantee shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an LTIS Award without the prior approval of the Scheme Committee, that LTIS Award shall immediately lapse.

33. SUBSEQUENT EXECUTIVE OR EMPLOYEE SHARE ISSUANCE SCHEME

- 33.1. Subject to the approval of Bursa Securities and any other relevant authorities, the Company may establish a new executive or employees' share issuance scheme after the expiry date of this Scheme or upon termination of this Scheme.
- 33.2. The Company may implement more than one (1) scheme provided that the aggregate number of shares available under all the schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time

34. GOVERNING LAW

- 34.1. The Scheme, the By-Laws, all offers and LTIS Awards made and granted and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Share Option Offer and/or Share Award in accordance with these By-Laws and terms of the Scheme and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.

35. IMPLEMENTATION OF THE SCHEME AND TRUST (IF REQUIRED)

- 35.1. In implementing the Scheme, the Scheme Committee shall subject to compliance with the provisions of the Act and the Listing Requirements decide that the LTIS Awards shall be satisfied by way of:
- (a) issuance of new Shares;
 - (b) acquisition of existing Shares from the market;
 - (c) a combination of both issuance of new Shares and acquisition of existing Shares from the market; or
 - (d) cash or a combination of cash and any of the above.
- 35.2. If required, the Board and/or the Scheme Committee will establish a Trust to be administered by the Trustee consisting of such trustee appointed by the Company from time to time for purposes of subscribing for new Shares or purchasing existing Shares from the market and transferring them to the Grantees at such time as the Scheme Committee may direct. To enable the Trustee to subscribe for new Shares and/or purchase existing Shares from the market for purposes of implementing the Scheme and to pay expenses in relation to the administration of the Trust, the Trustee will, to

the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company, its subsidiaries and/or third parties. The Scheme Committee shall have the discretion to direct the Trustee to subscribe for new Shares at any time and from time to time and also to revoke or suspend any such direction that has earlier been given to the Trustee, subject to the provisions of the Trust Deed.

- 35.3. The Trustee shall exercise the voting rights attached to such Shares in such manner and extent as may be directed by the Scheme Committee in writing.
- 35.4. The Trustee shall administer the Trust in accordance with the Trust Deed. For purposes of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust as the Scheme Committee may in its discretion direct for the implementation and administration of the Trust.
- 35.5. The Company shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.
- 35.6. The Company will use all reasonable efforts to make available/ensure that the Trustee has available sufficient Shares for vesting in the Grantees on the Vesting Dates during the Scheme Period.

36. RIGHTS ATTACHED TO SHARES

- 36.1. The Shares to be allotted and issued pursuant to the Scheme and held by the Trustee (if required) shall rank equally in all respects with the then existing issued Shares.
- 36.2. The Shares to be allotted upon exercise of the Share Option shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Company's shareholders, for which the book closure date is prior to the date on which the Shares are credited into CDS Account of the Grantees.
- 36.3. The Shares to be issued/transferred to the Grantees pursuant to the Share Award shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Company's shareholders for which the book closure date is prior to the date on which the Shares are credited into CDS Account of the Grantees.
- 36.4. For the purposes of this **By-Law 36**, "book closure date" shall mean the date as at the close of business on which shareholders of the Company must be registered as a member and whose names appear in the record of depositors maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions.
- 36.5. The Shares under the Scheme will be subject to the provisions of the Constitution relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company.

37. RETENTION PERIOD

- 37.1. The Shares to be issued/transferred to a Grantee under the Scheme (save for a Grantee who is a Non-Executive Director) shall not be subject to any retention period or restriction on transfer. However, the Company encourages Grantees to hold the Shares issued/transferred to them as a long-term investment and not for any speculative and/or realisation to yield a profit. Notwithstanding the foregoing, the Scheme Committee shall be entitled to prescribe or impose, in relation to any Share Option Offer and/or Share Award, any condition relating to any retention period or restrictions on transfer as it sees fit.
- 37.2. Notwithstanding **By-Law 37.1**, a Grantee who is a Non-Executive Director shall be subject to the restrictions on dealing in accordance with any prevailing and applicable guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time including, but not limited to Paragraph 8.20 of the Listing Requirements which prohibits a Non-Executive Director from selling, transferring or assigning the Shares obtained through the LTIS Awards offered to him pursuant to the Scheme within **one (1) year** from the date of offer of such LTIS Awards.

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PART B: SHARE OPTION SCHEME**38. SHARE OPTION OFFER**

- 38.1. During the Duration of the Scheme, the Scheme Committee may at any time and from time to time make a Share Option Offer in writing to an Eligible Person. Each Share Option Offer shall be in multiples of and not less than one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the Scheme Committee. The Share Options shall only be accepted in multiples of and not less than one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the Scheme Committee.
- 38.2. The Scheme Committee shall state the following in the Share Option Offer:
- (a) the number of Share Options that are being offered to the Eligible Person;
 - (b) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the vesting (if applicable) and exercise of the Options;
 - (c) the Share Option Offer Date;
 - (d) the Share Option Period;
 - (e) the Share Option Price;
 - (f) the Share Offer Period;
 - (g) the closing date for acceptance of the Share Option Offer;
 - (h) the Performance Targets and Performance Period as determined by the Scheme Committee, if any;
 - (i) the vesting conditions and vesting date of the Share Options as determined by the Scheme Committee, if any;
 - (j) the manner and conditions of exercise of the Share Options; and
 - (k) any other information deemed necessary by the Scheme Committee.
- 38.3. A Share Option shall be valid for acceptance for a period of **thirty (30) days** from the Share Option Offer Date or the closing date for acceptance of the Share Offer stipulated in the Share Option Offer, whichever is later or such longer period as may be determined by the Scheme Committee.
- 38.4. Subject to **By-Law 6**, nothing herein shall prevent the Scheme Committee from making more than one (1) Share Option Offer to an Eligible Person **PROVIDED THAT** the total aggregate number of Options offered to such Eligible Person during the Duration of the Scheme shall not exceed the Maximum Allowable Allotment of such Eligible Person.

DRAFT BY-LAWS (Cont'd)

- 38.5. The actual number of Share Options that may be granted to an Eligible Person shall be determined by the Scheme Committee and subject to any adjustment that may be made under **By-Law 17**.

39. SHARE OPTION PRICE

- 39.1. Subject to any adjustment in accordance with **By-Law 17** and pursuant to the Listing Requirements, the Share Option Price shall be a price to be determined by the Scheme Committee based on the weighted average market price of the Shares for the **five (5) Market Days** immediately preceding the Share Option Offer Date subject to a discount of not more than **ten percent (10%)**.
- 39.2. The Share Option Price as determined by the Scheme Committee shall be conclusive and binding on the Grantees.

40. ACCEPTANCE

- 40.1. A Share Option Offer shall be accepted by an Eligible Person within the Share Option Offer Period by written notice to the Company accompanied by a non-refundable payment to the Company of a sum of **Ringgit Malaysia One (RM1.00) only**, as acceptance of the Share Options, regardless of the number of Shares comprised therein.
- 40.2. The date of receipt by the Company of the written notice by an Eligible Person referred to in **By-Law 40.1** shall be the date of acceptance.
- 40.3. If a Share Option Offer made to an Eligible Person is not accepted in the manner set out in this **By-Law 40** within the Share Option Offer Period, the Share Option Offer shall automatically lapse and be null and void and be of no further force and effect. The Share Options comprised in such Share Option Offer may, at the discretion of the Scheme Committee, be re-offered to other Eligible Persons.
- 40.4. The Company shall, within **thirty (30) days** from the acceptance of the Share Option Offer by the Eligible Person, issue to the Eligible Person an option certificate in such form as may be determined by the Scheme Committee ("**Option Certificate**").
- 40.5. Notwithstanding **By-law 38.3**, in the event of death or cessation of employment of the Eligible Person or the Eligible Person becomes a bankrupt, as the case may be, prior to the acceptance of the Share Option Offer made to the Eligible Person, such Share Option Offer shall automatically lapse and be null and void and shall not be capable of acceptance. The Share Options comprised in such Share Option Offer may, at the discretion of the Scheme Committee, be re-offered to other Eligible Persons.
- 40.6. The Company shall keep and maintain a register of Grantees at its expense and shall enter in that register the names and addresses of the Grantees and such information as may be prescribed by the Scheme Committee.

41. EXERCISE OF SHARE OPTIONS

- 41.1. Subject to **By-Laws 9, 12, 31 and 41.10**, a Share Option granted to a Grantee under this Scheme is exercisable only by that Grantee during his/her lifetime whilst he/she is in

the employment of any Group Company and within the Share Option Period. All unexercised Share Options shall become null and void after the Date of Expiry.

- 41.2. The Scheme Committee may within its power under **By-Law 13**, at any time and from time to time, before or after the Shares Options are granted, limit the exercise of the Share Options to a number of Shares and/or such percentage of the total Shares comprised in the Share Options during such periods within the Share Option Period and impose other terms and/or conditions deemed appropriate by the Scheme Committee.
- 41.3. The Scheme Committee shall, as and when it deems necessary, review and determine at its own discretion the vesting conditions specified in respect of the Share Option Offer. A Grantee shall be entitled to exercise the Share Options granted to him/her after the vesting conditions, if any, are fully and duly satisfied which includes amongst others, the following:
- (a) the Eligible Person must remain as an employee and shall not have given a notice to resign to the Company or any company within the Group (as applicable) or receive a notice of termination from the Company or any company within the Group (as applicable) as at the vesting date; and
 - (b) any other conditions which are determined by the Scheme Committee.
- 41.4. Where a Share Option is exercised only in part, the Option Certificate shall be endorsed by the Scheme Committee stating *inter-alia*, the number of Shares which remain capable of being exercised.
- 41.5. A Grantee shall exercise the Share Options granted to him/her in multiples of and not less than one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the Scheme Committee save and except where a Grantee's balance of Share Options exercisable in accordance with these By-Laws shall be less than one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the Scheme Committee, in which case, the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of a Share Option shall not preclude the Grantee from exercising the Share Option as to the balance any new Share Option, if any, which he is entitled to subscribe under the Scheme.
- 41.6. Share Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Share Option Period. Any Share Option which remains unexercised at the expiry of the Share Option Period shall be automatically terminated and lapse without any claim against the Company.
- 41.7. Subject to the discretion of the Scheme Committee, where a Grantee is serving under an employment contract, he/she may exercise any remaining Unexercised Share Options within **sixty (60) days** before the expiry of the employment contract if the remaining duration of the employment contract from the date on which the Share Options are granted is less than the Share Option Period.
- 41.8. A Grantee shall exercise his/her Share Options by notice in writing to the Company in such form and manner as the Scheme Committee may prescribe or approve ("**Notice**

of Exercise"). The procedure for the exercise of the Share Options to be complied with by a Grantee shall be determined by the Scheme Committee from time to time.

- 41.9. Every Notice of Exercise shall state the number of Shares a Grantee intends to subscribe and shall be accompanied by the relevant Option Certificate and the relevant evidence of remittance for the full amount of the subscription monies payable in respect thereof **PROVIDED THAT** the number of Shares stated therein shall not exceed the amount exercisable by such Grantee.
- 41.10. The Grantee shall state his/her CDS Account in the Notice of Exercise. Within **eight (8) Market Days** (or such other period as may be prescribed or allowed by Bursa Securities, and subject to the Constitution) after receipt of the complete and valid Notice of Exercise together with the remittance from the Grantee and subject to the provisions of the Listing Requirements, Central Depositories Act, Rules of Bursa Depository and the Constitution, the Company shall issue/transfer the relevant number of Shares, despatch a notice of allotment to the Grantee and make an application for the listing of and quotation for such relevant number of Shares (where applicable). No physical certificate will be issued. For Grantees who do not have a CDS Account, such Grantees are required to open a CDS Account at their own expense before they can exercise their Share Options.
- 41.11. Any failure to comply with the procedures specified by the Scheme Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the Scheme Committee. The Scheme Committee shall inform the Grantee of the rejection of the Notice of Exercise within **ten (10) Market Days** from the date of rejection and the Grantee shall then be deemed not to have exercised his/her Share Option

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PART C: SHARE GRANT SCHEME**42. SHARE AWARD**

- 42.1. During the Duration of the Scheme, the Scheme Committee may at any time and from time to time make a Share Award in writing to an Eligible Person.
- 42.2. Subject to **By-Law 6**, nothing herein shall prevent the Scheme Committee from making more than one (1) Share Award to an Eligible Person **PROVIDED THAT** the total aggregate number of Shares to be allotted to such Eligible Person during the Duration of the Scheme shall not exceed the Maximum Allowable Allotment of such Eligible Person.
- 42.3. The actual number of Shares which may be awarded to an Eligible Person shall be at the discretion of the Scheme Committee subject to any adjustments that may be made under **By-Law 17**. The Scheme Committee may stipulate any terms and conditions it deems appropriate in a Share Award and the terms and conditions of each may differ. Nothing herein shall require any Share Award offered to be the same as any Share Awards previously or subsequently offered whether to the same or a different Eligible Person.
- 42.4. The Share Award under this **By-Law 42** shall be made in writing by the Scheme Committee.
- 42.5. Grantees are not required to pay for the grant of Share Awards save for any individual income tax that may be incurred as a result of the receipt of the grant.
- 42.6. The Share Award shall be valid for acceptance for the Share Award Offer Period. The acceptance of the Share Award shall be made by way of written notice from the selected Eligible Person to the Scheme Committee in the form prescribed by the Scheme Committee from time to time. In the event that the Eligible Person fails to accept the Share Award within the prescribed period, the Share Award shall automatically lapse and shall be then null and void and of no further effect **PROVIDED THAT** the Scheme Committee shall not be precluded from making a new Share Award to the Eligible Person subsequently.

43. SHARE GRANT PRICE

- 43.1. The reference price of each Share under a Share Award shall, subject always to the provisions of **By-Law 17**, be based on the market value of the Shares after taking into account, amongst others, the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Share Grant Date.

44. SHARE AWARD LETTER

- 44.1. The Scheme Committee will in its letter of offer for a Share Award to an Eligible Person ("**Share Award Letter**") state, amongst others:
- (a) Share Grant Price;

DRAFT BY-LAWS (Cont'd)

- (b) number of Shares to be awarded under the Share Award;
- (c) Share Grant Date;
- (d) Share Award Offer Period;
- (e) the closing date for acceptance of the Share Award;
- (f) the Performance Targets and Performance Period as determined by the Scheme Committee, if any;
- (g) the vesting conditions and vesting date of the Share Award as determined by the Scheme Committee, if any; and
- (h) any other condition which the Scheme Committee may determine from time to time in relation to that Share Award.

45. AWARD OF SHARES

- 45.1. The Scheme Committee may, by giving notice in writing to Grantee, vary or waive any of the conditions or include additional conditions, as will be used to determine the number of Shares awarded or vested to such Grantee on any Share Grant Date or Share Award Vesting Date.
- 45.2. The determination whether the Grantee has achieved the stipulated conditions shall be determined by the Scheme Committee at its absolute discretion.
- 45.3. Upon making the determination pursuant to **By-Laws 45.2**, the Scheme Committee shall vest the Shares under the Share Award to the Grantee subject to the Maximum Allowable Allocation and **By-Law 6**.
- 45.4. As soon as practicable after a determination is made pursuant to **By-Laws 45.2 and 45.3** to vest the Shares under the Share Award, the Scheme Committee shall notify each Grantee the:
 - (a) number of Shares vested to him;
 - (b) retention period for those Shares (if any);
 - (c) dates on which the Shares awarded shall vest (where applicable); and
 - (d) any other conditions of the vesting of the Shares.
- 45.5. No Grantee shall have a right to require any Shares to be vested to him/her unless and until the Scheme Committee has made a determination under **By-Laws 45.2 and 45.3** to vest the Shares to him under the Share Award.
- 45.6. The Scheme Committee may, in its sole and absolute discretion, decide that the vesting of the Shares under the Share Award, be satisfied by the allotment and issuance of Shares or wholly in cash or a combination of allotment and issuance of Shares and cash payment. Where the vesting of the Shares under the Share Award (or any part thereof)

are by way of cash payment pursuant to this **By-Law 45.6**, the reference price used to determine the amount to be paid to the Grantee will be based on the market value of the Shares after taking into account, amongst others, the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Share Award Vesting Date.

46. DELIVERY OF SHARES

- 46.1. In respect of Shares which are released to a Grantee, the Scheme Committee shall procure the following, on or before the relevant Share Award Vesting Date but not later than **eight (8) Market Days** after the relevant Share Award Vesting Date, as the case may be (or such period as may be prescribed or allowed by Bursa Securities):
- (a) credit the relevant number of Shares into the Grantee's CDS Account as notified by the Grantee in writing to the Company;
 - (b) despatch a notice of transfer of such Shares to the Grantee; and
 - (c) make an application for the listing of and quotation for such relevant number of Shares (where applicable).

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

TA Securities, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form, manner and context in which they appear in this Circular. TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposals.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

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

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

Save as disclosed below, as at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group:

	RM'000
<u>Approved but not contracted for:</u>	
- Property, plant and equipment	11,231

4.2 Contingent liabilities

Save as disclosed below, as at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group:

Contingent liabilities	RM'000
Corporate guarantees issued to:	30,460
- PBSB's developers, suppliers and banks for operational requirements; and	
- financial institutions for CICB's banking facilities	

FURTHER INFORMATION (Cont'd)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of CGB Shares as traded on Bursa Securities for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2020		
October	0.385	0.385
November	0.395	0.380
December	0.440	0.355
2021		
January	0.850	0.400
February	1.620	0.800
March	1.660	0.990
April	2.300	1.520
May	2.540	1.710
June	2.980	1.510
July	2.140	1.500
August	1.580	1.230
September	1.380	1.190

Last transacted market price on 23 July 2021 (being the last trading date prior to the announcement of the Proposals) was RM1.58 per CGB Share.

Last transacted market price on 1 October 2021 (being the LPD prior to the printing of this Circular) was RM1.17 per CGB Share.

(Source: Bloomberg)

6. HISTORICAL FINANCIAL INFORMATION OF CGB GROUP

The summary of key financial information of CGB Group for the FYE(s) 2018, 2019 and 2020 as well as the 6M-FPE 2020 and 2021 are as follows:

	Audited			Unaudited	
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	6M-FPE 2020 RM'000	6M-FPE 2021 RM'000
Revenue					
- Manufacturing and sale of self-adhesive label stocks and tapes	57,068	54,148	52,480	21,230	33,464
- Construction	26,346	59,910	65,240	28,751	22,239
	83,414	114,058	117,720	49,981	55,703
Cost of sales	(74,280)	(100,785)	(114,585)	(45,925)	(50,382)
Gross profit ("GP")	9,134	13,273	3,135	4,056	5,321
Other income	1,180	695	3,492	1,904	615
Distribution expenses	(3,140)	(3,332)	(3,417)	(1,749)	(2,152)
Administrative expenses	(5,828)	(6,620)	(6,301)	(3,824)	(4,275)
Other expenses	(2,775)	(2,778)	(2,574)	(3)	(912)
Finance cost	-	(217)	(272)	(146)	(162)
Finance income	296	248	182	138	23
Share of profit of associate, net of tax	165	-	-	-	-
(Loss)/ Profit before tax	(968)	1,269	(5,755)	376	(1,542)
Taxation	(2,837)	(847)	239	(176)	-
(Loss)/ Profit after tax	(3,805)	422	(5,516)	200	(1,542)

FURTHER INFORMATION (Cont'd)

	Audited			Unaudited	
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	6M-FPE 2020 RM'000	6M-FPE 2021 RM'000
(Loss)/ Profit attributable to:					
- Owners of the Company	(3,606)	(610)	(2,865)	(73)	(1,542)
- Non-controlling interests	(199)	1,032	(2,651)	273	-
(Loss)/ Profit for the year/ period	(3,805)	422	(5,516)	200	(1,542)
Basic/ Diluted loss per Share (sen) [#]	(4.01)	(0.68)	(3.18)	(0.08)	(1.71)
Weighted average no. of CGB Shares in issue ('000)	90,000	90,000	90,000	90,000	90,232
Share capital	Negligible [^]	51,407	51,407	51,407	53,407
NA attributable to the owners of the Company/ Shareholders' equity	48,575	47,968	44,907	47,907	42,897
Total equity	52,121	52,545	46,833	52,757	42,897
Borrowings*	-	2,984	3,429	3,915	4,022
Gearing (times) ⁺	-	0.06	0.07	0.07	0.09

(Source: CGB's annual reports and latest unaudited quarterly reports for the financial years/ periods under review.)

Notes:

Calculated based on (loss)/ profit after tax attributable to the owners of the company for the financial years/ periods over weighted average number of Shares during the financial years/ periods.

[^] CGB had an issued share capital of RM2 comprising 2 CGB Shares on 5 October 2018 (being the incorporation date of CGB). On 21 June 2019, CGB completed the internal re-organisation via (i) Proposed share exchange of all the ordinary shares of CICB with new CGB Shares and (ii) assumption of the listing status of CICB with the listing of and quotation for all CGB Shares on the Main Market of Bursa Securities.

* Borrowings include hire purchase and bank overdrafts.

+ Computed based on borrowings over total equity.

Commentaries:

(i) FYE 2019 vs FYE 2018

In FYE 2019, the Group derived its revenue from:

- (a) manufacturing and sale of self-adhesive label stocks and tapes ("**Manufacturing Operations**") amounting to RM54.15 million; and
- (b) construction activities ("**Construction Operations**") amounting to RM59.91 million mainly due to progress claims from the Group's existing projects.

The Group's revenue increased by RM30.65 million (36.74%) to RM114.06 million for the FYE 2019 from RM83.41 million for the FYE 2018 mainly due to higher revenue from its Construction Operations. CGB Group's Construction Operations were mainly carried out by its construction subsidiary, PBSB which recorded a full year revenue of RM59.91 million (FYE 2018: RM26.35 million). On 27 April 2017, CICC entered into a subscription agreement with, among others, PBSB to subscribe for 327,500 ordinary shares in PBSB ("**PBSB Shares**"), representing 20% of the total enlarged issued PBSB Shares at a total consideration of RM1,300,000. Consequently, PBSB became an indirect 20%-owned associate of the Group. On 19 June 2018, PBSB became a 51%-owned subsidiary pursuant to a conditional subscription agreement dated 22 December

FURTHER INFORMATION (Cont'd)

2017 entered into between, among others, CICC and PBSB in which CICC further subscribed for an additional 1,035,969 PBSB Shares for a total consideration of RM2,983,749.

The Group's Manufacturing Operations revenue decreased by RM2.92 million (5.12%) to RM54.15 million in FYE 2019 from RM57.07 million in FYE 2018 mainly due to lower revenue from export sales.

In line with the Group's increased revenue, the Group's GP increased by RM4.14 million (45.31%) to RM13.27 million (GP margin of 11.64%) in FYE 2019 from RM9.13 million (GP margin of 10.95%) in FYE 2018. The higher GP margin was mainly attributable to PBSB and its ability to secure higher profit margin projects through better negotiations and management of subcontractors and suppliers.

The Group recorded profit before tax ("**PBT**") and PBT margin of RM1.27 million and 1.11%, respectively in FYE 2019 as compared to the loss before tax ("**LBT**") and LBT margin of RM0.97 million and 1.16%, respectively in FYE 2018, in line with the higher GP and GP margin for FYE 2019.

The Group's gearing ratio increased from nil as at 31 December 2018 to 0.06 times as at 31 December 2019 mainly due to increase in borrowings as CGB Group secured hire purchase facilities to finance the purchase of plant and equipment for its construction projects and drawdown of bank overdraft to finance the Group's working capital for its construction projects (such as payment to its suppliers and subcontractors, and purchase of construction materials) in FYE 2019.

(ii) FYE 2020 vs FYE 2019

In FYE 2020, the Group derived its revenue from:

- (a) Manufacturing Operations amounting to RM52.48 million; and
- (b) Construction Operations amounting to RM65.24 million.

The Group's revenue increased by RM3.66 million (3.21%) to RM117.72 million for the FYE 2020 from RM114.06 million for the FYE 2019 mainly due to higher revenue from its Construction Operations. The Group's Construction Operations revenue increased by RM5.33 million (8.90%) to RM65.24 in FYE 2020 million from RM59.91 million in FYE 2019 mainly due to:

- (a) revenue contributed by the Beacon Project and Eco Horizon Project. Both of these projects contributed a total of RM54.84 million to the Group. Both projects were subsequently completed in first half of 2021; and
- (b) revenue from the Montage Project which was secured in FYE 2020. The construction work commenced in July 2020.

The Group's Manufacturing Operations revenue decreased by RM1.67 million (3.08%) to RM52.48 million in FYE 2020 from RM54.15 million in FYE 2019 mainly due to lower sales during the first quarter of 2020. This was attributable to lower demand for the Group's products as most of the Group's domestic customers had remained closed over the duration of the MCO, notwithstanding some of the Group's labels stocks customers were operating, being part of the essential goods supply chain. Some of the Group's customers for export markets had remained partially open and the Group was able to meet the requirements of these export customers during the MCO as local haulage and international shipping lines remained open.

FURTHER INFORMATION (Cont'd)

Despite higher revenue, the Group's GP decreased by RM10.13 million (76.38%) to RM3.14 million in FYE 2020 (GP margin of 2.66%) from RM13.27 million (GP margin of 11.64%) in FYE 2019. The lower GP and GP margin were mainly due to the Eco Horizon Project and Beacon Project were nearing completion as well as revision of the estimated GP for 2 said projects, arising from the prolonged construction period, construction cost and operating expenses due to the MCO.

The Group recorded LBT and LBT margin of RM5.76 million and 4.89%, respectively in FYE 2020 as compared to the PBT and PBT margin of RM1.27 million and 1.11%, respectively in FYE 2019 mainly due to lower GP offset by higher other income in FYE 2020. The higher other income in FYE 2020 was mainly due to:

- (a) insurance claim of RM1.75 million received by PBSB in relation to the Tri Pinnacle Project at Tanjong Tokong, Penang (construction of a housing scheme comprising of 1 block of 36-storey low medium cost apartments, 1 block of 32 storey affordable housing and 1 block of 32 storey affordable housing) which caught fire in April 2018.

PBSB was awarded a total insurance claim of RM2.43 million of which RM0.20 million and RM0.48 million of interim payments were received by PBSB in FYE 2018 and FYE 2019, respectively. The final payment of the RM1.75 million of the insurance claim was received by PBSB in FYE 2020. The total insurance claim of RM2.43 million is equivalent to approximately the cost incurred to repair damages on the building caused by the fire incident.

Due to the fire incident, the Tri Pinnacle project was shutdown for 6 weeks and resumed works at the end-June 2018. The project was completed in November 2018; and

- (b) profit guarantee shortfall of RM1.08 million which is recognised as other income. Pursuant to the subscription agreement dated 22 December 2017 entered into between CICC, PBSB and the then existing shareholders of PBSB ("**Promoters**") whereby the Promoters guaranteed that the cumulative profit after tax ("**PAT**") of PBSB attributable to CICC (based on CICC's 51% equity interest in PBSB) for the FYE 2017, FYE 2018 and FYE 2019 ("**Profit Guarantee Period**") shall be not less than RM3,672,000.

PBSB only achieved a cumulative PAT attributable to CICC of RM2,590,304 during the Profit Guarantee Period, which resulted in a shortfall of PAT attributable to CICC of RM1,081,696 ("**Profit Guarantee Shortfall**"). CICC received the Profit Guarantee Shortfall amount on 5 February 2021.

The Group's gearing ratio increased from 0.06 times as at 31 December 2019 to 0.07 times as at 31 December 2020 mainly due to the drawdown of additional bank overdraft during FYE 2020 to finance the Group's working capital for its construction projects (such as payment to its suppliers and subcontractors and purchase of construction materials) as well as lower total equity (FYE 2020: RM46.83 million; FYE 2019: RM52.55 million).

FURTHER INFORMATION (Cont'd)**(iii) 6M-FPE 2021 vs 6M-FPE 2020**

In 6M-FPE 2021, the Group derived its revenue from:

- (a) Manufacturing Operations amounting to RM33.46 million; and
- (b) Construction Operations amounting to RM22.24 million.

The Group's revenue increased by RM5.72 million (11.45%) to RM55.70 million for the 6M-FPE 2021 from RM49.98 million for the 6M-FPE 2020 mainly due to higher Manufacturing Operations revenue. The Group's Manufacturing Operations revenue increased by RM12.23 million (57.63%) to RM33.46 million for the 6M-FPE 2021 from RM21.23 million for the 6M-FPE 2020 mainly attributable to:

- (a) higher export sales. In 6M-FPE 2021, Export sales increased by RM7.97 million (207.07%) to RM11.82 million (6M-FPE 2020: RM3.85 million) mainly due to the Group's ability to meet the requirements of the export customers (particularly from India, New Zealand and South Korea) as compared to 6M-FPE 2020 where the Group experienced supply chain disruptions (i.e., shortages of certain raw materials used to manufacture tapes products) as well as logistics challenge to deliver products to the customers. In addition, there was higher purchase volume from certain existing customers due to stronger demand from the market and CICB also secured 2 new customers from Thailand in 6M-FPE 2021; and
- (b) higher domestic sales. In 6M-FPE 2021, domestic sales increased by RM3.78 million (25.61%) to RM18.54 million (6M-FPE 2020: RM14.76 million) mainly due to higher production output as a result of the relaxation of COVID-19 restrictions as compared to the full lockdown during the initial MCO (imposed by the Malaysian government from 18 March 2020 until 3 May 2020) corresponding with the higher purchase volume from local customers. Some of the local companies who previously purchased masking tapes from overseas suppliers opt to purchase from local suppliers (including CICB) to mitigate potential delays in imports as the COVID-19 pandemic has impacted the global supply chain.

The Group's Construction Operations revenue decreased by RM6.51 million (22.65%) to RM22.24 million for the 6M-FPE 2021 from RM28.75 million for the 6M-FPE 2020 mainly due to the completion of Beacon Project and Eco Horizon Project in first half of 2021. Beacon Project and Eco Horizon Project collectively contributed RM24.88 million to the Group's revenue for the 6M-FPE 2020. The Group's revenue for 6M-FPE 2021 was mainly due to the progressive revenue recognition from its existing projects i.e., Beacon Project (RM13.35 million) Eco Horizon Project (RM1.69 million) and Montage Project (RM7.08 million).

In line with the Group's increased revenue, the Group's GP increased by RM1.27 million (31.19%) to RM5.32 million (GP margin of 9.55%) in 6M-FPE 2021 from RM4.06 million (GP margin of 8.12%) in 6M-FPE 2020. The higher GP margin was mainly attributable to the higher revenue contribution from the Group's Manufacturing Operations in 6M-FPE 2021 which has an overall GP margin of 13.95% as compared to the Group's Construction Operations which has an overall GP margin of 2.97% for the 6M-FPE 2021.

The Group recorded a LBT and LBT margin of RM1.54 million and 2.77% in 6M-FPE 2021 as compared to the PBT and PBT margin of RM0.38 million and 0.75% respectively in 6M-FPE 2020, mainly due to:

- (a) increase in administrative expenses by RM0.45 million (11.79%) to RM4.28 million for the 6M-FPE 2021 from RM3.82 million for the 6M-FPE 2020 mainly due to:

FURTHER INFORMATION (Cont'd)

- (aa) RM0.17 million incurred for setting up new business operations in Singapore focusing on wholesale trade of adhesive. CGB had, on 6 March 2020 incorporated a wholly-owned subsidiary, Central Global Impact Pte. Ltd. ("CGI") in Singapore, to focus on wholesale trading of adhesive. However, CGI was disposed by CGB on 27 April 2021 as the Company viewed that it was no longer feasible to proceed this business venture in light of the ongoing COVID-19 pandemic situation; and
- (bb) corporate exercise expenses (e.g., professional fees for adviser, solicitors and valuer) of RM0.10 million incurred by CICC for the acquisition of the remaining 49% equity interest in PBSB. The said acquisition was completed on 4 February 2021 resulting in CICC increasing its equity interests in PBSB from 51% to 100%. The increase was also attributable to the RM0.09 million incurred by the Company for expenses relating to the on-going Private Placement exercise;
- (b) increase in selling and distribution expenses by RM0.40 million (23.04%) to RM2.15 million for the 6M-FPE 2021 from RM1.75 million for the 6M-FPE 2020 mainly due to from RM0.09 million incurred by CGI being mainly salaries and staff related expenses of CGI's marketing team to explore the adhesive markets and higher logistic related expenses (e.g., freight charges, handling and forwarding charges including port charges and haulage fees) in line with the higher sales volume from its Manufacturing Operations in the 6M-FPE 2021;
- (c) increase in other expenses by RM0.91 million (30300.00%) to RM0.91 million for the 6M-FPE 2021 from RM3,000 for the 6M-FPE 2020 mainly due to loss on disposal of aluminium system formworks of RM0.39 million and write-off of RM0.52 million for the amount due from CGI; and
- (d) decrease in other income by RM1.29 million (67.70%) to RM0.62 million for the 6M-FPE 2021 from RM1.90 million for the 6M-FPE 2020 mainly due to the insurance claim of RM1.75 million received by PBSB in relation to the Tri Pinnacle project at Tanjong Tokong, Penang as mentioned above in the 6M-FPE 2020. The decrease in other income was offset by the gain on disposal of CGI amounting RM0.48 million.

The Group's gearing ratio increased from 0.07 times as at 30 June 2020 to 0.09 times as at 30 June 2021 mainly due to increase drawdown of bankers' acceptance to finance the Group's working capital requirements for its manufacturing operations (such as payment to its suppliers for purchase of raw materials) during the 6M-FPE 2021.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal business hours from 8.30 a.m. to 5.30 p.m. Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Company's Constitution;
- (ii) the audited consolidated financial statements of the Company for the FYE 2019 and FYE 2020 as well as the latest unaudited financial results of the Group for the 6-month financial period ended 30 June 2021;

FURTHER INFORMATION (Cont'd)

- (iii) the letter of consent and conflict of interest as referred to in **Section 2** above;
- (iv) the draft Deed Poll in relation to the Proposed Free Warrants Issue; and
- (v) the draft By-Laws in relation to the Proposed LTIS.

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Central Global Berhad

(Registration No. 201801036114 (1298143-T))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Central Global Berhad (“**CGB**” or “**Company**”) will be conducted on a fully virtual basis via the online meeting platform at <https://bit.ly/2ZYVGtC> on Wednesday, 27 October 2021 at 3.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions below with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 108,000,002 NEW ORDINARY SHARES IN CGB (“CGB SHARE(S)” OR “SHARE(S)” (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING CGB SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE OF SHARES”)

“**THAT** subject to the approvals of all relevant authorities or parties being obtained, the Board of Directors of the Company (“**Board**”) be and is hereby authorised to allot and issue up to 108,000,002 Bonus Shares by way of a bonus issue to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business at 5.00 p.m. on a day to be determined and announced later (“**Bonus Shares Entitled Shareholders**”) on the basis of 1 Bonus Share for every 1 existing CGB Share held by Bonus Shares Entitled Shareholders;

THAT the Bonus Shares shall be issued as fully paid Shares at no consideration and without any capitalisation of the Company’s reserves;

THAT the Bonus Shares shall, upon allotment and issuance, carry the same rights with the then existing CGB Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company’s shareholders unless such Bonus Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions;

THAT the Board be and is hereby authorised to deal with fractional entitlements arising from the Proposed Bonus Issue of Shares, if any, will be disregarded and/ or dealt with by the Board in such manner as the Board in its absolute discretion deems fit and expedient and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or imposed by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may consider necessary or expedient to implement, finalise and give full effect to Proposed Bonus Issue of Shares.”

ORDINARY RESOLUTION 2

PROPOSED FREE WARRANTS ISSUE OF UP TO 108,000,002 FREE WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING SHARES HELD ON AN ENTITLEMENT DATE WHICH WILL BE DETERMINED AFTER THE COMPLETION OF THE PROPOSED BONUS ISSUE OF SHARES (“PROPOSED FREE WARRANTS ISSUE”)

“**THAT** subject to the passing of the Ordinary Resolution 1 and the approvals of all relevant authorities or parties being obtained, where required, the Board be and is hereby authorised to allot and issue up to 108,000,002 Warrants in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants (“**Deed Poll**”), to the shareholders of the Company whose names

appear in the Record of Depositors of the Company at the close of business at 5.00 p.m. on a day to be determined and announced later after completion of the Proposed Bonus Issue of Shares ("**Warrants Entitled Shareholders**"), on the basis of 1 Warrant for every 2 existing Shares held by the Warrants Entitled Shareholders;

THAT the Board be and is hereby authorised to fix the exercise price of the Warrants at a later date and that the Board be and is hereby authorised to allot and issue the new CGB Shares arising from the exercise of the Warrants by the holders of the Warrants in accordance with the Deed Poll and such new CGB Shares shall, upon allotment and issuance, carry the same rights with the then existing CGB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions. The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/ or offer of securities in CGB until and unless such holders of the Warrants exercise their Warrants into new CGB Shares;

THAT the Board be and is hereby authorised to deal with fractional entitlements arising from the Proposed Free Warrants Issue, if any, will be disregarded and/ or dealt with by the Board in such manner as the Board in its absolute discretion deems fit and expedient and in the best interest of the Company;

THAT the proceeds arising from the exercise of the Warrants, if any, be utilised for the purposes set out in the circular to the shareholders of the Company ("**Circular**") in relation to, among others, the Proposed Free Warrants Issue, and the Board be authorised with full power to vary the manner and /or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to the approval of the relevant authorities, where required;

THAT approval be and is hereby given to the Board to allot and issue such appropriate number of Warrants in accordance with the provisions of the Deed Poll, including any additional Warrants as may be required or permitted to be issued as a consequence of any adjustments in accordance with the terms and conditions of the Deed Poll and to adjust from time to time the exercise price and/ or number of the Warrants to which the holder(s) of the Warrants are entitled to be issued as a consequence of the adjustments under the provisions of the Deed Poll and to issue and allot further new Shares as may be required or permitted to be issued pursuant to such adjustments and upon any exercise by the holders of such additional Warrants;

THAT the Board be and is hereby authorised to finalise, enter into, execute and deliver for and on behalf of the Company, the Deed Poll with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Board, and to take all steps as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Free Warrants Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may consider necessary or expedient to implement, finalise and give full effect to Proposed Free Warrants Issue."

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE SCHEME ("SCHEME") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME COMPRISING A SHARE OPTION SCHEME ("PROPOSED SHARE OPTION SCHEME") AND A SHARE GRANT SCHEME ("PROPOSED SHARE GRANT SCHEME"), FOR ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED LTIS")

"THAT, subject to the approvals of all relevant regulatory authorities being obtained (where applicable), and to the extent permitted by law and the Constitution of the Company, the Board be and is hereby authorised and empowered to:

- (i) establish, implement and administer the Proposed LTIS of up to 15% of the total number of issued Shares (excluding treasury shares, if any) of the Company at any one time throughout the duration of the Scheme for the eligible employees, executive directors and non-executive directors of CGB and its non-dormant subsidiaries ("**CGB Group**" or "**Group**") who fulfil the eligibility criteria for participation in the Scheme as set out in the By-Laws governing the Scheme ("**By-Laws**") ("**Eligible Person(s)**"), a draft of which is set out in **Appendix II** of the Circular, and to give full effect to the Scheme with full power to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant authorities;
- (ii) make the necessary applications to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and do all the things necessary at the appropriate time or times for the listing and quotation of the new Shares which may from time to time be allotted and issued pursuant to the Scheme;
- (iii) allot and issue and/ or procure from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the share options pursuant to the Proposed Share Option Scheme ("**Share Options**") and/ or vesting of the share grant pursuant to the Proposed Share Grant Scheme ("**Share Awards**") under the Proposed LTIS provided that the total number of Shares made available under the Proposed LTIS shall not exceed 15% of the total number of issued Shares (excluding treasury shares, if any) at any point in time over the duration of the Scheme;
- (iv) new Shares to be issued arising from the Proposed LTIS, shall upon allotment and issuance, carry the same rights with the then existing CGB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions. The new CGB Shares to be issued arising from the Proposed LTIS will be subject to the provisions of the Company's Constitution relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company;
- (v) add, delete, modify and/ or amend all or any part of the terms and conditions as set out in the By-Laws governing the Proposed LTIS from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board or any committee of the Proposed LTIS established or appointed by it provided that such modifications and/ or amendments are effected and permitted in accordance with the provisions of the By-Laws relating to modifications and/ or amendments and to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to such modifications and/ or amendments of the Scheme;
- (vi) extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting; and
- (vii) do all such acts and things, to execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed LTIS and terms of the By-Laws;

THAT the By-Laws of the Scheme, a draft of which is set out in **Appendix II** of the Circular, be and is hereby approved and adopted;

AND THAT the Board be and is hereby authorised to give effect to the Proposed LTIS with full powers to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as the Board may deem fit or necessary at its absolute discretion."

ORDINARY RESOLUTION 4 TO 8

PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/ OR SHARE AWARDS TO THE DIRECTORS OF CGB ("PROPOSED ALLOCATIONS")

"THAT, subject to the passing of Ordinary Resolution 3 and the approvals of all relevant regulatory authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the committee appointed and authorised by the Board from time to time to administer the Scheme ("**LTIS Committee**") in accordance with the By-Laws, to offer and grant, from time to time throughout the duration of the Scheme, such number of Shares in the Company which will be vested to the Directors at a future date and to allot and issue such number of options, Shares and/ or the equivalent cash value or combinations thereof comprised in the Proposed LTIS granted to the following Directors from time to time:

- | | | |
|-------|--|-----------------------|
| (i) | Dato' Faisal Zelman Bin Datuk Abdul Malik, Executive Chairman | Ordinary Resolution 4 |
| (ii) | Tan Yeang Tze (Tobby), Executive Director | Ordinary Resolution 5 |
| (iii) | YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah, Independent Non-Executive Director | Ordinary Resolution 6 |
| (iv) | Shaharuddin Bin Abdullah, Independent Non-Executive Director | Ordinary Resolution 7 |
| (v) | Lee King Loon, Independent Non-Executive Director | Ordinary Resolution 8 |

PROVIDED ALWAYS THAT:

- (i) he must not participate in the deliberation or discussion of his own allocation to be issued under the Proposed LTIS;
- (ii) not more than 10% of the total number of CGB Shares to be issued under the Proposed LTIS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued CGB Shares (excluding treasury shares);
- (iii) not more than 70% of the total number of Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined by the LTIS Committee from time to time);
- (iv) it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws; and
- (v) the Directors and senior management of the Group and members of the LTIS Committee who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any."

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws, the Board be and is hereby authorised to take such steps as necessary or expedient to implement, finalise or to give full effect to the Proposed Allocations above with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocations as above as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

By Order of the Board

WONG YOUN KIM (MAICSA 7018778) (SSM PRACTICING CERTIFICATE NO. 201908000410)

Company Secretary
12 October 2021

NOTES:

- (i) *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/ proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the meeting will therefore have to register via the link <https://bit.ly/2ZYVGtC>. Kindly refer to the annexure of the Administrative Guide for further information.*
- (ii) *Only depositors whose names appear in the Record of Depositors as at 22 October 2021 shall be entitled to attend the meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.*
- (iii) *A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
- (iv)
 - (a) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
 - (b) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (v) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.*
- (vi) *All Form of Proxy must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur or email to santhosh@hmc.my or weibo.loh@hmc.my not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof.*

Voting by Poll

Pursuant to Paragraph 8.29A(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in this Notice are to be voted by poll.

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**Central Global Berhad**

(Registration No. 201801036114 (1298143-T))

FORM OF PROXY

No. of Shares Held:	
CDS Account No.:	

I/We _____ (NRIC/ Passport/ Registration No. _____)
 of (full address) _____

being a member/ members of CENTRAL GLOBAL BERHAD, hereby appoint the following person(s):

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

and/or*

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

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Extraordinary General Meeting of the Company will be conducted on a fully virtual basis via the online meeting platform at <https://bit.ly/2ZYVGtC> on Wednesday, 27 October 2021 at 3.00 p.m. or any adjournment thereof.

My/ our proxy/ proxies is(are) to vote as indicated below:

Ordinary Resolution		First Proxy		Second Proxy	
		For	Against	For	Against
1.	Proposed Bonus Issue of Shares				
2.	Proposed Free Warrants Issue				
3.	Proposed LTIS				
4.	Proposed Allocation of Share Options and/ or Share Awards to Dato' Faisal Zelman Bin Datuk Abdul Malik				
5.	Proposed Allocation of Share Options and/ or Share Awards to Tan Yeang Tze (Tobby)				
6.	Proposed Allocation of Share Options and/ or Share Awards to YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah				
7.	Proposed Allocation of Share Options and/ or Share Awards to Shaharuddin Bin Abdullah				
8.	Proposed Allocation of Share Options and/ or Share Awards to Lee King Loon				

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy(ies) will vote or abstain from voting at his/her/their discretion(s)).

As witness my hand this _____ day of _____ 2021

.....
 Signature/Common Seal

* **Strike out whichever is not desired.**

NOTES:

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- (ii) Only depositors whose names appear in the Record of Depositors as at 22 October 2021 shall be entitled to attend the meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.
- (iii) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
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- (b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (v) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.
- (vi) All Form of Proxy must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur or email to santhosh@hmc.my or weibo.loh@hmc.my not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof.

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AFFIX
STAMP

The Company Secretary

CENTRAL GLOBAL BERHAD (Registration No. 201801036114 (1298143-T))
Registered Office
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

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Fold This Flap For Sealing