

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

This Circular has been reviewed by MIDF Amanah Investment Bank Berhad as the Principal Adviser of LKL International Berhad ("LKL International" or the "Company") for the Proposals (as defined herein).



LKL INTERNATIONAL BERHAD

(Registration No. 201501014673 (1140005-V))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED PRIVATE PLACEMENT OF UP TO 85,760,000 NEW ORDINARY SHARES IN LKL INTERNATIONAL ("LKL INTERNATIONAL SHARES" OR "SHARES") ("PLACEMENT SHARES"), REPRESENTING NOT MORE THAN 20% OF THE TOTAL NUMBER OF ISSUED LKL INTERNATIONAL SHARES TO PARTIES TO BE IDENTIFIED AT A LATER DATE ("PROPOSED PRIVATE PLACEMENT"); AND**
- (II) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED LKL INTERNATIONAL SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME TO THE ELIGIBLE EMPLOYEES AND DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES ("PROPOSED ESOS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MIDF Amanah Investment Bank Berhad

(Registration No. 197501002077 (23878-X))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of LKL International to be held at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 13 October 2020 at 11.00 a.m., or immediately following the conclusion or adjournment of the Company's Sixth Annual General Meeting ("**6th AGM**"), which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, together with the Proxy Form are enclosed with this Circular. The Notice of the EGM with the Proxy Form and this Circular are available at the Company's website at <https://www.lklbeds.com>.

As a shareholder, 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 Proxy Form at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time and date stipulated for the EGM. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last day, date and time for lodging the Proxy Form	: Sunday, 11 October 2020 at 11.00 a.m.
Day, date and time of the EGM	: Tuesday, 13 October 2020 at 11.00 a.m., or immediately following the conclusion or adjournment of the Company's 6 th AGM, whichever is later.

This Circular is dated 28 September 2020

DEFINITIONS

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

5D-VWAMP	:	5-day volume weighted average market price
Act	:	Companies Act 2016
Announcement	:	The announcement dated 17 July 2020 in relation to the Proposals
Board	:	Board of Directors of LKL International
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
By-Laws	:	Rules, terms and conditions governing the ESOS, as may be amended, varied or supplemented from time to time, a draft by-laws of which is set out in Appendix I of this Circular
Circular	:	This circular to the shareholders of LKL International dated 28 September 2020 in relation to the Proposals
COVID-19	:	Coronavirus Disease 2019
Director (s)	:	The director(s) of LKL International having the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
EGM	:	Extraordinary general meeting
Eligible Person(s)	:	Any Director and/or employees of the Group who meet the criteria of eligibility for participation in the Proposed ESOS in accordance with the By-Laws
EPS	:	Earnings per Share
ESOS or Scheme	:	The employees' share option scheme for the grant of Options to Eligible Persons to subscribe for new LKL International Shares upon the terms as set out in the By-Laws, such scheme to be known as the LKL International Employees' Share Option Scheme
ESOS Option(s) or Option(s)	:	The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner indicated under the By-Laws
ESOS Committee	:	The committee to be appointed and authorised from time to time by the Board pursuant to the By-Laws to administer the ESOS
FYE	:	Financial year ended/ending, as the case may be
Grantee	:	An Eligible Person who has accepted the Offer in accordance with the provisions of the By-Laws
IMR Report	:	Independent Market Research Report on the Healthcare Industry in Malaysia dated 25 September 2020 prepared by Smith Zander
Interested Person(s)	:	A director, major shareholder or chief executive of LKL International
LKL International Company	:	LKL International Berhad (Registration No.: 201501014673 (1140005-V))

DEFINITIONS (CONT'D)

LKL International Group or Group	:	LKL International and its subsidiaries, collectively
LKL International Share(s) or Share(s)	:	Ordinary share(s) in LKL International
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	18 September 2020, being the latest practicable date prior to the printing of this Circular
MCO	:	Movement control order imposed by the Malaysian Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
MFRS	:	Malaysian Financial Reporting Standards
MIDF Investment Principal Adviser or	:	MIDF Amanah Investment Bank Berhad (Registration No.: 197501002077 (23878-X))
NA	:	Net assets
Offer	:	An offer made in writing by the ESOS Committee to an Eligible Person to participate in the Proposed ESOS in accordance with the By-Laws
Offer Date	:	The date on which an Offer (including any subsequent Offers) is made by the ESOS Committee to an Eligible Person to participate in the ESOS
Option Price	:	The price per share which a Grantee is entitled to subscribe for each new LKL International Share pursuant to the exercise of an Option in accordance with the By-Laws
Placement Share(s)	:	Issuance of up to 85,760,000 new LKL International Shares pursuant to the Proposed Private Placement
Price-Fixing Date	:	The date on which the issue price for the Placement Shares is fixed by the Board after the receipt of all requisite approvals for the Proposed Private Placement
Proposals	:	Proposed Private Placement and Proposed ESOS, collectively
Proposed ESOS	:	Proposed establishment of an employees' share option scheme of up to 15% of the total number of issued LKL International Shares (excluding treasury shares, if any) at any point in time to the Eligible Persons
Proposed Granting of ESOS Options	:	Proposed granting of ESOS Options under the Proposed ESOS to Tan Sri Datuk Adzmi Bin Abdul Wahab, Lim Kon Lian, Mok Mei Lan, Lim Pak Hong, Selma Enolil Binti Mustapha Khalil, Sandra Mohan A/L Manthiry, Wong Yeong Lee, Lim Ming Chang, Elaine Lim Sin Yee, Tan Lee Ching and Lim Kon Khoon
Proposed Private Placement	:	Proposed private placement of up to 85,760,000 Placement Shares, representing not more than 20% of the total number of issued LKL International Shares to parties to be identified at a later date
Record of Depositors	:	A record consisting names of depositors established by Bursa Malaysia Depository Sdn. Bhd.

DEFINITIONS (CONT'D)

RM and sen : Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia

Smith Zander : Smith Zander International Sdn Bhd (Registration No.: 201301028298 (1058128-V)), an independent market researcher

All references to “**LKL International**” or the “**Company**” in this Circular are to LKL International, references to “**LKL International Group**” or the “**Group**” are to the Company and its subsidiaries and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to the Group, the Company and where the context otherwise requires, the Company’s subsidiaries.

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

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, unless otherwise specified.

Any reference in this Circular to any enactment, codes, rules or regulations is a reference to that enactment, codes, rules or regulations 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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LKL INTERNATIONAL BERHAD

(Registration No. 201501014673 (1140005-V))
(Incorporated in Malaysia)

Registered Office:

Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

28 September 2020

Board of Directors

Tan Sri Datuk Adzmi Bin Abdul Wahab (*Independent Non-Executive Chairman*)
Lim Kon Lian (*Managing Director*)
Mok Mei Lan (*Executive Director*)
Lim Pak Hong (*Executive Director*)
Selma Enolil Binti Mustapha Khalil (*Independent Non-Executive Director*)
Sandra Mohan A/L Manthiry (*Independent Non-Executive Director*)
Wong Yeong Lee (*Independent Non-Executive Director*)

To: Shareholders of LKL International Berhad

Dear Sir/Madam,

- (I) PROPOSED PRIVATE PLACEMENT; AND**
- (II) PROPOSED ESOS**

1. INTRODUCTION

On 17 July 2020, MIDF Investment had, on behalf of the Board, announced that the Company proposes to undertake the following:

- (a) Proposed Private Placement; and
- (b) Proposed ESOS.

On 18 August 2020, MIDF Investment had, on behalf of the Board, announced that the additional listing application in relation to the Proposals have been submitted to Bursa Securities.

On 22 September 2020, MIDF Investment had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 22 September 2020, approved the listing of and quotation for the Placement Shares, and the new LKL International Shares to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

The details of Proposals are set out in Section 2 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

THE NOTICE OF THE 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 BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Private Placement

2.1.1 Placement Size

The Proposed Private Placement entails the issuance of up to 85,760,000 Placement Shares representing up to 20% of the total number of issued LKL International Shares (excluding treasury shares, if any) as at the LPD.

As at the LPD, the Company has an issued share capital comprising 428,800,000 Shares. The Company does not have any outstanding convertible securities as at the LPD. Based on the total number of 428,800,000 Shares as at the LPD, the issuance of 85,760,000 Placement Shares under the Proposed Private Placement would represent 20% of such total number of issued Shares.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement shall be determined at a later date, based on the total number of issued LKL International Shares as at the date of implementation, after the receipt of all requisite approvals set out in Section 8 of this Circular.

2.1.2 Placement arrangement

The Placement Shares are intended to be placed out to third party investor(s) to be identified at a later date, where such investor(s) shall be person(s) who fall within Schedule 7 of the Capital Markets and Services Act 2007.

In any event, the Placement Shares will not be placed out to the following persons/parties:

- (a) Interested Person;
- (b) a person connected with an Interested Person; or
- (c) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in single or multiple tranches within 6 months from the date of approval by Bursa Securities for the listing of and quotation for the Placement Shares, or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions and depending on investors' interest at the point of implementation, as the case may be. The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors, taking into consideration market conditions and to optimise proceeds to be raised.

For the avoidance of doubt, the final issue price for each tranche of the Placement Shares shall be determined separately, in accordance with the basis mentioned in Section 2.1.3 of this Circular.

2.1.3 Basis of determining and justification for the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares, where applicable, shall be determined and fixed by the Board at Price-Fixing Date at a price that is deemed appropriate after taking into consideration, among others, the prevailing market conditions and the 5D-VWAMP of the LKL International Shares immediately prior to the Price-Fixing Date.

The discount for the issue price of the Placement Shares, if any, shall be not more than 10% to the 5D-VWAMP of LKL International Shares immediately preceding the Price-Fixing Date.

As the Proposed Private Placement may be implemented in several tranches, there could potentially be several Price-Fixing Dates and issue prices.

For illustrative purposes only, the indicative issue price of the Placement Shares is assumed at RM1.10 per Placement Share, which represents a discount of approximately 5.92% to the 5D-VWAMP of LKL International Shares up to and including the LPD of RM1.1692 per LKL International Share (*Source: Bloomberg*).

2.1.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank equally in all respects with the existing LKL International Shares, save and except that the holder(s) of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to shareholders, whereby the entitlement date of which is prior to the date of allotment of the Placement Shares, as the case may be.

2.1.5 Listing of and quotation for the Placement Shares

The Company had, on 22 September 2020, obtained the approval from Bursa Securities for the listing of and quotation for up to 85,760,000 Placement Shares on the ACE Market of Bursa Securities.

2.2 Proposed ESOS

2.2.1 Details of the Proposed ESOS

The Proposed ESOS entails the granting of ESOS Options at prices to be determined in the manner set out in Section 2.2.6 of this Circular to all the Eligible Person(s) in accordance with the By-Laws.

The Proposed ESOS will be administered in accordance with the By-Laws, by the ESOS Committee.

The salient terms and conditions of the Proposed ESOS as set out in the ensuing sections will be governed by the By-Laws. The draft By-Laws for the Proposed ESOS is enclosed in **Appendix I** of this Circular.

2.2.2 Maximum number of new Shares available under the Proposed ESOS

The maximum number of new LKL International Shares which may be issued and allotted under the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the tenure of the Proposed ESOS.

In implementing the Proposed ESOS, the ESOS Committee may at its absolute discretion decide that the Options be satisfied via the following methods:

- (a) issuance of new LKL International Shares;
- (b) transfer of the Company's treasury shares or any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
- (c) a combination of the above.

2.2.3 Basis of allotment and maximum allowable allotment

Subject to the By-Laws and any adjustment which may be made under the By-Laws, the aggregate number of new Shares that may be offered and allocated under the Options to an Eligible Person to participate in the Proposed ESOS shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, among others, the Eligible Person's designation, length of service, seniority, contribution, work performance, fulfilment of eligibility criteria under the By-Laws and/or such other factors as the ESOS Committee may deem fit, and subject to the following:

- (a) the total number of LKL International Shares made available under the Proposed ESOS shall not exceed the amount stipulated under Section 2.2.2 of this Circular;
- (b) no allocation of more than 10% of the total number of LKL International Shares to be issued under the Proposed ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued LKL International Shares (excluding treasury shares, if any);
- (c) no allocation of more than 50% of the total number of new LKL International Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors (including executive and non-executive directors) and/or key senior management of LKL International Group who are Eligible Persons;
- (d) any Offer, allocation of Options under the Proposed ESOS and the related allotment of Shares to any Directors, major shareholders or the chief executive of the Company and any person connected with them (as defined in the Listing Requirements) shall require prior approval of the shareholders of the Company in a general meeting. The Directors, major shareholders or chief executive officer of the Company and persons connected with them shall not vote on the resolution approving the said Offer, allocation and allotment; and
- (e) the Directors and senior management of the LKL International Group shall not be allowed to participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,

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

The ESOS Committee shall be entitled to determine the maximum number of Options that can be offered under the Proposed ESOS in relation to each class or grade of the Eligible Persons and the aggregate maximum number of Options that can be offered to Eligible Persons under the Proposed ESOS from time to time, and the decision of the ESOS Committee shall be final and binding.

The ESOS Committee may at its sole and absolute discretion decide among others:

- (i) whether the granting of Options to the Eligible Persons will be based on staggered granting over the tenure of the Proposed ESOS and each Offer shall be separate and independent from the others, or in one (1) single grant;
- (ii) the number of Options to be offered in each Offer;
- (iii) whether the Options are subject to any vesting period, and if so, to determine the vesting conditions for the Options and whether such vesting is subject to performance target. As at the date of this Circular, we have yet to determine any specific performance targets, which are required to be achieved before the exercise of ESOS Options by an Eligible Person. The determination of the performance targets will be carried out at a later date after the establishment of the Proposed ESOS and the formation of the ESOS Committee; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for participation in the Scheme.

The aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 2.2.2 of this Circular. In deciding between staggered granting over the tenure of the Proposed ESOS or one (1) single grant allocation, the ESOS Committee shall consider, among others, whether it wishes to provide a one-off reward for the relevant Grantee's contribution to the Group to incentivise the Grantee's continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee's career progression with the Group moving forward.

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

2.2.4 Eligibility to participate in the Proposed ESOS

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

- (a) in respect of an employee of the Group, the employee must fulfil the following criteria as at the Offer Date:
 - (i) is a Malaysian citizen and shall have attained the age of 18 years;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) is confirmed in writing and employed on a full-time basis and is on the payroll of a company in the LKL International Group and has not served a notice to resign or received a notice of termination prior to and up to the Offer Date; or if the employee is employed by a corporation which is acquired by the Group during the duration of the Proposed ESOS and subsequently becomes a subsidiary of the Group upon the completion of such acquisition, he must have completed a continuous employment service for a period of at least twelve (12)

months in the Group following the date that such company becomes or is deemed to be a subsidiary of the Group; and

- (iv) has fulfilled any other criteria and/or falls within such category that the ESOS Committee may from time to time determine at its absolute discretion.
- (b) in respect of a Director, the Director must fulfil the following criteria as at the Offer Date:
- (i) is a Malaysian citizen and shall have attained the age of 18 years;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) has been appointed as Director of the Company or any company in the LKL International Group for a minimum period of one (1) year before the Offer Date; and
 - (iv) has fulfilled any other criteria and/or fall within such category that the ESOS Committee may from time to time determine at its absolute discretion.

For avoidance of doubt:

- (a) Directors or employees of companies within the LKL International Group which are dormant; and
- (b) Directors or employees of associate companies of LKL International Group (not subsidiaries),

are not eligible to participate in the Proposed ESOS.

The ESOS Committee may, in its absolute discretion, change or waive any of the conditions of eligibility as set out above. The selection of any Eligible Person for participation in the Proposed ESOS and number of Options to be offered to an Eligible Person under the Proposed ESOS shall be made by the ESOS Committee at its sole and absolute discretion and the decision of the ESOS Committee shall be final and binding.

2.2.5 Duration of the Proposed ESOS

The Proposed ESOS, when implemented shall be in force for a period of five (5) years from the effective date of implementation of the Proposed ESOS. Upon recommendation of the ESOS Committee and if the Board deems fit and in the best interest of the Company, the Proposed ESOS may be extended for a further period of up to a maximum of five (5) years commencing from the day after the date of expiration of the original five (5) years' period.

Such extended period under the Proposed ESOS shall be implemented in accordance with the terms of the By-Laws, save for any amendments and/or changes to the relevant statutes, laws and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Proposed ESOS. In the event the Proposed ESOS is extended, the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements within 30 days prior to the expiration of the Proposed ESOS and that Bursa Securities shall be informed of such extended Proposed ESOS.

2.2.6 Basis of determining the Option price

Subject to the By-Laws and pursuant to the Listing Requirements, the Option Price shall be determined by the Board upon the recommendation of the ESOS Committee based on the 5D-VWAMP of LKL International Shares immediately preceding the Offer Date, with a discount of not more than ten per cent (10%) or such other percentage of discount as maybe permitted by Bursa Securities or any other relevant authorities from time to time during the tenure of the Proposed ESOS.

2.2.7 Ranking of the new Shares to be issued arising from the exercise of Options pursuant to the Proposed ESOS

All new LKL International Shares to be issued to the Grantee arising from the exercise of the Options shall, upon allotment and issue, rank equally in all respects with the existing LKL International Shares, save and except that the LKL International Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid, prior to the relevant date of the allotment of the new LKL International Shares.

The Option shall not carry any right to vote at any general meeting of the Company. The Grantee shall not be entitled to any dividends, rights, allotments and/or other entitlements on his/her unexercised Options. The LKL International Shares under the Proposed ESOS will be subject to the provisions of the Constitution of the Company relating to transfer, transmission or otherwise of the LKL International Shares.

2.2.8 Modification, variation and/or amendment to the Proposed ESOS

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any modifications, variation and/or amendments 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 make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time any variation, modification and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to ESOS and the Rules of Bursa Malaysia Depository Sdn. Bhd. pursuant to Rule 2.12 of the Listing Requirements.

2.2.9 Retention period of Shares

Pursuant to Rule 8.22 of the Listing Requirements, a non-executive Director, must not sell, transfer or assign any new LKL International Shares obtained through the exercise of Options granted to him within one (1) year from the Offer Date.

Save for the above, the new LKL International Shares issued to a Grantee arising from the exercise of an Option under the Proposed ESOS will not be subjected to any retention period or restriction on transfer, disposal and/or assignment.

However, the Grantees are encouraged to hold the LKL International Shares as a long-term investment and not for any speculative and/or realisation to yield a profit. Notwithstanding the foregoing, the ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer as it sees fit.

The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer as it sees fit.

2.2.10 Alteration of share capital

Subject to the By-Laws, in the event of any alteration in the capital structure of LKL International during the tenure of the Proposed ESOS, whether by way of rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of LKL International Shares or reduction of capital or any other variations of capital shall take place or if the Company shall make a capital distribution during the tenure of the Proposed ESOS, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustments, if any, to be made to:

- (a) the Option Price;
- (b) the number of Options granted to each Grantee (excluding Options already exercised); and/or
- (c) the number of LKL International Shares and/or Option Price comprised in the Offer which is open for acceptance during the offer period (if such Offer is subsequently accepted in accordance with the terms and conditions of the Offer and the By-Laws),

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

2.2.11 Listing of and quotation for Shares

The Company had, on 22 September 2020, obtained the approval from Bursa Securities for the listing of and quotation for up to 15% of the total number of issued LKL International Shares (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS on the ACE Market of Bursa Securities.

2.2.12 Termination of the Proposed ESOS

Subject to compliance with the requirements of Bursa Securities or any other relevant authorities, the Proposed ESOS may be terminated by the Company at any time during the tenure of the Proposed ESOS without obtaining the approvals or consents from the Grantees who have yet to exercise their Options or the shareholders of the Company provided that the Company makes an announcement immediately to Bursa Securities.

2.2.13 Proposed Granting of ESOS Options

The Company proposes to seek the shareholders' approval at the forthcoming EGM for authority to offer and/or grant the ESOS Options under the Proposed ESOS and to allot and issue such number of new LKL International Shares pursuant to the exercise of such Options, to the Board of Directors namely Tan Sri Datuk Adzmi Bin Abdul Wahab, Lim Kon Lian, Mok Mei Lan, Lim Pak Hong, Selma Enolil Binti Mustapha Khalil, Sandra Mohan A/L Manthiry and Wong Yeong Lee; and person connected with them, namely Lim Ming Chang, Elaine Lim Sin Yee, Tan Lee Ching and Lim Kon Khoon.

The maximum allocation to the abovementioned Directors and/or major shareholders of LKL International and person connected with them, is subject to the limit prescribed by the By-Laws as stated in Section 2.2.3 of this Circular and the ESOS Committee shall have the sole and absolute discretion in prescribing the criteria and performance target, if any, that the Executive Directors need to fulfil for their respective entitlement to the Proposed Granting of ESOS Options. As at the date of this Circular, the criteria and performance targets, if any, that need to be fulfilled by the Executive Directors for their respective entitlement to the Proposed Granting of ESOS Options have not been determined.

3. UTILISATION OF PROCEEDS

3.1 Proposed Private Placement

For illustrative purposes, based on an indicative issue price of RM1.10 per Placement Share and issuance of up to 85,760,000 Placement Shares, the Proposed Private Placement is expected to raise gross proceeds of up to RM94.336 million.

The proceeds raised are proposed to be utilised by LKL International Group in the manner set out below:

Proposed utilisation of proceeds	Notes	RM'000 ⁽¹⁾	Estimated timeframe for utilisation of proceeds (from the date of listing of the Placement Shares)
Capital expenditure and expansion	(2)	26,500	Within 24 months
Future investments or projects	(3)	6,000	Within 24 months
Repayment of bank borrowings	(4)	5,561	Within 6 months
Working capital	(5)	55,275	Within 12 months
Estimated expenses in relation to the Proposals	(6)	1,000	Within 1 month
Total estimated proceeds		94,336	

Notes:

- (1) The proceeds raised will be allocated up to its respective maximum allocation in the following order:
 - (i) estimated expenses for the Proposals;
 - (ii) capital expenditure and expansion;
 - (iii) working capital;
 - (iv) repayment of bank borrowings; and
 - (v) future investments or projects.
- (2) The Group intends to utilise approximately RM26.500 million of the total proceeds from the Proposed Private Placement as capital expenditure for the maintenance and upkeep of the Group's core activities as follows:

Purpose	Notes	RM'000
Purchase and set up of 2 units of adjoining new factory buildings	(i)	13,000
Expansion of current factory buildings and installation of a conveyor line	(ii)	9,500
Purchase of machinery	(iii)	4,000
Total		26,500

- (i) The Group intends to allocate proceeds of RM13.000 million to acquire 2 units of adjoining new three-storey semi-detached factory buildings and the related expenses for setting up the factory buildings including renovation works and mobilisation costs (i.e installation of machineries, moving in cost and operations and administrative expenses incidental thereto), breakdown as follows:

Details	RM'000
2 units of new three-storey semi-detached factory buildings	11,500
Related expenses	
(i) Renovation works	550
(ii) Mobilisation costs	950
Total	13,000

The factory buildings will be used as, among others, manufacturing and assembly of medical/healthcare beds, peripherals and accessories, production office as well as warehouse for finished goods. The abovementioned 2 units of adjoining new factory buildings are expected to have a total of approximately 21,600 square feet ("sq ft") in size.

These 2 units of adjoining new factory buildings have been identified and are located in Seri Kembangan, Selangor Darul Ehsan, which is located in close proximity to LKL International's current head office and manufacturing plants at No. 3, Jalan BS 7/18 Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan. The said 2 units of new factory buildings are expected to commence production latest by second half of 2022.

- (ii) The Group is operating at an average utilisation rate of approximately 68% for FYE 30 April 2020. In this regard, the Group does not have sufficient production capacity to accept large orders. In light of this limitation, the Group intends to increase the future capacity of its existing manufacturing plant as well as to boost the efficiency of the Group's production processes by constructing a three-storey steel structure extension across its existing factory buildings ("**Three-storey Extension**"). This would enable the Group to install a conveyor line to automate its epoxy powder coating process which is currently being performed manually.

LKL does not have any conveyor line in its existing factory buildings which have a total built-up area of 100,740 sq ft. With the Three-storey Extension, it would also increase the total built-up area of the existing manufacturing plant by 37,555 sq ft and subsequently increase storage area for its finished products, as well as provide additional space to carry out the activities. The estimated costs for construction of the Three-storey Extension and installation of a conveyor line are estimated at RM8.000 million and RM1.500 million respectively. The construction of the Three-storey Extension is expected to be completed by first half of 2022 and commence production latest by second half of 2022.

- (iii) Currently, the Group has 163 units of machinery and equipment for its existing manufacturing operations. The Company has received strong demand both locally and globally for its product offering which is evidenced by the increase in the Group's total revenue by 47.80% in FYE 30 April 2020 as compared to FYE 30 April 2019. In FYE 30 April 2020, the Company saw an increase in revenue for its export markets, particularly in the continent of Africa. For the FYE 30 April 2020, revenue for Africa was RM2.72 million, an increase of RM2.60 million or 2167% as compared to RM0.12 million in FYE 30 April 2019. In view of the rising demand for its medical/healthcare products, the Company intends to expand its existing capacity to cater for the future demand. The Group's production facilities are shared across most of the product offerings. The Group does not have a single production line for each of the product category. For example, the bending, punching, cutting, welding, drilling and grinding machines are being used in the production of its medical/healthcare beds, patient transport trolleys, medical carts, instrument trolleys, examinations tables, and overbed tables.

The Group intends to purchase 5 units of new machines to support its existing manufacturing operations. The details of the machinery as well as breakdown of the estimated costs for each of the machinery are as follows:

New machinery	Description	Unit	Estimated cost RM'000
Laser cutting machine	High speed special plate cutting	1	2,700
Robotic welding machine	High speed joint welding	1	300
Computer numerical control ("CNC") lathe machine	Fully automated components cutting	1	400
CNC shaft bending machine	High speed wire and shaft bending	1	500
Tools grinding machine	Fully automated grinding and polishing	1	100
Total		5	4,000

The purchase of new machinery is to cater for the Group's business and product expansion which is in line with the Group's strategy to expand its production facilities to cater for existing and new range of products such as manufacturing of medical/healthcare beds, peripherals and accessories as well as upgrading its existing production facilities to automate certain processes for production. The medical/healthcare beds include, among others, electric beds, hydraulic beds, manual beds and delivery beds. The peripherals and accessories include, among others, patient transport trolleys, medical carts, instrument trolleys, examination tables and overbed tables. The new machinery also enables the Group to manufacture certain parts to be used as input material for its medical beds and peripherals. With this new machinery, the Group would be able to control the quality and timely availability of these input materials and reduces some dependency on external parties to minimise interruptions to its manufacturing process. The Group will have better control of its production process with minimal unplanned interruption to produce the best quality products to its customers. Having its own production facility also provides the Group with the flexibility to cater for any increase in orders for existing products.

The actual cost of the machinery can only be determined at a later stage, i.e. upon confirmation of order, due to the fluctuation in foreign currency exchange, as all the machinery that the Company intended to purchase are imported directly from, among others, Switzerland, Japan, Korea, Taiwan and China. In the event that the actual cost for the purchase of machinery is higher than the budgeted amount, the deficit will be funded out of the portion allocated for working capital. Conversely, any surplus proceeds will be allocated for the Group's working capital for its day-to-day operations. Kindly refer to note 5 of Section 3.1 of this Circular on the details of working capital and percentage allocation for each category of expenses.

The Group's actual production output in FYE 30 April 2020, annual production capacity and target production capacity after the capital expenditure and expansion are set out as follows:

Product Type	Actual production output in FYE 30 April 2020 (unit)	Annual production capacity⁽¹⁾ (unit)	Annual target production capacity after the capital expenditure and expansion (unit)
Medical/Healthcare Beds			
<i>Electric beds</i>	1,194	1,524	1,981
<i>Hydraulic Beds</i>	630	1,119	1,454
<i>Manual Beds</i>	1,629	2,255	2,931
<i>Delivery Beds</i>	147	188	244
Medical Peripherals and Accessories			
<i>Patient transport trolleys</i>	519	602	783
<i>Medical carts</i>	1,717	4,176	5,429
<i>Instrument trolleys</i>	4,228	6,013	7,816
<i>Examination tables</i>	1,611	2,537	3,295
<i>Overbed tables</i>	3,696	5,638	7,330

Note:-

- (1) Existing production capacity is calculated based on maximum number of units that can be assembled in one hour, number of daily working hours allocated for the particular product and the number of working days during the year.

Pursuant to the above, the acquisition of 2 units of new factory buildings, expansion of current factory buildings and purchase of new machinery will increase LKL International's annual production capacity of medical/healthcare beds, peripherals and accessories by approximately 30%.

- (3) Apart from expanding the Group's business via the internal growth of its existing business, the Group's future plans also include expansion via merger and acquisition of businesses or investments, which may or may not be an industry complementary to the Group as it has not been determined at this juncture. The allocated proceeds will be utilised as, among others, investment sourcing costs, including but not limited to, travelling expenses, costs for obtaining a feasibility analysis report and/or independent valuation report in assessing the potential merger and acquisitions, etc until a viable investment or project has been identified as well as purchase consideration for the future investment or projects,

This will allow the Group to capitalise on suitable and viable investment opportunities as and when the need arises, which may in turn generate positive returns to the Group in the future, thereby increasing LKL International's shareholders' value.

The Company has not identified the new business/investment and shall make the necessary announcements (in accordance with the Listing Requirements) as and when the new businesses/investments have been identified by the Board and are likely to materialise. The Board will seek the necessary approval from the shareholders of LKL International if the nature of the transaction requires shareholders' approval pursuant to the Listing Requirements.

Any shortfall in the Group's funding requirement for the future investment or project is expected to be met via internally generated funds and/or bank borrowings. However, the funding breakdown cannot be determined at this juncture as it will depend on, among others, the cash to be generated from the initial operations of the future investment or project as well as the availability and suitability of other funding options at the relevant time. Conversely, any surplus proceeds will be allocated for the Group's working capital.

- (4) As at the LPD, the total bank borrowings of the Group were approximately RM7.543 million. The proceeds for repayment of bank borrowings will be utilised in the manner set out below:

Bank / Type of banking facility	Interest rate	Maturity date	Notes	Balance as at the LPD	Amount to be repaid from gross proceeds	Estimated yearly interest cost savings arising from the repayment
				RM'000	RM'000	RM'000
Public Bank Berhad/Term loan	Base lending rate - 2.2%	May 2035	(i)	3,422	3,422	140
United Overseas Bank (Malaysia) Berhad/Multi-Option loan	Cost of fund + 1.5%	February 2021	(ii)	2,139	2,139	113
Total					5,561	253

- (i) The term loan was drawdown to purchase a manufacturing plant and warehouse located in LKL International's current head office and manufacturing plants.
- (ii) The term loan was drawdown to refinance the previous term loan that used for the purchase of double-storey detached factory used as an office, manufacturing plant and warehouse.

The repayment of the abovementioned bank borrowings will lower the Group's interest cost, resulting in a positive impact on the Group's profitability. The repayment of the bank borrowings will also lower the Group's overall gearing level, which would provide greater flexibility for the Group to source alternative funding in the future when the need arises.

- (5) The working capital amount will be mainly used to fund the Group's day-to-day operations in the following manner:

Utilisation	Percentage allocation %	RM'000
Payment of staff related expenses (e.g. salaries, bonuses and allowances)	70	38,693
Defrayment of other operational expenses (e.g. expenses on utilities, upkeep of office, etc).	30	16,582
Total	100	55,275

The actual breakdown of proceeds may vary for each category of working capital purpose and cannot be determined at this juncture as the amount will depend on the actual proceeds raised, the quantum of internally generated funds and placement proceeds available in the Company at any particular point in time.

(6) The breakdown of the estimated expenses for the Proposals is illustrated below:

Estimated expenses	Amount RM'000
<i>Professional fees, placement fees and placement management fees</i>	905
<i>Fees payable to authorities</i>	28
<i>Miscellaneous expenses to be incurred in relation to the Proposals</i>	67
Total	1,000

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for working capital.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the issue price and actual number of Placement Shares to be issued. Any variation between the proposed and actual net proceeds raised from the Proposed Private Placement will be adjusted against the amount allocated for working capital.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds would be placed in deposits with financial institutions or short term money market instruments as the Board may deem fit. Any interest derived from the deposits or short-term money market instruments will be used as working capital of LKL International Group.

3.2 Proposed ESOS

The actual proceeds to be received by the Company arising from the exercise of the Options will depend on, the actual number of Options granted and exercised during the tenure of the Options as well as the Option Price payable at the relevant point in time. As such, the actual amount of proceeds to be received from the exercise of the Options and the timeframe of its utilisation cannot be determined at this juncture.

The proceeds arising from the exercise of the Options will be utilised for future working capital requirements of the Group which includes, among others, payment of staff related expenses (e.g. salaries, bonuses and allowances) and defrayment of other operational expenses (e.g. expenses on utilities, upkeep of office, etc). The proceeds to be used for each component of working capital are subject to the operating requirements of the Group at the time of utilisation and therefore cannot be determined at this juncture.

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

4.1 Proposed Private Placement

After due consideration of the various funding options available, the Board is of the view that the Proposed Private Placement is currently the most appropriate avenue to raise funds for the Company due to the following reasons:

- (a) it enables the Company to raise funds expeditiously and cost effectively as compared to other fund raising exercises involving a pro rate issuance of securities such as rights issue;
- (b) it allows the Company to raise funds without incurring interest expenses as compared to bank borrowings or issuance of debt instruments;
- (c) it improves the liquidity and financial flexibility of the Company by strengthening its financial position; and

- (d) the issuance of shares under a rights issue exercise usually requires higher discount to the prevailing market price as compared to an issuance of shares under a private placement exercise.

LKL International Group has not undertaken any equity fund-raising exercises in the past 12 months prior to the date of the announcement of the Proposals (i.e. 17 July 2020) and up to the LPD.

4.2 Proposed ESOS

The main objective of the Proposed ESOS is to align the long term interests of the Eligible Persons with corporate goals of LKL International Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and thereby achieve the positive objectives as set out below:

- (a) to align the long term interests of the Eligible Persons with corporate goals of the Group;
- (b) to provide the Eligible Persons with an opportunity to have equity participation in the Company;
- (c) to recognise the contribution and/or services of the Eligible Persons which are considered vital to the operations and continued growth of the Group;
- (d) to motivate, reward and retain Eligible Persons who, upon exercising their options, would be given the opportunity to participate in the equity of the Company and thereby relate their contribution directly to the performance of the Group;
- (e) to instil a greater sense of ownership and belonging to enhance productivity and motivate Directors and all employees towards the Company's strategic business objectives since they will have an opportunity to participate directly in the future growth of the LKL International Group; and
- (f) to reward the Eligible Persons by allowing them to participate in the future prospects of the Group and eventually realise any capital gains arising from appreciation in the value of LKL International Shares.

The Scheme is also extended to the Non-Executive Directors of the Company with the following objectives:

- (i) to recognise their contribution to the Company and to enable them to participate in the Company's future growth;
- (ii) to reward the Non-Executive Directors for their contribution in the corporate governance areas and operational performance of LKL International Group;
- (iii) to promote active participation of the Non-Executive Directors in the development, evaluation and implementation of the Company's strategic initiatives;
- (iv) to incentivise the Non-Executive Directors to continue providing strategic insight and direction to LKL International Group; and
- (v) to motivate the Non-Executive Directors to pursue the long-term growth and success of the Company.

Notwithstanding that the Non-Executive Directors are not involved in the day-to-day business operations of the Company, they are often consulted on various matters in relation to the business strategy of the Company. Therefore, the extension of the Proposed ESOS to the Non-Executive Directors is to recognise their services and contributions to the growth and development of the Company.

The grant of the ESOS Options to the Non-Executive Directors will also allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as Non-Executive Directors and motivate the existing Non-Executive Directors to take extra efforts in promoting the interests of the Company.

The selection of non-executive directors to participate in the Proposed ESOS and the number of Options to be offered (in accordance with the By-Laws) will be decided by the ESOS Committee, in consultation with the Board (save for the interested director who shall abstain on the deliberation of his/her respective allocation), taking into consideration, among others, the nature and extent of their input and expertise rendered to the Board for overseeing the development of the Company.

5. EFFECTS OF THE PROPOSALS

The effects of the Proposals on the issued share capital, NA, NA per Share, gearing, earnings and EPS of LKL International as well as substantial shareholders' shareholdings in the Company are illustrated in the ensuing sections.

5.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of LKL International as at the LPD are as follows:

	No. of LKL International Shares	Amount RM
Issued share capital as at the LPD	428,800,000	53,298,848
To be issued pursuant to the Proposed Private Placement	85,760,000 ⁽¹⁾	94,336,000 ⁽²⁾
	514,560,000	147,634,848
To be issued pursuant to full exercise of the ESOS Options	77,184,000 ⁽³⁾	84,902,400 ⁽²⁾
Enlarged issued share capital	591,744,000	232,537,248

Notes:

- (1) Based on 20% of LKL International's total number of issued shares as at the LPD.
- (2) For illustration purpose only, calculated based on RM1.10 per LKL International Share, being approximately 5.92% discount to the 5D-VWAMP of LKL International Shares as at the LPD of RM1.1692 per Share.
- (3) Based on 15% of LKL International's total number of issued shares after the Proposed Private Placement.

For the avoidance of doubt, the Proposed ESOS will not have an immediate effect on the existing issued share capital of the Company until and unless the ESOS Options are exercised into new LKL International Shares. The issued share capital of the Company will increase progressively depending on the number of new LKL International Shares to be issued pursuant to the exercise of ESOS Options.

5.2 NA, NA per Share and gearing

5.2.1 Proposed Private Placement

Based on the latest audited consolidated statements of financial position of LKL International as at 30 April 2020, the pro forma effects of the Proposed Private Placement on the NA, NA per Share and gearing of LKL International are as follows:

	Audited as at 30 April 2020	After Proposed Private Placement
	RM	RM
Share capital	53,298,848	147,634,848 ⁽¹⁾
Merger deficit	(29,579,990)	(29,579,990)
Retained profits	36,761,290	35,761,290 ⁽²⁾
Shareholders' funds/NA	60,480,148	153,816,148
Non-controlling interests	(42,149)	(42,149)
Total equity	60,437,999	153,773,999
No. of shares in issue	428,800,000	514,560,000
NA per Share (RM)	0.14	0.30
Total borrowings (RM)	11,299,552	11,299,552
Gearing (times)	0.19	0.07

Notes:

(1) Assuming 85,760,000 Placement Shares are issued at the indicative issue price of RM1.10 per Placement Share.

(2) After deducting the estimated expenses of RM1.000 million in relation to the Proposals.

5.2.2 Proposed ESOS

Save for the potential impact of MFRS 2 elaborated in Section 5.3 of this Circular as well as the estimated expenses in relation to the Proposed ESOS, the Proposed ESOS is not expected to have any material and immediate effect on the NA, NA per Share and gearing of the Group until such time when the Options to be granted under the Proposed ESOS are exercised.

The effects on the NA, NA per Share and gearing of the Company will depend on, among others, the Option Price of the Options, the number of new LKL International Shares to be allotted and issued upon the exercise of the Options and the potential effect on the future earnings of the Group arising from the adoption of the MFRS 2.

Upon exercise of the Options, the NA per Share is expected to:

- (a) increase if the Option Price is higher than the NA per Share; or
- (b) decrease if the Option Price is lower than the NA per Share,

at such point of exercise of the Options.

5.3 Earnings and EPS

5.3.1 Proposed Private Placement

The Proposed Private Placement is not expected to have any material effect on the consolidated earnings of the LKL International Group for the FYE 30 April 2021. The Proposed Private Placement is expected to be completed in the 1st quarter of 2021 and will have dilutive effect on the EPS of the Group for the FYE 30 April 2021 due to the increase in the number of Shares arising from the Proposed Private Placement. Nevertheless, barring any unforeseen circumstances, the Proposed Private Placement is expected to contribute positively to the future earnings of the LKL International Group as and when the benefits from the utilisation of proceeds are realised.

5.3.2 Proposed ESOS

The Proposed ESOS is not expected to have any material and immediate effect on the earnings of the Group for the FYE 30 April 2021. However, the EPS of the Group for the FYE 30 April 2021 may dilute depending on the number and timing of the Options are exercised, as the Proposed ESOS is expected to be established by the 2nd half of 2020.

With the adoption of the MFRS 2, the potential cost relating to the granting of the Options is required to be measured at the granting date and recognised as an expense in the statement of comprehensive income of the Group. Thus, it will reduce the future earnings of LKL International Group. The total potential cost of the Options granted would depend on, among others, the number of Options granted and the fair value of such Options.

The impact of the granting of the Options on the earnings and EPS of the Group, as a consequence of the recognition of the expense at each date of granting of the Options, cannot be determined at this juncture as it would depend on various factors that affect the fair value such as volatility of the LKL International Shares, the time to maturity of the Options, the Option Price and the utilisation of proceeds arising from the exercise of the Options.

It should be noted that such potential costs arising from the granting of the Options does not represent a cash outflow but only an accounting treatment. The Board has taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration of such impact in the allocation and granting of the Options to the Eligible Persons.

5.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Private Placement and Proposed ESOS on the shareholdings of the substantial shareholders of LKL International as at the LPD are set out below:

Substantial shareholders	As at the LPD			(I) After the Proposed Private Placement		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%		No. of Shares	%	No. of Shares
Lim Kon Lian	111,356,135	25.97	109,538,995 ⁽¹⁾	111,356,135	21.64	109,538,995 ⁽¹⁾
Mok Mei Lan	80,003,725	18.66	140,891,405 ⁽²⁾	80,003,725	15.55	140,891,405 ⁽²⁾
Elaine Lim Sin Yee	29,535,270	6.89	-	29,535,270	5.74	-
Lim Pak Hong	29,785,270	6.95	-	29,785,270	5.79	-
New Investor(s)	-	-	-	85,760,000	16.67	-

Substantial shareholders	(II) After (I) and assuming full exercise of the ESOS Options granted under the Proposed ESOS ⁽³⁾		
	Direct		Indirect
	No. of Shares	%	
Lim Kon Lian	111,356,135	18.82	109,538,995 ⁽¹⁾
Mok Mei Lan	80,003,725	13.52	140,891,405 ⁽²⁾
Elaine Lim Sin Yee	29,535,270	4.99	-
Lim Pak Hong	29,785,270	5.03	-
New Investor(s)	85,760,000	14.49	-

Notes:

- (1) Deemed interested by virtue of his spouse, Mok Mei Lan's and his daughter, Elaine Lim Sin Yee's shareholdings in the Company.
- (2) Deemed interested by virtue of her spouse, Lim Kon Lian's and her daughter, Elaine Lim Sin Yee's shareholdings in the Company.
- (3) As the Board has yet to decide on the quantum of the ESOS options to be allotted to Directors, no provision has been made for the allotment of ESOS Options to the substantial shareholder who is also a director.

5.5 Convertible securities

As at the LPD, there are no convertible securities issued by the Company.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of LKL International Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	High (RM)	Low (RM)
2019		
September	0.105	0.090
October	0.155	0.090
November	0.140	0.110
December	0.140	0.110
2020		
January	0.260	0.135
February	0.230	0.140
March	0.265	0.085
April	0.410	0.215
May	0.740	0.335
June	0.855	0.460
July	0.940	0.520
August	2.020	0.775

Last transacted market price of LKL International Shares on 16 July 2020, being the last trading date prior to the Announcement RM0.525

Last transacted market price of LKL International Shares as at the LPD RM1.040

(Source: Bloomberg)

7. INDUSTRY OVERVIEW AND OUTLOOK

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order (MCO), followed by the Conditional and Recovery MCO, during 2Q 2020.

Economic activity in Malaysia contracted sharply in the first half of the year (-8.3%) as the measures introduced to contain the pandemic globally and domestically resulted in a concurrent supply and demand shock to the economy. However, growth is expected to have troughed in 2Q 2020. Economic activity has resumed significantly since the economy began to reopen in early May. Monthly indicators such as wholesale and retail trade, industrial production, electricity generation, and gross exports all grew faster in June than in the period between March and May.

The improvement in growth in 2H 2020 will also be supported by the recovery in global growth and continued policy support. In particular, consumption and investment activities are expected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. While there is upside potential to growth, the pace and strength of the recovery remain susceptible to downside risks emanating from domestic and external factors. Growth could potentially be lifted by a larger-than-expected impact from stimulus measures. Nevertheless, the prospect of secondary COVID-19 outbreaks leading to the re-imposition of containment measures, more persistent weakness in labour market conditions, and a weaker-than-expected recovery in global growth pose downside risks to growth.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

Against this highly challenging global economic outlook, Malaysia's gross domestic product ("GDP") growth is projected to be between -2.0 to 0.5% in 2020 (2019: 4.3%). The domestic economy will be impacted by the necessary global and domestic actions taken to contain the outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports.

The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

(Source: Economic and Monetary Review 2019, Bank Negara Malaysia)

7.2 Overview and outlook of healthcare industry in Malaysia

In the 2020 Budget, a total of RM297 billion or 18.4% of GDP will be allocated, of which RM241 billion or 81.1% is for operating expenditure while the balance RM56 billion is for development expenditure. Of the total, 37.9% is allocated for programmes and projects under social sector, followed by economic (16.2%), security (11.3%) and general administration (7.5%) sectors, while the balance of 27.1% is allocated for charged expenditure and transfer payments. The top three recipients are Ministry of Education (MOE), Ministry of Finance and Ministry of Health (MOH) with an estimated allocation of RM64.1 billion, RM37.8 billion and RM30.6 billion, respectively, constituting 44.6% of total expenditure.

About RM2.9 billion or 5.2% of total development expenditure will be allocated for health subsector in 2020. The allocation is mainly for building, upgrading and maintaining hospitals and clinics as well as procurement of medical equipment. This is in line with the Government's priority to provide better quality healthcare and accessibility to health services. Major ongoing projects under the subsector include the construction of Kemaman Hospital and pathology laboratories at Sultanah Aminah Hospital, expansion of Segamat Hospital and upgrading of Kajang Hospital.

(Source: Fiscal Outlook and Federal Government Revenue Estimates 2020, Ministry of Finance Malaysia)

To curb the spread of COVID-19 outbreak, the Government announced an allocation of RM500 million to the Ministry of Health. This allocation is to purchase medical apparatus such as ventilators and ICU equipment, personal protective equipment for public medical personnel as well as laboratory requirements for testing COVID-19. The Government is also allocating an additional RM1 billion to purchase equipment and services, which include obtaining medical expertise from private healthcare service providers to contain the outbreak.

(Source: Prihatin Rakyat Economic Stimulus Package 2020, Ministry of Finance Malaysia)

Demand for private healthcare has grown exponentially in Malaysia, where reasonably priced medical treatment, quality medical attention and accessibility together with steady economic growth has helped fuel demand from both the country's increasingly affluent middle class and medical tourists.

The positive outlook and the need for quality facilities are investment opportunities as there were 369 healthcare facilities in 2018 compared to 306 in 2013, a growth of 20.5 per cent. In 2019, 5 new and 2 expansion projects for private healthcare facilities have been approved with a total investment of RM338.15 million with 772 high-value jobs expected to be created. The Government continues to do its part by providing incentives to help attract investments in private medical facilities that will provide high quality medical care.

Medical tourism has become a big business in Malaysia, where in terms of revenue, the cumulative aggregated growth rate from 2015-2018 averaged 7.0 per cent. In 2018, there were 1.2 million medical tourists generating RM1.5 billion in hospital receipts and contributing RM6.4 billion to the economy.

The Malaysia Healthcare Travel Council ("**MHTC**") targeted about 1.5 million international healthcare tourists for 2019 with a total of RM1.8 billion in hospital receipts. MHTC, the agency under the Ministry of Finance tasked with promoting medical tourism to the country, is also targeting two million medical tourists in 2020, with hospital receipts to surpass RM2.0 billion and total economic impact of RM8.0 billion.

MHTC launched the Malaysia Year of Healthcare Travel 2020 (MyHT2020) campaign in November 2019, which coincides with the national Visit Malaysia 2020 campaign, to raise Malaysia's profile as a reputable global healthcare travel destination and to market the country as an Asian hub for fertility and cardiology.

Recognising the importance of medical tourism and its potential economic impact, the Government announced in October during the tabling of Budget 2020 that an allocation of RM25.0 million has been made to strengthen Malaysia's position as the preferred destination for health tourism in ASEAN for oncology, cardiology and fertility treatments.

(Source: Malaysia Investment Performance Report 2019, Malaysian Investment Development Authority)

The Malaysian Healthcare Travel Council (MHTC) has revised downward the revenue target for medical tourism this year by 75% from its original target amid the fallout from the COVID-19 pandemic.

It now expects medical tourism revenue for 2020 to reach RM500mil, with RM2bil in estimated economic impact.

Prior to the global outbreak of COVID-19, MHTC was to promote the Malaysia Year of Healthcare Travel 2020 (MyHT2020) campaign, which would be the nation's first major international healthcare travel campaign. The campaign has since been deferred to 2022, with 2021 to be the recovery phase post-COVID-19.

(Source: Article titled "Medical tourism revenue target revised downward", extracted from The Star published on 22 July 2020)

The healthcare industry in Malaysia, represented by the total expenditure on health which comprises public health expenditure and private health expenditure, grew from RM56.51 billion in 2017 to RM63.53 billion in 2019, at a compound annual growth rate of 6.03%.

Smith Zander forecasts the healthcare industry in Malaysia to increase to RM65.93 billion in 2020 at a 3.78% growth from 2019. In order to combat the COVID-19 pandemic, the Government has allocated RM1.63 billion for expenditure on healthcare for the hiring of healthcare employees and purchase of medical equipment and personal protective equipment, amongst others. Due to Government spending on healthcare for treatment and prevention of COVID-19 cases, public healthcare expenditure in 2020 is expected to increase by 10.56% from 2019, which drives the growth of the healthcare industry.

Nevertheless, private healthcare expenditure in 2020 is expected to decrease by -3.74%, mainly contributed by decreasing out-of-pocket expenditure by households, as adverse economic conditions due to the COVID-19 pandemic may affect business, employment and household income. As a result, patients seeking treatment at private healthcare institutions are expected to reduce their expenditure on non-critical healthcare services and products. Further, private expenditure on healthcare may also decrease as individuals avoid going to hospitals and clinics to minimise the possibility of being infected with the virus, especially during the MCO and conditional MCO when daily reported COVID-19 cases in Malaysia were at its peak.

(Source: IMR Report prepared by Smith Zander)

7.3 Prospects of the LKL International Group

LKL International Group is principally involved in provision of medical/healthcare beds, peripheral and accessories as well as trading in hospital furniture, laboratory furniture, medical equipment, utensils and accessories, and providing management and advisory services.

In light of the unprecedented COVID-19 pandemic outbreak globally, the government of Malaysia has imposed containment measures since mid-March 2020 through the implementation of the MCO. The Group is positive in managing its businesses during the current business environment and will continue with its strategy to improve its profitability and revenue by further broaden its product portfolio with high-quality medical products as well as expand its product range and distribution network.

The Group's wide range of product offering and wide distribution channel has successfully captured new business opportunities and recorded a convincing turnaround in the current financial year due to robust demand for medical resources to curb the wide spread of COVID-19 pandemic. LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiary of LKL International had, on 24 March 2020 and 7 April 2020 respectively, secured orders from Sarawak State Government and Sarawak State Health Department with a total orders value of RM13.641 million for the supply of personal protective equipment. LKL International Group remains positive of tapping into the continuous uptrend in medical related expenditure supported by continued investments from both the public and private sectors, and always in a state of readiness to address urgent enquiries made by local and foreign healthcare providers.

Recognising this opportunity, the Group has earmarked the proceeds to be raised from the Proposals mainly for the capital expenditure and expansion, future investment or projects, repayment of bank borrowings as well as working capital purposes. The capital expenditure is expected to boost the efficiency of the Group's production processes, increase the production capacity of its manufacturing plant and provide more storage space to fulfil larger volume of orders in the future. Meanwhile, the repayment of bank borrowings is expected to result in interest saving whereas additional working capital funds will also help to facilitate the Group's existing day-to-day operations due to the spike in sales as a result of COVID-19 pandemic outbreaks.

Premised on the above, the Board is positive of continuous strong demand for medical beds, medical peripherals and medical devices in Malaysia as well as global markets.

(Source: Management of LKL International)

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (a) Bursa Securities, for the following:
 - (i) listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement; and
 - (ii) listing of and quotation for the new LKL International Shares to be issued pursuant to the exercise of the ESOS Options to be granted under the Proposed ESOS,on the ACE Market of Bursa Securities;
- (b) the shareholders of LKL International at an EGM to be convened for the Proposals; and
- (c) other relevant authorities and/or parties, if required.

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

9.1 Proposed Private Placement

None of the Directors, major shareholders, chief executive of LKL International and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

9.2 Proposed ESOS

All Directors and chief executive of LKL International are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations, as well as allocations to persons connected with them, if any, under the Proposed ESOS.

The Directors, chief executive and persons connected with them have abstained and will continue to be abstained from all deliberations and voting in respect of the specific allocation of Options to themselves as well as the specific allocations to any persons connected with them, if any, at the relevant Board meetings of the Company.

Further, the Directors and chief executive will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in LKL International on the resolutions pertaining to any specific allocations of Options to themselves, as well as the specific allocations to any persons connected with them under the Proposed ESOS at an EGM to be convened.

As at the LPD, the direct and indirect shareholdings of the Directors in LKL International as at the LPD are as follows:

Director	Shareholdings as at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
Lim Kon Lian	111,356,135	25.97	109,538,995 ⁽¹⁾	25.55
Mok Mei Lan	80,003,725	18.66	140,891,405 ⁽²⁾	32.86
Lim Pak Hong	29,785,270	6.95	-	-
Selma Enolil Binti Mustapha Khalil	50,000	0.01	-	-
Sandra Mohan A/L Manthiry	-	-	-	-
Wong Yeong Lee	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his spouse, Mok Mei Lan's and his daughter, Elaine Lim Sin Yee's shareholdings in the Company.
- (2) Deemed interested by virtue of her spouse, Lim Kon Lian's and her daughter, Elaine Lim Sin Yee's shareholdings in the Company.

10. INTER-CONDITIONALITY

The Proposed Private Placement is not conditional upon the Proposed ESOS and vice versa.

Save as disclosed above, the Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the interested directors who have abstained from forming any opinion and making any recommendations relating to their respective allocations as well as allocations to persons connected with them, if any), having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

However, in view that all the Directors of the Company are eligible to participate in the Proposed ESOS, they have abstained from deliberating and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected with them, if any, under the Proposed ESOS. They will also abstain and ensure that persons connected with them, if any, abstain from voting in respect of their direct and/or indirect interests in the Company, on the resolutions pertaining to their respective allocations as well as allocations to persons connected with them, if any, under the Proposed ESOS at the forthcoming EGM of the Company to be convened.

Accordingly, the Board (save for the interested directors who have abstained from forming any opinion and making any recommendations relating to their respective allocations as well as allocations to persons connected with them, if any), recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed in the 1st half of 2021 upon obtaining the shareholders' approval at the forthcoming EGM.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the LPD, the Board is not aware of any outstanding corporate exercise which has been announced by the Company but is pending implementation or completion prior to the printing of this Circular.

14. EGM

The Company's EGM, the notice of which is enclosed together with this Circular, will be held at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 13 October 2020 at 11.00 a.m., or immediately following the conclusion or adjournment of the Company's 6th AGM, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the Company's EGM, you are requested to complete, sign and return the enclosed Proxy Form for the EGM in accordance with the instructions printed therein as soon as possible, so as to arrive at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time and date stipulated for the EGM. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

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

Your faithfully
For and on behalf of the Board
LKL INTERNATIONAL BERHAD

Lim Kon Lian
Managing Director

DRAFT BY-LAWS FOR THE PROPOSED ESOS

**LKL INTERNATIONAL BERHAD
(REGISTRATION NO. 201501014673 (1140005-V))
EMPLOYEES' SHARE OPTION SCHEME
BY-LAWS**

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

1. NAME OF SCHEME

This Scheme shall be called the **“LKL International Berhad Employees’ Share Option Scheme”**.

2. DEFINITIONS AND INTERPRETATION

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

Act	: The Companies Act 2016 as amended from time to time including all regulations made thereunder and any re-enactment thereof
Board	: The Board of Directors for the time being of LKL International
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 By-Law 21)
CDS	: Central Depository System
CDS Account	: An account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealing in such securities by a depositor
Central Depositories Act	: The Securities Industry (Central Depositories) Act 1991 as amended from time to time including all subsidiary legislations made thereunder and any re-enactment thereof
Constitution	: The constitution of the Company, including any amendment thereto that may be made from time to time
Date of Acceptance	: The date whereupon the ESOS Committee shall receive the written notice from an Eligible Person accepting an Offer
Date of Expiry	: The last day of the duration of the Scheme or any extended period as set out in By-Law 19.2
Date of Offer	: The date on which an Offer (including any subsequent Offers) is made by the ESOS Committee to an Eligible Person in the manner provided in By-Law 6
Director	: A natural person who holds a directorship in the Company or any company within LKL International Group, whether in an executive or non-executive capacity and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
Effective Date	: The date on which the Scheme comes into force as provided in By-Law 19.1
EGM	: Extraordinary General Meeting

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

Eligible Person(s)	: A Director or Employee of the LKL International Group who meets the eligibility criteria for participation in the Scheme as stipulated in By-Law 4
Employee	: A natural person who is employed by and is on the payroll of any company in the LKL International Group
Entitlement Date	: The date as at the close of business on which shareholders' names must appear on the record of depositors of the Company maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions
ESOS Committee	: The committee appointed by the Board to administer the Scheme, comprising such persons appointed from time to time by the Board
ESOS Option(s) or Option(s)	: The right of a Grantee which may be conditional or unconditional to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in By-Law 7 and includes, where applicable, partially exercised Options
ESOS Scheme or Scheme	The scheme for the grant of Option(s) to Eligible Persons which will entitle them to subscribe for new Shares in accordance with the provisions of these By-Laws and such scheme shall be known as the "LKL International Berhad Employees' Share Option Scheme"
Grantee	: Any Eligible Person who has accepted an Offer in the manner provided in By-Law 7
LKL International or the Company	: LKL International Berhad (Registration No. 201501014673 (1140005-V))
LKL International Group or the Group	: The Company and its subsidiaries as defined in Section 4 of the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities including all amendments thereto and any Guidance Notes issued in relation thereto
Market Day(s)	: Any day between Monday and Friday (both days inclusive) and on which Bursa Securities is open for trading of securities
Maximum Allowable Allotment	: The maximum number of new Shares that can be offered and allotted to an Eligible Person under the Scheme in the manner provided in By-Law 5
Offer	: A written offer made by the ESOS Committee from time to time to an Eligible Person to participate in the Scheme in the manner provided in By-Law 6
Offer Period	: The period stipulated in By-Law 6.4

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

- | | | |
|---------------------------|---|--|
| Option Certificate | : | The certificate confirming the grant of the Option to an Eligible Person, the Option Price and the number of Option, the Option Period and where applicable, any vesting conditions as specified in the letter of Offer from the ESOS Committee to the Eligible Person |
| Option Period | : | The period commencing on the Date of Acceptance and expiring on the Date of Expiry or such other date as stipulated by the ESOS Committee in the Offer or upon the date of termination of the Scheme as provided in By-Law 19, whichever is the earlier |
| Option Price | : | The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 10 |
| Principal Adviser | : | A person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by the Securities Commission Malaysia, as amended from time to time |
| Representative | : | A legal or personal representative(s) or heir(s) |
| RM and sen | : | Ringgit Malaysia and sen respectively |
| Rules of Bursa Depository | : | The rules of Bursa Depository, as issued pursuant to the Central Depositories Act |
| Share(s) | : | Ordinary share(s) of the Company |
- 2.2 Headings are for ease of reference only and do not affect the meaning of these By-Laws.
- 2.3 Any reference to statutory provisions shall include:
- (a) any subordinate legislation made from time to time under that provision and any listing requirements, policies, practice notes and/or guidelines of Bursa Securities and/or other relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies, guidance notes and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities); and
 - (b) that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Option(s) offered and accepted prior to the Date of Expiry and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 2.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 2.5 Words importing the singular number shall include the plural number and vice versa.
- 2.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day. **PROVIDED ALWAYS** that if

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

such date shall fall beyond the duration of the ESOS, then the stipulated day shall be taken to be the preceding Market Day.

- 2.7 Any liberty or power which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee's absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 2.8 For the purpose of these By-Laws, "person connected" shall have the meaning as defined in Rule 1.01 of the Listing Requirements.
- 2.9 Where an act is required to be done within a specified number of days after or from a specified date, the period is exclusive of the date so specified.

2A. OBJECTIVES OF THE SCHEME

The objectives of the Scheme are as follows:

- (a) to align the long term interests of the Eligible Persons with corporate goals of the Group;
- (b) to provide the Eligible Persons with an opportunity to have equity participation in the Company;
- (c) to recognise the contribution and/or services of the Eligible Persons which are considered vital to the operations and continued growth of the Group;
- (d) to motivate, reward and retain Eligible Persons who, upon exercising their Options, would be given the opportunity to participate in the equity of the Company and thereby relate their contribution directly to the performance of the Group;
- (e) to instil a greater sense of ownership and belonging to enhance productivity and motivate Directors and all employees towards the Company's strategic business objectives since they will have an opportunity to participate directly in the future growth of the Group; and
- (f) to reward the Eligible Persons by allowing them to participate in the future prospects of the Group and eventually realise any capital gains arising from appreciation in the value of the Shares.

The Scheme is also extended to the Non-Executive Directors of the Company with the following objectives:

- (i) to recognise their contribution to the Company and to enable them to participate in the Company's future growth;
- (ii) to reward the Non-Executive Directors for their contribution in the corporate governance areas and operational performance of LKL International Group;
- (iii) to promote active participation of the Non-Executive Directors in the development, evaluation and implementation of the Company's strategic initiatives;
- (iv) to incentivise the Non-Executive Directors to continue providing strategic insight and direction to LKL International Group; and
- (v) to motivate the Non-Executive Directors to pursue the long-term growth and success of the Company.

Notwithstanding that the Non-Executive Directors are not involved in the day-to-day business operations of the Company, they are often consulted on various matters in relation to the

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

business strategy of the Company. Therefore, the extension of the ESOS Scheme to the Non-Executive Directors is to recognise their services and contributions to the growth and development of the Company.

The grant of the ESOS Options to the Non-Executive Directors will also allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as Non-Executive Directors and motivate the existing Non-Executive Directors to take extra efforts in promoting the interests of the Company.

The selection of the Non-Executive Directors to participate in the Scheme and the number of ESOS Options to be offered (in accordance with this By-Laws) will be decided by the ESOS Committee, in consultation with the Board (save for the interested Director who shall abstain on the deliberation of his/her respective allocation), taking into consideration, among others, the nature and extent of their input and expertise rendered to the Board for overseeing the development of the Company.

3. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the Options shall not in aggregate exceed 15% of the total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of the Scheme as provided in By-Law 19.2.
- 3.2 Notwithstanding the provision of By-Law 3.1 and any other provision contained in these By-Laws, in the event the total number of new Shares that may be made available under the Scheme exceeds 15% of the total number of issued Shares (excluding treasury shares, if any) of the Company as a result of the Company purchasing, cancelling and/or reducing its Shares in accordance with the provisions of the Act or the Company undertaking any corporate proposal and thereby diminishing the issued share capital of the Company, then such Options granted prior to the adjustment of the issued share capital (excluding treasury shares, if any) of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the ESOS Committee shall not make any further Offer until the total number of Shares under the subsisting Options, including those Shares that have been issued under the Scheme falls below 15% of the issued share capital (excluding treasury shares, if any) of the Company.
- 3.3 In implementing the Scheme, the ESOS Committee may at its absolute discretion decide that the Options be satisfied via the following methods:
 - (a) issuance of new Shares;
 - (b) transfer of the Company's treasury shares, if any or any other methods as may be permitted by the Act; or
 - (c) a combination of the above.

4. ELIGIBILITY

- 4.1 Subject to the sole discretion of the ESOS Committee, only Eligible Persons who fulfil the following conditions will be eligible to participate in the Scheme:
 - (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
 - (i) a Malaysian citizen of at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

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

- (ii) confirmed in writing and employed on a full-time basis and is on the payroll of a company in the Group and has not served a notice to resign or received a notice of termination prior to and up to the Date of Offer, or if the Employee is employed by a corporation which is acquired by the Group during the duration of the Scheme and subsequently becomes a subsidiary of the Group upon the completion of such acquisition, he must have completed a continuous employment service for a period of at least twelve (12) months in the Group following the date that such company becomes or is deemed to be a Subsidiary of the Group"; and
 - (iii) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.
- (b) in respect of a Director, the Director must fulfil the following criteria as at the Date of Offer:
 - (i) a Malaysian citizen of at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) has been appointed as a Director of the Company or any company in the Group for a minimum period of one (1) year before the Date of Offer; and
 - (iii) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

Except for By-Law 4.1 (a)(i) and (ii); and By-Law 4.1 (b)(i) and (ii), the ESOS Committee may at its sole discretion, change or waive any of the conditions of eligibility as set out in this By-Law 4.1. The eligibility and number of Option(s) to be offered to an Eligible Person under the Scheme shall be at the sole discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

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

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

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

5.1 Subject to By-Law 3 and any adjustment which may be made under By-Law 15, the aggregate number of Shares to be offered and allocated to an Eligible Person at any time in each Offer made under the Scheme will be at the sole and absolute discretion of the ESOS Committee after taking into consideration, among others, the Eligible Person's designation, length of service, seniority, contribution, work performance, fulfilment of eligibility criteria under By-Law 4 and/or such other factors as the ESOS Committee may in its sole discretion deem fit, subject to the following conditions:

- (a) the total number of Shares made available under the Scheme shall not exceed the amount stipulated in By-Law 3.1;
- (b) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares (excluding treasury shares, if any) of the Company;
- (c) not more than 50% 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 at the sole discretion of the ESOS Committee from time to time);
- (d) any Offer, allocation of Options under the Scheme and the related allotment of Shares to any Directors, major shareholders or the chief executive of the Company and any person connected with them shall require prior approval of the shareholders of the Company in a general meeting. The Directors, major shareholders or chief executive officer of the Company and persons connected with them shall not vote on the resolution approving the said Offer, allocation and allotment; and
- (e) the Directors and senior management of the Group shall not be allowed to participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,

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

5.2 The ESOS Committee shall be entitled to determine the Maximum Allowable Allotment in relation to each class or grade of the Eligible Persons and the aggregate maximum number of Options that can be offered to Eligible Persons under the Scheme from time to time, and the decision of the ESOS Committee shall be final and binding.

5.3 In the event that an Eligible Person is promoted, the maximum number of Shares applicable to such Eligible Person shall be the maximum number of Shares corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 3.1.

5.4 A set of criteria on staff eligibility and allocations as determined by the ESOS Committee from time to time shall be made available to all Eligible Persons.

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- 5.5 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the Audit and Risk Management Committee of LKL International at the end of each financial year as being in compliance with the criteria for allocation of Options which have been disclosed to the Eligible Persons. A statement by the Audit and Risk Management Committee of LKL International verifying such allocations shall be included in the annual report of the Company.

The ESOS Committee may at its sole and absolute discretion decide, among others:

- (i) whether the granting of Options to the Eligible Persons will be based on staggered granting over the tenure of the Scheme and each Offer shall be separate and independent from the others, or in one (1) single grant;
- (ii) the number of Options to be offered in each Offer;
- (iii) whether the Options are subject to any vesting period, and if so, to determine the vesting conditions for the Options and whether such vesting is subject to performance target, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for participation in the Scheme.

The aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in By-law 3 above. In deciding between staggered granting over the tenure of the Scheme or one (1) single grant allocation, the ESOS Committee shall consider, among others, whether it wishes to provide a one-off reward for the relevant Grantee's contribution to the Group to incentivise the Grantee's continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee's career progression with the Group moving forward.

- 5.6 In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the Options or persons connected with them.
- 5.7 The ESOS Committee will take into consideration, amongst others, the following criteria before the Grantees are allowed to exercise their ESOS Options:
- (i) the overall performance target of the LKL International Group;
 - (ii) the overall performance target of the individual subsidiary companies of LKL International; and
 - (iii) the individual appraisal performance by the Grantees, seniority and years of service in the LKL International Group.

The selection of any Eligible Persons to participate in the Scheme will be at the sole discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. The determination of eligibility and allocation will be performed by the ESOS Committee at the point of granting of the ESOS Options.

6. OFFER

- 6.1 During the duration of the Scheme, the ESOS Committee may, at its sole discretion, at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allotment. Each Offer shall be in a multiple of one hundred (100) Shares or such other units of Shares constituting one (1) board

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

lot as may be determined by the ESOS Committee. The Options shall only be accepted in multiples of Shares or such other units of Shares constituting one board lot as may be determined by the ESOS Committee.

- 6.2 The ESOS Committee shall state the following particulars in the letter of Offer:
- (a) the number of Options that are being offered to the Eligible Person;
 - (b) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (c) the Date of Offer;
 - (d) the Option Price;
 - (e) the Option Period;
 - (f) the closing date for acceptance of the Offer;
 - (g) the manner and conditions of exercise of the Options (if any);
 - (h) any vesting conditions as may be stipulated by the ESOS Committee; and
 - (i) any other information deemed necessary by the ESOS Committee.
- 6.3 Without prejudice to By-Law 20, in the event the letter of Offer contains an error on the part of the Company in stating any of the particulars in By-Law 6.2 above, the following provisions shall apply:
- (a) as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 6.2;
 - (b) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of Offer shall remain as the Option Price as per the original letter of Offer; and
 - (c) in the event that the error relates to the Option Price, the applicable Option Price shall be the Option Price in the supplemental letter of Offer and with effect as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 6.4 An Offer will be valid for acceptance for a period of thirty (30) days from the Date of Offer (inclusive) or such longer period as may be determined by the ESOS Committee on a case-by-case basis at its sole discretion.
- 6.5 No Offer shall be made to any Director, major shareholder and/or chief executive of the Company or persons connected with any Director, major shareholder and/or chief executive of the Company who are Eligible Persons unless such Offer and the related allotment of new Shares have previously been approved by the shareholders of the Company in a general meeting.
- 6.6 Subject to By-Law 5, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person **PROVIDED THAT** the total aggregate number of Options offered to such Eligible Person during the duration of the Scheme shall not exceed the Maximum Allowable Allotment of such Eligible Person.

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- 6.7 The Company shall keep and maintain a register of Grantees at its expense and shall enter in that register the names and addresses of the Grantees and such information as may be prescribed by the ESOS Committee.
- 6.8 The actual number of Options that may be granted to an Eligible Person shall be at the sole discretion of the ESOS Committee and subject to any adjustment that may be made under By-Law 15.

7. ACCEPTANCE

- 7.1 An Offer shall be accepted by an Eligible Person within the Offer Period through written notice to the ESOS Committee accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the acceptance of the Offer (regardless of the number of Share comprised therein).
- 7.2 The day of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.
- 7.3 If an Offer is not accepted in the manner aforesaid within the Offer Period or in the event of death of the Eligible Person prior to his acceptance of the Offer during the Offer Period, the Offer will automatically lapse upon the expiry of the Offer Period and it will be null and void. The Options comprised in such Offer may be re-offered to other Eligible Persons, at the sole discretion of the ESOS Committee.
- 7.4 The Company shall within thirty (30) days from the acceptance of the Offer by the Eligible Person, issue to the Grantee an Option Certificate in such form as may be determined by the ESOS Committee, for all valid acceptances of the Offer in accordance with the provisions of this By-Law.
- 7.5 Notwithstanding By-Law 6.4, if the Eligible Person ceases to be a Director or Employee within the LKL International Group or becomes a bankrupt, as the case may be, before the acceptance of the Offer made to the Eligible Person, such Offer shall automatically lapse and will not be valid.

8. NON-TRANSFERABILITY

Subject to the provisions in this By-Laws, an ESOS Option is exercisable by the Grantee personally during his/her employment or appointment within the LKL International Group and it shall not be transferred, assigned or disposed of by the Grantee.

An Offer is personal to the Eligible Person to whom an Offer is made (“**Offeree**”) and shall be accepted solely by the Offeree and is not capable of being accepted on behalf of the Offeree by his Representative or any other persons.

9. EXERCISE OF OPTIONS

- 9.1 Subject to the provisions of By-Laws 9.10, 14, 16 and 17, an Option granted to a Grantee under the Scheme is exercisable only by that Grantee during his lifetime and whilst he/she is in the employment or appointment of the Group and within the Option Period (subject always to By-Laws 9.2 and 9.6).
- 9.2 The ESOS Committee may with its power under By-Law 20, at any time and from time to time, before and after the Options are granted, limit the exercise of the Options to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the Options during such periods within the Option Period and impose other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.

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- 9.3 Where an Option is exercised only in part, the Option Certificate shall be endorsed by the ESOS Committee stating, inter-alia, the number of new Shares which remain capable of being exercised.
- 9.4 A Grantee shall exercise the Options granted to him/her in multiples of and not less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee save and except where a Grantee's balance of Options exercisable in accordance with these By-Laws shall be less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Option, if any, which he is entitled to subscribe under the Scheme.
- 9.5 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any Option which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.6 A Grantee shall exercise his Options by notice in writing to the Company in such form as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 9.7 Every Notice of Exercise shall state the number of new Shares an Eligible Person intends to subscribe and shall be accompanied by the relevant Option Certificate and a remittance for the full amount of the subscription monies payable in respect thereof **PROVIDED THAT** the number of new Shares stated therein shall not exceed the amount exercisable by such Eligible Person.
- 9.8 The Grantee shall state his CDS Account in the Notice of Exercise. Within eight (8) Market Days (or such other period as may be prescribed by Bursa Securities and subject to the Constitution) after the receipt of the complete and valid Notice of Exercise together with the remittance from the Grantee and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall issue and/or allot the relevant number of Shares and despatch a notice of allotment to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be. No physical certificates will be issued. For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own expense before they can exercise their Options.
- 9.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the sole discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the Grantee shall then be deemed not to have exercised his/her Option.
- 9.10 Notwithstanding anything contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its sole discretion by notice in writing to the relevant Grantee to that effect, to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise his/her Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole discretion, on the Grantee's right to exercise his/her Options having regard to the

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nature of the charges made or brought against such Grantee, **PROVIDED ALWAYS THAT:**

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

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

- 9.11 Every Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.12 The Group, the Board (including Directors who had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to the Grantee or his/her Representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation, lost profits or savings, directly or indirectly arising from any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by the Grantee or any delay in receipt or non-receipt by the Company of the Notice to Exercise or for any error in any Offer.

10. OPTION PRICE

Subject to any adjustments in accordance with By-Law 15 and pursuant to the Listing Requirements, the Option Price shall be determined by the Board upon recommendation of the ESOS Committee which will be based on the volume weighted average market price of the Shares for the five (5) Market Days immediately before the Date of Offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme.

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11. RIGHTS OF A GRANTEE

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

12. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted and issued arising from the exercise of Options will rank equally in all respects with the then existing issued Shares of the Company, save and except that these new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other form of distributions, which may be declared, made or paid to shareholders, in which the Entitlement Date falls before the date of allotment and issuance of these new Shares. Such new Shares will be subject to the provisions of the Constitution of the Company relating to transfer, transmission or otherwise of the Shares.

13. RETENTION PERIOD

- 13.1 The new Shares to be allotted and issued to the Grantee under the Scheme will not be subjected to any retention period or restriction on transfer, disposal and/or assignment. However, the Company encourages the Grantee to hold the Shares subscribed by them as a long-term investment and not for any speculative and/or realisation to yield a profit. Notwithstanding the foregoing, the ESOS Committee is entitled to prescribe or impose any conditions to the Offer in relation to any retention period or restriction on transfer as it sees fit.
- 13.2 Notwithstanding By-Law 13.1 and in compliance with the Listing Requirements, a Grantee who is a Non-Executive Director must not sell, transfer or assign any new Shares obtained through the exercise of Options offered to the Grantee under the Scheme within one (1) year from the Date of Offer.

14. TERMINATION OF OPTIONS

- 14.1 Any Option which has not been exercised by a Grantee shall be terminated in the following circumstances:
- (a) termination or cessation of employment or appointment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the effective date of such termination or cessation. If a Grantee ceases his employment or appointment with the Group by reason of his resignation, the date of acceptance of a Grantee's resignation by the Group shall be deemed to be the effective date when a Grantee ceases his employment or appointment with the Group; or
 - (b) bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
 - (c) winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:
 - (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or

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- (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
 - (d) termination of the Scheme pursuant to By-Law 19.5;

whichever shall be applicable.

Upon the termination of the Options pursuant to By-Laws 14.1(a), (b), (c) or (d) above, the Grantee shall not bring any claim, action, proceedings or otherwise against the Company for compensation, damages, expenses, loss or otherwise including any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed.
- 14.2 Notwithstanding By-Law 14.1 above, a Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any Option held by him/her upon termination of employment and/or appointment with the Group in the following circumstances:
 - (a) retirement upon or after attaining the retirement age in accordance with the Group's retirement policy;
 - (b) retirement before the retirement age specified under the above said retirement policy, with the consent of his/her employer;
 - (c) resignation or termination of employment of the Grantee by reason of ill-health, injury, physical or mental disability;
 - (d) redundancy or retrenchment pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group;
 - (e) transfer to any company outside the Group at the direction of the Company; or
 - (f) any other circumstance as may be deemed as acceptable to the ESOS Committee.
- 14.3 Applications under By-Law 14.2 shall be made within the Option Period and:
 - (a) in a case where By-Law 14.2(a), (b) or (f) is applicable, before the Grantee's last day of employment;
 - (b) in a case where By-Law 14.2(c) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability;
 - (c) in a case where By-Law 14.2(d) is applicable, within one (1) month after the Grantee is notified that he/she will be retrenched or, where he/she is given an offer by his employer as to whether he/she wishes to accept retrenchment upon certain terms, within one (1) month after he/she accepts such offer; and
 - (d) in a case where By-Law 14.2(e) is applicable, within one (1) month after the Grantee is notified that he/she will be transferred to a company outside the Group.
- 14.4 The ESOS Committee shall consider applications under By-Law 14.2 on a case-by-case basis and may at its sole discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval for such period so approved by the ESOS Committee within the Option Period and subject to the provisions of By-Law 9. Any Options in respect of which an application is rejected shall

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be deemed automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 14.1 or on the date of the ESOS Committee's decision, whichever is the later.

- 14.5 In the event a Grantee dies before the expiration of the Option Period and at the time of his/her death held unexercised Options, such unexercised Options may be exercised by the Representative of the deceased Grantee after the date of his/her death provided that such exercise shall be within the Option Period subject to the approval of the ESOS Committee.

15. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

- 15.1 Subject to By-Law 15.5 hereof, if there are 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 variations of capital shall take place or if the Company shall make a capital distribution during the duration of the Scheme, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustments, if any, to be made to:

- (a) the Option Price;
- (b) the number of Options granted to each Grantee (excluding the Options already exercised); and/or
- (c) the number of Options and/or Option Price comprised in the Offer which is open for acceptance during the Offer Period (if such Offer is subsequently accepted in accordance with the terms and conditions of the Offer and these By-Laws).

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

Any adjustment (except for an adjustment due to a bonus issue, subdivision or consolidation of shares) must be confirmed in writing by the external auditors or the Principal Adviser of the Company.

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

- (a) Any adjustment to the Option Price shall be rounded up to the nearest one (1) sen; and
- (b) In determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlements shall be rounded down to the nearest whole number.

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

(a) Consolidation and subdivision

Where Shares are consolidated or subdivided, the Option Price and/or the number of Options shall be adjusted, calculated or determined in the following manner:

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$$(i) \quad \text{New Option Price} = EP \times \left[\frac{\text{Total number of issued shares before the consolidation or subdivision}}{\text{Total number of issued shares after the consolidation or subdivision}} \right]$$

(ii) For consolidation of Shares

$$\text{New number of Options} = T \times \left[\frac{\text{Total number of issued shares after the consolidation}}{\text{Total number of issued shares before the consolidation}} \right]$$

(iii) For subdivision of Shares

$$\text{Number of additional Options} = T \times \left[\frac{\text{Total number of issued shares after the subdivision}}{\text{Total number of issued shares before the subdivision}} \right] - T$$

Where:

EP = existing Option Price; and

T = existing number of Options so far unexercised

Such adjustment will be effective from the Market Day immediately following the Entitlement Date on which the consolidation or subdivision becomes effective (being the date when the Shares are traded on Bursa Securities after such consolidation or subdivision), 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 and including any capital redemption reserve fund), the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

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 by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any capital redemption reserve fund); and

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

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

(c) If and whenever the Company shall make:

(i) **Capital Distribution**

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

(ii) **Rights issue of Shares**

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

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

any offer or invitation to ordinary shareholders by way of rights which 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 Option Price shall be adjusted by multiplying it by the following fraction:

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

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

$$\text{Number of additional Options} = T \times \left(\frac{C}{C - D^*} \right) - T$$

Where:

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

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 15.3(c)(ii) above or for securities convertible into Shares or

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securities with rights to acquire or subscribe for new Shares under By-Law 15.3(c)(iii) above, the value of rights attributable to one (1) existing Share (as defined below); or

- (bb) in the case of any other transaction falling within By-Law 15.3(c) hereof, the fair market value as determined (with the concurrence of the external auditor) by the Principal Adviser of the Company of that portion of the Capital Distribution attributable to one (1) existing Share.

D* = The “value of rights attributable to one (1) existing Shares” (as defined below).

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

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

Where:

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

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

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

Where:

- C = C as in By-Law 15.3(c) above;
- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and
- F* = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

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

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

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

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

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

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

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

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

Where:

G = the aggregate number of issued Shares on the Entitlement Date;

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

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into new Shares or rights to acquire or subscribe for new Shares, as the case may be;

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

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

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

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

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

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

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new Shares as provided in By-Law 15.3(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in By-Law 15.3(c)(iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

Where:

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

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

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

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

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

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

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

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

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

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

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invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

Where:

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

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

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

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

J = J as in By-Law 15.3(e) above;

K = K as in By-Law 15.3(e) above;

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

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

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

(g) Others

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 15.3(c)(ii), 15.3(c)(iii), 15.3(d), 15.3(e) or 15.3(f) above) the Company shall issue either any new Shares or any security convertible into new Shares or with rights to acquire or subscribe for new Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than 90% of the Average Price (as defined below) for one (1) Share or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

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

Where:

L = the number of Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

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- 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 new Shares so issued or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, the maximum number (assuming no adjustments of such rights) of new Shares issuable upon full conversion of such securities or the exercise in full of such rights.

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

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

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

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

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

- (h) For the purpose of By-Laws 15.3(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.
- (i) Such adjustments (other than adjustments due to a bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as

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arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, **PROVIDED ALWAYS THAT:**

- (i) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen;
- (ii) in the event that a fraction of a new Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (iii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall, within thirty (30) calendar days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her Representative where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of Options to be issued; and
- (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws.

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

- 15.4 Save as expressly provided for herein, the external auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors shall be final, binding and conclusive.
- 15.5 The provisions of this By-Law 15 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
 - (a) an issue of Shares pursuant to the exercise of Options under the Scheme;
 - (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 pursuant to a private placement;
 - (d) an issue of securities pursuant to a special issue approved by the relevant governmental authorities;
 - (e) a restricted issue of securities;
 - (f) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities and the issuance of new Shares arising from the conversion of such securities; or
 - (g) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to Section 127 of the Act.
- 15.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III (Division 7, Subdivision 2) of the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.5.

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15.7 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:

- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) in the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective, or such period as may be prescribed by Bursa Securities.

Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his/her Representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.

15.8 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its sole discretion to determine whether any adjustments to the Option Price and/or the number of Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

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

16.1 In the event of:

- (a) a take-over offer being made for, under the Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-Overs, Mergers and Compulsory Acquisitions (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over ("**Offeror**") or any persons acting in concert with the Offeror), a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of his/her Options and the Directors of LKL International shall use their best endeavours to procure that such a general offer be extended to the new Shares that may be issued pursuant to the exercise of the Options under this By-Law; or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Grantee that it intends so to exercise such rights on a specific date ("**Specified Date**"), a Grantee will be entitled to exercise all or any part of his/her Options from the date of service of the said notice to the Company until the expiry of the Specified Date.

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

16.2 Notwithstanding the provisions of By-Law 9 and subject to the sole discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 or any other provisions of the Act or the Company decided to merge with other company or companies, the ESOS Committee may at its sole discretion decide whether a Grantee may be entitled to exercise all or any part of his/her Options which remains

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unexercised at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Option Period. Upon the compromise or arrangement becoming effective, all unexercised Options shall automatically lapse and shall become null and void and of no further force and effect.

17. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

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

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

(b) shall be eligible to participate for further Options under the Scheme.

17.2 For the purposes of By-Law 17.1, 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 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

17.3 In the event that:

(a) an employee who was employed in a company which is not related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of "the Group") and is subsequently transferred from such company to any company within the Group; or

(b) an employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above,

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

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

18. WINDING UP

All outstanding Options shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the

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Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise the Options shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the Options shall accordingly be unsuspended.

19. DURATION AND TERMINATION OF SCHEME

19.1 The Effective Date for the implementation of the Scheme shall be at the date of full compliance with all relevant requirements in the 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 Rule 2.12 of the Listing Requirements and checklist showing compliance with Appendix 6E of the Listing Requirements;
- (b) receipt of the approval from Bursa Securities for the issuance and listing of and quotation for the new Shares to be issued pursuant to the exercise of Options granted under the Scheme;
- (c) procurement of the approval of the shareholders of the Company for the Scheme in a general meeting;
- (d) receipt of the approval of any other relevant authorities whose approvals are necessary in respect of the Scheme; and
- (e) fulfilment of all conditions attached to any of the abovementioned approvals, if any.

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

19.2 The Scheme will be in force for a duration of five (5) years from the Effective Date. Upon recommendation of the ESOS Committee and if the Board deems fit and in the best interest of the Company, the Scheme may be extended for a period of up to a maximum of five (5) years from the day after the expiry date of the original five (5) years period. Such extended Scheme shall be implemented in accordance with the terms of the By-Laws set out herein, except for any amendment and/or change to the relevant statutes, laws and/or regulations then in force. There are no further approvals required by the relevant authorities and the Company shall serve appropriate notices to each Grantee and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within thirty (30) days before the Date of Expiry or such other period as may be stipulated by Bursa Securities. The approval from the shareholders of the Company is not required for such extension.

19.3 Offers can only be made during the duration of the Scheme before 5.00 p.m. on the Date of Expiry.

19.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse at 5.00 p.m. on the Date of Expiry.

19.5 The Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders **PROVIDED THAT** the Company makes an announcement

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immediately to Bursa Securities and complies with the requirements of Bursa Securities or any other relevant authorities. The announcement shall include:

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

19.6 In the event of termination as stipulated in By-Law 19.5 above, the following provisions shall apply:

- (a) no further Offer shall be made by the ESOS Committee from the Termination Date;
- (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
- (c) all outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the Termination Date.

19.7 Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme.

20. ADMINISTRATION

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

20.2 Without limiting the generality of By-Law 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its sole discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:

- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

20.3 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee as it shall deem fit.

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

- 21.1 Subject to By-Law 21.2 and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its sole discretion deem fit and the Board shall have the power, at any time and from time to time, by resolution to make any variation, modification and/or amendment of the By-Laws upon such recommendation and the Company will submit the amended By-Laws together with a confirmation letter to Bursa Securities confirming that the amendment or modification is in compliance with the provisions of the Listing Requirements pertaining to the Scheme and the Rules of Bursa Depository pursuant to Rule 2.12 of the Listing Requirements.
- 21.2 Subject to By-Law 21.3, the approval of the shareholders of the Company in a general meeting is not be required in respect of any additions, modifications or amendments to or deletions of these By-Laws unless such additions, modifications or amendments to or deletions of these By-Laws will:
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee;
 - (b) prejudice any rights of the shareholders of the Company without prior approval of the Company's shareholders in a general meeting; or
 - (c) alter to the advantage of the Eligible Persons in respect of any matters which are required to be contained in the By-Laws without the prior approval of the Company's shareholders in a general meeting unless allowed by the provisions of the Listing Requirements.
- 21.3 For the purpose of complying with the provisions of the Listing Requirements, By-Laws 3, 4, 5, 7, 10, 11, 12, 13, 15.2, 15.3, 18 and 19.2 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders obtained at a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

22. INSPECTION OF ACCOUNTS

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

23. SCHEME NOT A TERM OF EMPLOYMENT

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

24. NO COMPENSATION FOR TERMINATION

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

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- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other law (other than those constituting the Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other law against any company within the Group;
- (c) no Grantee or his/her Representative shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights/exercise of his/her Options or his/her rights/Options ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board (including Directors who had resigned but were on the Board during the Option Period) or the ESOS Committee shall in no event be liable to the Grantee or his/her Representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the Board or the ESOS Committee has been advised of the possibility of such damage.

25. DISPUTES

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

DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**26. COSTS AND EXPENSES**

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

27. CONSTITUTION

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

28. TAXES

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

29. LISTING OF AND QUOTATION FOR SHARES

- 29.1 An application will be made by the Company for the listing of and quotation for such new Shares to be issued arising from the exercise of the Options on the ACE Market of Bursa Securities within 8 market days after the date of receipt of the Notice of Exercise or such other period as may be prescribed or allowed by Bursa Securities.
- 29.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

30. NOTICE

- 30.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given or made in writing and either delivered by hand or sent to the ESOS Committee or the Company by facsimile or electronic mail or ordinary letter. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.
- 30.2 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:
- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
 - (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
 - (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to

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

have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

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

31. SEVERABILITY

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

32. DISCLOSURES IN ANNUAL REPORT

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

33. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

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

34. GOVERNING LAW AND JURISDICTION

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

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**(a) MIDF Investment**

MIDF Investment, being the Principal 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 and context in which it appears in this Circular.

Malaysian Industrial Development Finance Berhad ("**MIDF**") is the holding company of MIDF Investment. MIDF, MIDF Investment and other subsidiaries of MIDF (collectively referred to as "**MIDF Group**") and its related and associated companies are involved in diversified financial activities. The MIDF Group has engaged and may in the future, engage in transactions with and perform services for LKL International, LKL International Group and its affiliates, in addition to MIDF Investment's role as the Principal Adviser for the Proposals. Further, in the ordinary course of business, any member of the MIDF Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the LKL International Group, or any other entity or transactions for its own account or the account of its customer. This is a result of the business of the MIDF Group generally acting independent of each other and accordingly, there may be situations where parts of the MIDF Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, the MIDF Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require amongst others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

As at the LPD, MIDF Investment is not aware of any conflict of interest which exists or is likely to give rise to a possible conflict of interest situation by virtue of MIDF Investment's appointment as the Principal Adviser for the Proposals.

(b) Smith Zander

Smith Zander, being the independent market researcher 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 and context in which it appears in this Circular.

As at the LPD, Smith Zander is not aware of any conflict of interest which exists or is likely to give rise to a possible conflict of interest situation by virtue of its appointment as the independent market researcher for the Proposals.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

FURTHER INFORMATION (CONT'D)

4. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitment incurred or known to be incurred by the Group, which upon becoming enforceable may have a material effect on the financial position of the Group.

5. MATERIAL CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any material contingent liabilities incurred or known to be incurred by LKL International Group, which upon becoming enforceable may have a material effect on the profits or NA of the Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by the registered shareholders of LKL International at LKL International's registered office at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (a) the constitution of LKL International;
- (b) the audited financial statements of LKL International for the FYE 30 April 2020 and FYE 30 April 2019;
- (c) IMR Report;
- (d) the letters of consent and conflict of interest referred to in Section 2 of Appendix II of this Circular; and
- (e) the draft By-Laws as set out in Appendix I of this Circular.



LKL INTERNATIONAL BERHAD

(Registration No. 201501014673 (1140005-V))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of LKL International Berhad (“**LKL International**” or the “**Company**”) will be held at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 13 October 2020 at 11.00 a.m., or immediately following the conclusion or adjournment of the Company’s Sixth Annual General Meeting (“**6th AGM**”), which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 85,760,000 NEW ORDINARY SHARES IN LKL INTERNATIONAL, REPRESENTING NOT MORE THAN 20% OF THE TOTAL NUMBER OF ISSUED LKL INTERNATIONAL SHARES TO PARTIES TO BE IDENTIFIED AT A LATER DATE

“**THAT**, subject to the approval of all the relevant authorities, approval be and is hereby given to the Board of Directors of the Company (“**Board**” or “**Directors**”) to allot and issue up to 85,760,000 new ordinary shares in the Company (“**LKL International Shares**” or “**Shares**”) (“**Placement Shares**”) by way of private placement to independent third party investor(s) to be identified later in one or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the circular to the shareholders of the Company (“**Shareholders**”) dated 28 September 2020 (“**Circular**”) (“**Proposed Private Placement**”);

THAT, the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 10% to the 5-day volume-weighted average market price of LKL International Shares up to and including the Price-Fixing Date;

THAT, the Directors be and are hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company;

THAT, such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares;

AND THAT, the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME TO THE ELIGIBLE EMPLOYEES AND DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES ("LKL INTERNATIONAL GROUP") ("PROPOSED ESOS")

"THAT, subject to the approvals of all relevant authorities/parties, where relevant/required being obtained, approval is given to the Board to undertake the proposed establishment of an employees' share option scheme of up to 15% of the total number of issued shares of LKL International (excluding treasury shares, if any) to enable the granting of new ordinary shares in LKL International ("**LKL International Shares**") at any point in time to the eligible employees and Directors of the Company and its subsidiaries (excluding subsidiary companies which are dormant, if any) ("**Eligible Person(s)**") in accordance with the by-laws governing the ESOS ("**By-Laws**") as set out in **Appendix I** of the circular to shareholders dated 28 September 2020, and to adopt and approve the By-Laws and do all such acts, as may be necessary or expedient in order to give full effect to the Proposed ESOS;

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

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

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

PROPOSED GRANTING OF OPTIONS TO THE DIRECTORS OF LKL INTERNATIONAL AND PERSON CONNECTED WITH THEM

“**THAT** subject to the passing of Ordinary Resolution 2 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board at any time and from time to time during the duration of the Proposed ESOS, to offer and grant options to each of the Directors and persons connected with them as named therein below:

ORDINARY RESOLUTION 3	TAN SRI DATUK ADZMI BIN ABDUL WAHAB <i>(Independent Non-Executive Chairman)</i>
ORDINARY RESOLUTION 4	LIM KON LIAN <i>(Managing Director)</i>
ORDINARY RESOLUTION 5	MOK MEI LAN <i>(Executive Director)</i>
ORDINARY RESOLUTION 6	LIM PAK HONG <i>(Executive Director)</i>
ORDINARY RESOLUTION 7	SELMA ENOLIL BINTI MUSTAPHA KHALIL <i>(Independent Non-Executive Director)</i>
ORDINARY RESOLUTION 8	SANDRA MOHAN A/L MANTHIRY <i>(Independent Non-Executive Director)</i>
ORDINARY RESOLUTION 9	WONG YEONG LEE <i>(Independent Non-Executive Director)</i>
ORDINARY RESOLUTION 10	LIM MING CHANG <i>(Chief Executive Officer of LKL Advance Metaltech Sdn. Bhd.)</i>
ORDINARY RESOLUTION 11	ELAINE LIM SIN YEE <i>(Human Resource and Administration Manager)</i>
ORDINARY RESOLUTION 12	TAN LEE CHING <i>(Manufacturing Operations Manager)</i>
ORDINARY RESOLUTION 13	LIM KON KHOON <i>(Senior Assembly Supervisor)</i>

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

- (i) he/she must not participate in the deliberation or discussion of his/her own allocation of new LKL International Shares to be issued under the Proposed ESOS;
- (ii) not more than 50% of the total number of new LKL International Shares to be issued under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of LKL International Group;
- (iii) not more than 10% of the total number of new LKL International Shares to be issued under the Proposed ESOS shall be allocated to him/her, if he/she either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and

also subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS and any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**"), ACE Market Listing Requirements of Bursa Securities or any other relevant authorities as amended from time to time,

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

By Order of the Board

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
28 September 2020

Notes:

- (a) *A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
- (b) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- (c) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- (d) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.*
- (e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
- (f) *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue the General Meeting Record of Depositors as at 5 October 2020. Only members whose names appear in the General Member Record of Depositors as at 5 October 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
- (g) *The instrument appointing a proxy must be deposited with the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the EGM.*
- (h) *All resolutions as set out in the Notice of the Meeting will be put to vote by poll.*
- (i) *Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting. The Administrative Notes has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Any material developments or updates on the Meeting will be announced on the website of Bursa Securities regularly.*



LKL INTERNATIONAL BERHAD

(Registration No. 201501014673 (1140005-V))
(Incorporated in Malaysia)

ADMINISTRATIVE NOTES

EXTRAORDINARY GENERAL MEETING (“EGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR THE “COMPANY”)

Date	: Tuesday, 13 October 2020
Time	: 11.00 a.m. or immediately following the conclusion or adjournment of the Company’s Sixth Annual General Meeting (“6 th AGM”), whichever is later
Venue of Meeting	: Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan
Time & Place of Registration	: From 8.30a.m. onwards Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan

COVID-19: PUBLIC HEALTH PRECAUTIONARY MEASURES

The Board of Directors (“**Board**”) is cognisant of the COVID-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company’s members, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise members that necessary steps and measures will be undertaken in holding the Company’s EGM.

1. In view of the COVID-19 pandemic and further to the “Guidance and FAQs on the Conduct of General Meetings for Listed Issuers” issued by the Securities Commission Malaysia, members/proxies/corporate representatives who wish to attend the EGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“**Share Registrar**”, “**Tricor**”, or “**TIIH**”), via the TIIH Online website at <https://tiih.online> not later than **Sunday, 11 October 2020 at 11.00 a.m.** Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the EGM.

2. VENUE AND SEATING ARRANGEMENT

- As a precautionary measure, the Company reserves the right to limit the number of physical attendees to be accommodated at the venue.
- In order to assist the Company in managing the turnout for the EGM, members/proxies/corporate representatives are required to pre-register with the Company’s Share Registrar, via the TIIH Online website at <https://tiih.online>, if the members/proxies/corporate representatives wish to attend the EGM in person.
- Social distancing would be practised at all times. Members who attend the EGM should maintain at least 1 metre (3 feet) distance between him/herself.
- Seats in the EGM venue would be placed at least one metre (3 feet) apart from one another.

3. OTHER IMPORTANT INFORMATION

- If any of the members/proxies/corporate representatives (“**Persons**”) have travelled overseas to China (including mainland China, SAR Hong Kong, SAR Macau and Taiwan), Italy, Iran, Korea, Japan and other affected countries in the past 14 days or if a Person is unwell with fever, dry cough, tiredness, sore throat, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath, they must seek medical attention and quarantine themselves at home. Under such circumstances, the Persons are advised to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the EGM.
- Generally, any Persons who:
 - (a) feel unwell before the EGM;
 - (b) have been placed on quarantine orders or stay-at-home notices; or
 - (c) have a travel history to certain countries/regions in the specified period preceding the EGM, as announced by the Ministry of Health, must not attend the EGM in person, and instead are strongly encouraged to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the EGM.
- For Persons who are attending the EGM physically, temperature screening on each Person will be taken during registration and the Persons will be required to sign a health declaration form and provide their travel history and contact details (to facilitate contact tracing, if required) before entering the venue of the EGM.
- As a precautionary measure, the Company reserves the right to deny any Persons with body temperature of above 37.5°C entry into the EGM venue.
- Any Persons attending the EGM physically should wear a face mask in advance and throughout the EGM and practise proper self-sanitisation, including the use of hand sanitisers.

4. INDIVIDUAL MEMBERS

- All members who intend to attend the EGM in person **ARE REQUIRED TO PRE-REGISTER** with Tricor via **TIIH Online** website (<https://tiih.online>) latest by **Sunday, 11 October 2020 at 11.00 a.m.** Kindly refer to the Pre-Register procedures below.

Members who are unable to attend the EGM and who wish to exercise their votes are encouraged to appoint the Chairman of the meeting to vote on your behalf by indicating the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

5. CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the EGM, must deposit their original or duly certified certificate of appointment of corporate representative with Tricor not later than **Sunday, 11 October 2020 at 11.00 a.m.**
- Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Sunday, 11 October 2020 at 11.00 a.m.** to attend and vote at the EGM.

- A member who has appointed a proxy/attorney/corporate representative to attend and vote at the EGM must request his/her proxy/attorney/corporate representative to submit their Pre-Registration at TIH Online website at <https://tiah.online>.
- If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the EGM, you may appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

6. PRE-REGISTER PROCEDURES

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the EGM are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE EGM DAY		
(a)	Register as a user with TIH Online	• Using your computer, access the website at https://tiah.online. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIH Online.
(b)	Pre-register your attendance to attend EGM	• Registration is open from 10.00 a.m. on Monday, 28 September 2020 up to 11.00 a.m. on Sunday, 11 October 2020. • Login with your user ID and password and select the corporate event: “(REGISTRATION) LKL EGM 2020”. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert the CDS account number and indicate the number of shares. • Submit to register your physical attendance. • System will send an e-mail to notify that your registration to attend the EGM physically is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 5 October 2020, the system will send you an e-mail to notify if your registration is approved or rejected. • For members who have registered to attend the EGM physically, the system will email an e-passcode slip. Print the passcode slip and bring it along with you to the EGM.

7. NO DOOR GIFT/FOOD VOUCHER/REFRESHMENT

There will be **no distribution/provision of door gifts or food vouchers or refreshment** for the EGM in order to ensure social distancing and as a measure to reduce crowds in accordance with the COVID-19 guidelines issued by the Ministry of Health.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

8. GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

Only a depositor whose name appears on the ROD as at **5 October 2020** shall be entitled to attend, speak and vote at the EGM or appoint proxies to attend and/or vote on his/her behalf.

9. PROXY

- If you are unable to attend the meeting on 13 October 2020, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may submit your Proxy Form to Tricor by fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com. However, please ensure that the **Original Proxy Form** is deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

10. POLL VOTING

- The voting at the EGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of paper voting and Coopers Professional Scrutineers Sdn. Bhd. as Scrutineers to verify the poll results.
- During the EGM, the Chairman will brief on the voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.
- Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

11. CIRCULAR TO SHAREHOLDERS

- The Company’s Circular is available at the Company’s website at <http://lklbeds.com/investor-relations.html>
- You may request for a printed copy of the Circular at <https://tiih.online> by selecting “Request for Annual Report/Circular” under the “Investor Services”. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

12. REGISTRATION

- Registration will start at 8.30 a.m. at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.
- Please present your original MyKad/passport to the registration staff for verification.
- Upon verification, you are required to write your name, mobile contact and sign the attendance list placed on the registration table.
- You will be given an identification wristband with a personalised passcode for the purpose of voting at the EGM.
- You must wear the identification wristband throughout the EGM as no person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
- If you are attending the meeting as a member as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
- No person will be allowed to register on behalf of another person even with the original Mykad/passport of the other person.

13. HELP DESK

- (i) Please proceed to the Help Desk for any clarification or queries apart from registration details.
- (ii) The Help Desk will also handle revocation of proxy's appointment.

14. RECORDING OR PHOTOGRAPHY

By participating at the EGM, you agree that no part of the EGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

15. ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	is.enquiry@my.tricorglobal.com	
Contact Persons	:	Mr. Jake Too	Tel : +603-2783 9285 / Email : Chee.Onn.Too@my.tricorglobal.com
		Ms. Vivien Khoh	Tel : +603-2783 9091 / Email : Vivien.Khoh@my.tricorglobal.com
		Mr. Alven Lai	Tel : +603-2783 9283 / Email : Siew.Wai.Lai@my.tricorglobal.com



PROXY FORM

LKL INTERNATIONAL BERHAD
(Registration No. 201501014673 (1140005-V))
(Incorporated in Malaysia)

I/We* _____ NRIC/Company No.* _____
(full name in capital letters)

of _____ being (a)
(full address)

member(s) of LKL INTERNATIONAL BERHAD (Registration No.: 201501014673 (1140005-V)) (the "Company")

hereby appoint _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

or failing him/her,* _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("EGM" or the "Meeting") of the Company to be held at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 13 October 2020 at 11.00 a.m., or immediately following the conclusion or adjournment of the Company's 6th Annual General Meeting, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	Proposed Private Placement		
2.	Proposed Employees' Share Option Scheme ("ESOS")		
3.	Proposed granting of ESOS Options to Tan Sri Datuk Adzmi Bin Abdul Wahab		
4.	Proposed granting of ESOS Options to Lim Kon Lian		
5.	Proposed granting of ESOS Options to Mok Mei Lan		
6.	Proposed granting of ESOS Options to Lim Pak Hong		
7.	Proposed granting of ESOS Options to Selma Enolil Binti Mustapha Khalil		
8.	Proposed granting of ESOS Options to Sandra Mohan A/L Manthiry		
9.	Proposed granting of ESOS Options to Wong Yeong Lee		
10.	Proposed granting of ESOS Options to Lim Ming Chang		
11.	Proposed granting of ESOS Options to Elaine Lim Sin Yee		
12.	Proposed granting of ESOS Options to Tan Lee Ching		
13.	Proposed granting of ESOS Options to Lim Kon Khoo		

* delete whichever not applicable

Dated this _____ day of _____ 2020.

Signature of Member(s)/Common Seal

CDS Account No.	No. of Shares Held

Percentage of shareholdings to be represented by the proxies:		
	No. of Shares	%
Proxy 1		
Proxy 2		
TOTAL		100



Notes:

- (a) *A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
- (b) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- (c) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- (d) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.*
- (e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
- (f) *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue the General Meeting Record of Depositors as at 5 October 2020. Only members whose names appear in the General Member Record of Depositors as at 5 October 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
- (g) *The instrument appointing a proxy must be deposited with the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the EGM.*
- (h) *All resolutions as set out in the Notice of the Meeting will be put to vote by poll.*
- (i) *Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting. The Administrative Notes has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Any material developments or updates on the Meeting will be announced on the website of Bursa Malaysia Securities Berhad regularly.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
LKL INTERNATIONAL BERHAD [201501014673 (1140005-V)]

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

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