

**THIS CIRCULAR TO SHAREHOLDERS OF KIM HIN JOO (MALAYSIA) BERHAD (“KHJ” OR THE “COMPANY”) 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, solicitor, accountant, bank manager or other professional adviser immediately.

This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd as the Sponsor to KHJ and Adviser to KHJ for the Proposed ESOS (as defined herein). Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has conducted a limited review of this Circular pursuant to Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities.

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



**KIM HIN JOO (MALAYSIA) BERHAD**

Registration No. 197801000642 (37655-U)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF KHJ (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME TO BE GRANTED TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF KHJ AND ITS SUBSIDIARIES**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

**UOBKayHian**

**UOB Kay Hian Securities (M) Sdn Bhd**

Registration No. 199001003423 (194990-K)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of the Company will be conducted FULLY VIRTUAL through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities via the meeting platform at <https://web.lumiagm.com/> from the Broadcast Venue at TR12-R01 & TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 29 July 2020 at 3.30 p.m., or immediately following the conclusion or adjournment of the 39<sup>th</sup> Annual General Meeting (“**AGM**”) of the Company which will be conducted FULLY VIRTUAL at the same venue and on the same date at 2.30 p.m., whichever is later.

A member entitled to participate and vote at the EGM is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. In such event, please complete and return the Proxy Form in accordance with the instructions therein as soon as possible and shall be deposited at the office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof at which the person named in the Proxy Form proposes to vote, and in default the Proxy Form shall not be treated as valid. The lodging of the Proxy Form will not preclude you from participating and voting in person at the EGM should you subsequently wish to do so.

Alternatively, members may deposit the Proxy Form by electronic means directly at <https://boardroomlimited.my> not less than forty-eight (48) hours before the EGM. For further information on the electronic submission of Proxy Form and participation at the AGM, kindly refer to the Administrative Guide, a copy of which is despatched with this Circular

Last date and time for lodging the Proxy Form : Monday, 27 July 2020, at 3.30 p.m.

Date and time of the EGM : Wednesday, 29 July 2020, at 3.30 p.m., or immediately following the conclusion or adjournment of the 39<sup>th</sup> AGM of the Company which will be conducted FULLY VIRTUAL at the same venue and on the same date at 2.30 p.m., whichever is later

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## DEFINITIONS

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

“Act”	: The Companies Act 2016, as amended from time to time and any re-enactment thereof
“Board”	: Board of Directors of KHJ
“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 by-laws governing the Proposed ESOS, the draft of which is set out in <b>Appendix I</b> of this Circular, as may be amended, varied or supplemented from time to time
“Circular”	: This circular to shareholders of KHJ dated 3 July 2020
“Constitution”	: The constitution of KHJ
“Director(s)”	: The director(s) of KHJ having the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“Effective Date”	: The date on which the Proposed ESOS takes effect, to be determined following full compliance with the relevant requirements of the Listing Requirements and the By-Laws
“EGM”	: Extraordinary General Meeting
“Eligible Person(s)”	: The eligible Director(s) and employee(s) of KHJ Group (excluding subsidiaries which are dormant), who meet the criteria of eligibility to participate in the Proposed ESOS as indicated in the By-Laws
“EPS”	: Earnings per Share
“ESOS”	: Employees’ Share Option Scheme
“ESOS Committee”	: The committee appointed and duly authorised by the Board to administer the Proposed ESOS in the manner as indicated in the By-Laws
“ESOS Option(s)”	: The right of a Participant to subscribe for new KHJ Shares pursuant to the contract constituted by the acceptance of an Offer as set out in the By-Laws
“Exercise Price”	: The exercise price payable for KHJ Share(s) upon exercise of any ESOS Option(s)
“FYE”	: Financial year ended/ending, as the case may be
“KHI”	: Kim Hin International Pte Ltd (Registration No. 201720713M)
“KHJ” or the “Company”	: Kim Hin Joo (Malaysia) Berhad (Registration No. 197801000642 (37655-U))

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**DEFINITIONS (Cont'd)**

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“KHJ Group” or the “Group”	:	KHJ and its subsidiary companies, collectively
“KHJ Share(s)” or “Share(s)”	:	Ordinary share(s) in KHJ
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, as amended or modified from time to time
“LPD”	:	29 June 2020, being the latest practicable date prior to the printing and despatch of this Circular
“Maximum Shares”	Scheme :	The maximum number of new KHJ Shares which may be issued pursuant to the Proposed ESOS, which shall not in aggregate exceed 15% of the total number of issued KHJ Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws
“MFRS 2”	:	Malaysian Financial Reporting Standards 2 on “Share-Based Payment” issued by the Malaysian Accounting Standards Board
“NA”	:	Net assets
“Offer”	:	An offer made in writing by the ESOS Committee to an Eligible Person
“Participant”	:	An Eligible Person who has accepted an Offer
“Proposed ESOS”	:	The proposed establishment of an ESOS of up to 15% of the total number of issued shares of KHJ (excluding treasury shares, if any) at any point in time to be granted to the eligible Directors and employees of KHJ and its subsidiaries which are not dormant
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“UOBKH” or “Adviser”	the :	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“VWAP”	:	Volume weighted average market price

All references to “we”, “us”, “our” and “ourselves” are to KHJ or KHJ Group. All references to “you” in this Circular are to the shareholders of KHJ.

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

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

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

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## KIM HIN JOO (MALAYSIA) BERHAD

Registration No. 197801000642 (37655-U)  
(Incorporated in Malaysia)

### Registered Office

Wisma Pang Cheng Yean, Lot 5205C  
Jalan Perindustrian Balakong Jaya 1/3  
Kawasan Perindustrian Balakong Jaya  
43300 Seri Kembangan  
Selangor Darul Ehsan

3 July 2020

### Board of Directors

Pang Kim Hin	<i>(Non-Independent Non-Executive Chairman)</i>
Pang Fu Wei	<i>(Managing Director)</i>
Goh Poh Teng	<i>(Executive Director)</i>
Chew Soo Lin	<i>(Senior Independent Non-Executive Director)</i>
Yen Se-Hua Stewart	<i>(Independent Non-Executive Director)</i>
Kor Yann Ning	<i>(Independent Non-Executive Director)</i>
Hew Moh Yung	<i>(Independent Non-Executive Director)</i>

### To: The shareholders of KHJ

Dear Sir/Madam,

### PROPOSED ESOS

#### 1. INTRODUCTION

On 15 June 2020, UOBKH, on behalf of our Board, announced that KHJ proposes to undertake the establishment of an ESOS of up to 15% of the total number of issued KHJ Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws to the Eligible Person(s).

Subsequently, on 26 June 2020, UOBKH, on behalf of our Board, announced that Bursa Securities had vide its letter dated on even date, approved the listing of such number of additional new ordinary shares in KHJ representing up to 15% of the total number of issued shares (excluding treasury shares, if any) of KHJ to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS, subject to the conditions as set out in **Section 7** of this Circular.

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

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

## **2. DETAILS OF THE PROPOSED ESOS**

The Proposed ESOS involves the granting of ESOS Options to the Eligible Persons to subscribe for new KHJ Shares pursuant to the Proposed ESOS at the Exercise Price in accordance with the By-Laws.

The Proposed ESOS will be administered by the ESOS Committee and shall be governed by the By-Laws.

The salient features of the Proposed ESOS are set out below:-

### **2.1 Maximum number of KHJ Shares available under the Proposed ESOS**

The maximum number of KHJ Shares which may be allotted and issued pursuant to the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued KHJ Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws.

As at the LPD, the total number of issued shares of KHJ is 380,000,000 KHJ Shares. The Company does not hold any treasury shares as at the LPD. For illustrative purposes, a total of up to 57,000,000 KHJ Shares may be allotted and issued under the Proposed ESOS.

### **2.2 Basis of allotment and maximum allowable allotment**

The maximum number of new KHJ Shares that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and/or length of service of the Eligible Person and shall be subject to the following:-

- (i) the Directors and senior management of the Group do not participate in the deliberation or discussion of their own allocation of ESOS Options and the allocation to any persons connected with them; and
- (ii) the allocation to an Eligible Person who either singly or collectively through persons connected to the Eligible Person, holds 20% or more of the total number of KHJ Shares (excluding treasury shares, if any), must not exceed 10% of the Maximum Scheme Shares.

At any point in time during the duration of the ESOS, not more than 50% of the ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of KHJ Group who are Eligible Persons, on the basis that they are crucial to the performance of the Group. Such allocation was determined after taking into consideration, amongst others, the number of Directors and senior management, their degree of influence on the prospects of the Group as well as their ranking, seniority, length of services and contribution to the Group.

For avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the Proposed ESOS will be offered to the Eligible Persons in 1 single offer or multiple tranches, or whether the ESOS will be staggered over the duration of the Proposed ESOS or in a single grant and/or whether the ESOS Options will be subject to any vesting period or vesting conditions.

As at the LPD, the Company has yet to ascertain any vesting period and performance target and/or criteria, which will take into consideration, amongst others, the Group's financial performance and the Eligible Person's individual performance over the vesting period, that must be achieved prior to the vesting or the exercise of the ESOS Options. In any event, such vesting period and performance target/criteria will be determined by the ESOS Committee, in its sole and absolute discretion.

### **2.3 Eligibility**

Only Eligible Persons of the Group (excluding dormant subsidiaries) who meet the criteria as set out in the By-Laws are eligible to participate in the Proposed ESOS.

In the case of a Director of KHJ and/or persons connected to them who is an Eligible Person, their specific allocations under the Proposed ESOS shall be approved by the shareholders of KHJ in a general meeting.

### **2.4 Duration**

The Proposed ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date.

On or before the expiry of the above initial 5-year period ("**Date of Expiry**"), the Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the Proposed ESOS for a further period of up to 5 years, commencing from the day after the Date of Expiry, but will not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities. Unless otherwise required by the relevant authorities, no further approvals (including from the Company's shareholders) 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 Participant within 30 days prior to the Date of Expiry.

### **2.5 Basis of determining the Exercise Price**

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be based on the 5-day VWAP of the KHJ Shares immediately preceding the date of the Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the Proposed ESOS, at the ESOS Committee's discretion.

### **2.6 Ranking of the ESOS Options and new KHJ Shares to be allotted and issued arising from the exercise of the ESOS Options**

The Participants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in the Company until and unless such Participants exercise their ESOS Options into KHJ Shares.

The new KHJ Shares to be issued arising from the exercise of the ESOS Options shall, upon allotment and issuance, rank equally in all respects with the existing issued KHJ Shares, except that the new KHJ Shares will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the new KHJ Shares. The new KHJ Shares will be subject to all provisions of the Constitution relating to transfer, transmission or otherwise.

### **2.7 Retention period**

Pursuant to Rule 8.22 of the Listing Requirements, an eligible Non-Executive Director of KHJ shall not sell, transfer or assign the KHJ Shares obtained through the exercise of the ESOS Options offered to him/her within 1 year from the date of Offer.

Save for the Non-Executive Directors, the new KHJ Shares to be allocated and issued or transferred to the Participants pursuant to the exercise of the ESOS Options under the Proposed ESOS will not be subject to any retention period or restriction on transfer, disposal and/or assignment.

However, the Participants are encouraged to hold the KHJ Shares to be issued or transferred pursuant to the exercise of the ESOS Options as long-term investments and not for any speculative and/or realisation of immediate gain to yield 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 in its sole and absolute discretion.

## **2.8 Listing of and quotation for the new KHJ Shares to be issued arising from the exercise of the ESOS Options**

Bursa Securities has, vide its letter dated 26 June 2020, approved the listing of and quotation for such number of new KHJ Shares, representing up to 15% of the total number of issued KHJ Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the ESOS Options, subject to the conditions as stated under **Section 7** of this Circular.

## **2.9 Amendments and/or modification 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 additions, amendments and/or modifications to and/or deletions of the By-Laws as it shall, in its sole and absolute discretion think fit. The Board shall have the power at any time and from time to time by resolution and without shareholders' approval to add to, amend, modify and/or delete all or any part 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 addition, amendment and/or modification is made, stating that the said addition, amendment and/or modification is in compliance with the provisions of the Listing Requirements pertaining to the Proposed ESOS and Rules of Bursa Depository pursuant to Rule 2.12 of the Listing Requirements.

## **2.10 Termination of the Proposed ESOS**

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Board may terminate the Proposed ESOS at its sole and absolute discretion upon recommendation by the ESOS Committee, at any time during the duration of the Proposed ESOS by written notice to the affected Participants without obtaining the approvals from the Participants or the approval from the shareholders of KHJ in a general meeting for the termination of the Proposed ESOS, and no further Offers shall be made by the ESOS Committee.

## **3. UTILISATION OF PROCEEDS**

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point in time and the Exercise Price.

The proceeds arising from the exercise of the ESOS Options will be utilised for the working capital requirements of the KHJ Group, as and when received, within the tenure of the Proposed ESOS. As such, the exact timeframe for utilisation of the proceeds cannot be determined at this juncture.

The working capital requirement of the Group includes, amongst others, payment to trade creditors, staff salaries, directors' fee, commissions and staff statutory contributions, rental payments for the retail outlets and general expenses (such as utilities, the maintenance and upkeep costs of the retail outlets). For information purposes, as at 31 March 2020, the total amount due to trade creditors amounted to RM4.78 million, and creditors' turnover period stood at 41 days. However, the detailed allocation to each component of working capital cannot be determined at this juncture as there is no certainty on the timing and amount to be raised from the exercise of the ESOS Options.

#### 4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ESOS

The main objective of the Proposed ESOS is to align the interests of the Eligible Persons with the corporate goals of KHJ Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and thereby achieve the following:-

- (i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of KHJ Group;
- (ii) to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of KHJ Shares, upon exercising of the ESOS Options;
- (iii) to increase the level of commitment, dedication and loyalty of the Eligible Persons by rewarding them with an equity stake in the Company; and
- (iv) to provide incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group.

The Proposed ESOS is also extended to the Non-Executive Directors of KHJ as they provide valuable experience and opinion to the Board, whilst at the same time carry out the important function of monitoring the performance of the management.

#### 5. EFFECTS OF THE PROPOSED ESOS

##### 5.1 Issued share capital

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

For illustrative purposes, the proforma effects of the Proposed ESOS on the issued share capital of the Company based on the assumption that the number of ESOS Options granted amounts to 15% of the total number of issued shares of KHJ as at the LPD, are set out below:-

	No. of Shares	(RM)
Issued share capital as at the LPD	380,000,000	31,128,118
KHJ Shares to be issued assuming full exercise of the ESOS Options granted	<sup>(1)</sup> 57,000,000	<sup>(2)</sup> 10,830,000
<b>Enlarged issued share capital</b>	<b>437,000,000</b>	<b>41,958,118</b>

**Notes:-**

- (1) *For the avoidance of doubt, the maximum number of new KHJ Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued KHJ Shares (excluding treasury shares, if any) at any point in time during the tenure of the Proposed ESOS.*
- (2) *Strictly for illustrative purpose only, calculated based on RM0.19, being approximately 9.52% discount to the 5-day VWAP of KHJ Shares up to and including the LPD of RM0.21 per KHJ Share.*

## **5.2 NA per share and gearing**

Save for the potential impact of the MFRS 2 on Share-Based Payment as well as the estimated expenses relating to the Proposed ESOS amounting to approximately RM0.15 million, the Proposed ESOS is not expected to have an immediate effect on the NA per Share and gearing of the Group until such time the new KHJ Shares are issued pursuant to the Proposed ESOS.

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

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

- (i) increase if the Exercise Price is higher than the NA per Share of the Group; or
- (ii) decrease if the Exercise Price is lower than the NA per Share of the Group,

at such point of exercise of the ESOS Options.

## **5.3 Earnings and EPS**

The Proposed ESOS may have an effect on the earnings of the Group for the financial year ending 31 December 2020 and throughout the duration of the Proposed ESOS due to the possible impact of the MFRS 2. However, any potential effect on the EPS of KHJ Group in the future would depend on the number of ESOS Options granted and exercised, duration of the ESOS and the Exercise Price, as well as the impact of the MFRS 2.

Under the MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options and is recognised in the statement of comprehensive income upon vesting of each Offer, thereby reducing the earnings of KHJ Group. The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of KHJ Shares, the risk-free rate, the Exercise Price and the time to maturity of the ESOS Options from the vesting date of the ESOS Options. However, such expense recognised does not represent a cash outflow as it is merely an accounting treatment.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on KHJ Group's future earnings and shall take into consideration such impact on the allocation and granting of ESOS Options to the Eligible Persons.

Further, the EPS of the Group may be diluted as a result of the increase in total number of issued Shares of KHJ as and when the ESOS Options are exercised into new KHJ Shares, depending on the number of Shares issued and/or transferred to the Participants arising from the exercise of the ESOS Options.

## **5.4 Convertible securities**

The Company does not have any convertible securities as at the LPD.

## 5.5 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have an immediate effect on the substantial shareholders' shareholdings in KHJ until such time when the ESOS Options are exercised. Any potential effect on the substantial shareholdings in KHJ will depend on the number of ESOS Options granted and new KHJ Shares to be allotted and issued arising from the exercise of such ESOS Options at any time during the tenure of the Proposed ESOS.

	Shareholdings as at the 2 July 2020				Pro forma I Assuming the maximum ESOS Options are granted, vested and exercised into KHJ Shares <sup>(2)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Substantial shareholders</b>								
KHI	235,600,000	62.00	-	-	235,600,000	53.91	-	-
Pang Kim Hin	11,280,700	2.97	(1)236,600,000	62.26	11,280,700	2.58	(1)236,600,000	54.14

**Notes:-**

(1) Deemed interested by virtue of his daughter's shareholdings in the Company, as well as his shareholdings held through KHI pursuant to Section 8 of the Act.

(2) It is pertinent to note that the proforma effects above have not taken into consideration any ESOS Options that may be granted to Pang Kim Hin who is an Eligible Person under the Proposed ESOS.

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## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of KHJ Shares traded on the ACE Market of Bursa Securities since KHJ's listing in July 2019 to June 2020 are as follows:-

	High (RM)	Low (RM)
<b><u>2019</u></b>		
July	0.408	0.305
August	0.319	0.230
September	0.315	0.272
October	0.301	0.262
November	0.282	0.258
December	0.272	0.224
<b><u>2020</u></b>		
January	0.282	0.239
February	0.248	0.229
March	0.239	0.115
April	0.205	0.160
May	0.250	0.185
June	0.225	0.200
The last transacted price of KHJ Shares as at 12 June 2020, being the last trading date prior to the announcement of the Proposed ESOS		0.21
Last transacted market price of KHJ Shares as at the LPD		0.21

(Source: Bloomberg)

## 7. APPROVALS REQUIRED/OBTAINED

The Proposed ESOS is subject to the following approvals being obtained:-

- (i) Bursa Securities, for the listing of and quotation for the new KHJ Shares to be allotted and issued pursuant to the exercise of the ESOS Options on the ACE Market of Bursa Securities;

The approval of Bursa Securities was obtained vide its letter dated 26 June 2020 and subject to the following conditions:-

Conditions	Status of compliance
(a) UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the ACE Market Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and	To be complied
(b) KHJ is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the shareholders of KHJ for the Proposed ESOS at the forthcoming EGM; and
- (iii) any other relevant authorities and/or approvals, if required.

The Proposed ESOS is not conditional upon any other proposals undertaken or to be undertaken by the Company.

The voting on the resolutions pertaining to the Proposed ESOS at the forthcoming EGM will be taken on a poll.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

All the Directors of KHJ are Eligible Persons under the Proposed ESOS, and are therefore deemed interested to the extent of their respective potential allocations under the Proposed ESOS. Notwithstanding this, the Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to the shareholders of the Company for their consideration and approval.

Accordingly, the Directors of KHJ have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. The Directors will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the proposed allocation to them as well as the proposed allocations to the persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM. They will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the proposed allocation to the interested Directors and the persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM.

In addition, Pang Kim Hin, the Non-Independent Non-Executive Chairman of KHJ, is also a major shareholder of KHJ. He is also a director and major shareholder of KHI, a major shareholder of KHJ. Accordingly, Pang Kim Hin and KHI shall abstain from voting in respect of their direct and/or indirect interest in the Company on the resolutions pertaining to the proposed allocation to Pang Kim Hin, as well as allocations to persons connected to them, if any, under the Proposed ESOS. In addition, KHI will undertake to ensure that persons connected to it will abstain from voting in respect of their direct and indirect interests, if any, on the resolutions pertaining to the proposed allocation to persons connected to KHI, if any, under the Proposed ESOS.

Save as disclosed above, none of the other Directors and major shareholders of KHJ and/or persons connected to them have any interest, direct or indirect, in the Proposed ESOS.

The details of shareholdings of the Directors and major shareholder in KHJ as at 2 July 2020 are set out as follows:-

	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
<b><u>Directors</u></b>				
Pang Kim Hin	11,280,700	2.97	<sup>(1)</sup> 236,600,000	62.26
Pang Fu Wei	-	-	-	-
Goh Poh Teng	1,000,000	0.26	-	-
Chew Soo Lin	2,150,000	0.57	<sup>(2)</sup> 800,000	0.21
Yen Se-Hua Stewart	-	-	-	-
Kor Yann Ning	800,000	0.21	-	-
Hew Moh Yung	-	-	-	-
<b><u>Major shareholder</u></b>				
KHI	235,600,000	62.00	-	-

**Notes:-**

- (1) *Deemed interested by virtue of his daughter's shareholdings in the Company, as well as his shareholdings held through KHI pursuant to Section 8 of the Act.*
- (2) *Deemed interested by virtue of his shareholdings held through Cepheus Corporation Pte Ltd pursuant to Section 8 of the Act.*

**9. TENTATIVE TIMEFRAME FOR IMPLEMENTATION**

Barring any unforeseen circumstances, the Proposed ESOS is expected to be implemented in the 2nd half of calendar year 2020.

The tentative timetable in relation to the Proposed ESOS is set out below:-

Date(s)	Events
29 July 2020	EGM to obtain the approval of shareholders of KHJ for the Proposed ESOS
Early August 2020	Effective Date for implementation of the Proposed ESOS

**10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed ESOS (being subject matter of this Circular), there are no other corporate exercises that has been announced but not yet completed as at the LPD.

**11. DIRECTORS' STATEMENT/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 to them, if any), after considering all aspects of the Proposed ESOS such as the rationale and the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company.

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 to them, if any) recommends that you vote in favour of the resolutions pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

**12. EGM**

The EGM, the notice of which is enclosed in this Circular, will be conducted FULLY VIRTUAL through live streaming and online remote voting using Remote Participation and Voting facilities vide its meeting platform at <https://web.lumiagm.com/> from the Broadcast Venue at TR12-R01 & TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 29 July 2020 at 3.30 p.m., or immediately following the conclusion or adjournment of the 39<sup>th</sup> AGM of KHJ which will be conducted FULLY VIRTUAL at the same venue and on the same date at 2.30 p.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications the resolutions so as to give effect to the Proposed ESOS.

If you are unable to participate and vote at the EGM, please complete, sign and return the Proxy Form in accordance with the instructions provided therein to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or deposit the Proxy Form by electronic means directly at <https://boardroomlimited.my> not less than 48 hours before the time for holding the EGM, or at any adjournment thereof at which the person named in the instrument proposes to vote.

Shareholders are advised to refer to the Administrative Guide enclosed separately for further details and instructions for electronic submission of Proxy Form and participation at the EGM. The lodging of the Proxy Form does not preclude you from participating and voting in person at the EGM should you subsequently decide to do so.

### **13. FURTHER INFORMATION**

You are advised to refer to the attached appendices set out in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of  
**KIM HIN JOO (MALAYSIA) BERHAD**

**PANG KIM HIN**  
Non-Independent Non-Executive Chairman

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**DRAFT BY-LAWS OF THE PROPOSED ESOS**


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By-Laws of KHJ Employees' Share Option Scheme

**KIM HIN JOO (MALAYSIA) BERHAD**

("Company" or "KHJ")

**DRAFT BY-LAWS OF THE KIM HIN JOO (MALAYSIA) BERHAD EMPLOYEES' SHARE OPTION SCHEME****BY-LAWS****1. DEFINITIONS**

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

"Adviser"	:	A corporate finance adviser that may act as a principal adviser under the Securities Commission Malaysia's Principal Adviser Guidelines (as amended from time to time)
"Affected Participant"	:	Has the meaning given in By-Law 28.1
"Board"	:	The board of directors for the time being of KHJ
"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"	:	These By-Laws governing the Scheme as may be amended, modified and/or supplemented from time to time in accordance with By-Law 22
"CDS"	:	The Central Depository System governed under the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
"CDS Account"	:	The account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and dealings in such securities by that depositor
"Companies Act"	:	Companies Act 2016, and any amendments made thereto from time to time and includes any re-enactment thereof
"Director"	:	A natural person that occupies or acts in the position of director in KHJ and/or any of its Subsidiaries
"Disciplinary Action"	:	An action instituted by KHJ or any of its Subsidiaries against an Eligible Person or Participant, as the case may be, in writing for an alleged misbehaviour, misconduct and/or any other act deemed to be unacceptable in the course of that Eligible Person's or Participant's employment, whether or not such action may give rise to a dismissal or termination of the employment contract and/or contract of service of such Eligible Person or Participant

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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## By-Laws of KHJ Employees' Share Option Scheme

“Effective Date”	:	The date on which this Scheme takes effect as shall be determined in accordance with By-Law 6.1
“Eligible Person”	:	Has the meaning given in By-Law 4.1
“ESOS Committee”	:	The committee to be appointed and approved by the Board pursuant to By-Law 20 to implement and administer the Scheme in accordance with these By-Laws
“Executive Director”	:	A Director who holds a directorship in an executive capacity on the Offer Date and is involved in the day-to-day management of KHJ and/or any of its Subsidiaries
“Exercise Price”	:	The price at which a Participant is entitled to subscribe for KHJ Shares pursuant to the exercise of an Option
“KHJ”	:	Kim Hin Joo (Malaysia) Berhad (Registration No. 197801000642 (37655-U)) and shall, where the context admits, include its successors in title
“KHJ Group” or “Group”	:	KHJ and its Subsidiaries
“KHJ Share(s)” or “Share(s)”	:	Ordinary share(s) in the capital of KHJ
“Listing Requirements”	:	The Listing Requirements of Bursa Securities which are applicable to KHJ at any time, including any amendments thereto that may be made from time to time
“Market Day”	:	A day on which the stock market of the Bursa Securities is open for trading in securities
“Maximum Scheme Shares”	:	Has the meaning given in By-Law 3.1
“Notice of Exercise”	:	Has the meaning given in By-Law 13.1
“Non-Executive Director”	:	A Director of KHJ and/or any of its Subsidiaries who is not an Executive Director
“Offer”	:	An offer made in writing by the ESOS Committee to an Eligible Person
“Offeror”	:	Has the meaning given in By-Law 16.1(a)
“Offer Date”	:	The date on which an Offer is made or is deemed to be made by the ESOS Committee to an Eligible Person, which shall be the date the Offer is served in accordance with By-Law 32
“Offer Period”	:	The period of thirty (30) days from the Offer Date or such other period as may be determined by the ESOS Committee having regard to the Terms of Reference, and specified in the Offer during which an Offer may be accepted
“Option(s)”	:	The right to subscribe for new KHJ Shares at the Exercise Price on the terms and subject to the conditions of these By-Laws

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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## By-Laws of KHJ Employees' Share Option Scheme

- “Option Period” : The period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with these By-Laws
- “Participant” : An Eligible Person who has duly accepted an Offer in accordance with these By-Laws and “Participants” shall be construed accordingly
- “Performance Period” : The period during which the Performance Targets as may be stipulated by the ESOS Committee and set out in the Offer are required to be performed
- “Performance Targets” : The performance targets and/or criteria approved by the ESOS Committee, as may be stipulated by the ESOS Committee and set out in an Offer, which are to be achieved during the Performance Period
- “persons connected” : Shall have the same meaning given in paragraph 1.01 of the Listing Requirements
- “RM” and “sen” : Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
- “Scheme” : The employees’ share option scheme for the grant of Options established and governed under these By-Laws and known as the Kim Hin Joo (Malaysia) Berhad Employees’ Share Option Scheme
- “Scheme Period” : The period of the Scheme as set out in By-Law 6.1
- “Senior Management” : Such employees as the ESOS Committee may in its sole and absolute discretion determine to be senior management of KHJ Group
- “Service Period” : The period as may be determined by the ESOS Committee and stipulated in the Offer during which a Participant:
- (i) must remain in continuous employment and/or service with any corporation in the KHJ Group; and
  - (ii) must not have given a notice to resign or received a notice of termination
- “Subsidiaries” : Subsidiaries of KHJ as defined in the Companies Act which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period but exclude:
- (i) subsidiaries which have been divested in the manner provided in By-Law 27; and
  - (ii) any such subsidiary of KHJ which, the Board and/or the ESOS Committee, in its sole and absolute discretion determine shall not fall within this expression.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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By-Laws of KHJ Employees' Share Option Scheme

- “Terms of Reference” : The terms of reference which the Board may establish to regulate and govern the ESOS Committee’s functions and/or responsibilities under these By-Laws, as amended from time to time
- “Unexercised Option(s)” : Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the Option Period has not expired
- “Vesting Date(s)” : The date or dates on which the Options or any part or proportion thereof granted shall vest in the Participant, as stipulated by the ESOS Committee in the Offer

**1.2 In these By-Laws:**

- (a) the headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws;
- (b) any reference to a statutory provision or an applicable law shall include a reference to:
- (i) any and all subsidiary legislation made from time to time under that provision or law;
  - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or the Securities Commission Malaysia (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or the Securities Commission Malaysia);
  - (iii) 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 Offer made, offered and/or accepted within the duration of the Scheme Period; and
  - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) any liberty, power or discretion which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee (including any selection) may be exercised in the ESOS Committee’s sole and absolute discretion having regard only to the Terms of Reference (where applicable) and the ESOS Committee shall not be under any obligation to give any reasons therefor, except as may be required by the relevant authorities;
- (d) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and
- (e) words denoting one gender include all other genders and words denoting the singular include the plural and vice versa.

**2. THE SCHEME**

- 2.1 The Scheme shall be called the “**Kim Hin Joo (Malaysia) Berhad Employees’ Share Option Scheme**”.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

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

- 3.1 Subject to By-Law 3.2, the maximum number of KHJ Shares to be allotted and issued pursuant to the Scheme shall not, at any point in time, when aggregated with the total number of new KHJ Shares allotted and issued and/or to be allotted and issued under any other share issuance scheme involving new issuance of KHJ Shares which may be implemented from time to time by KHJ, exceed fifteen percent (15%) of the total number of issued ordinary shares of KHJ (excluding treasury shares, if any) or such other percentage of the total number of issued ordinary shares of KHJ (excluding treasury shares, if any) that may be permitted by Bursa Securities or any other relevant authorities from time to time during the Scheme Period ("**Maximum Scheme Shares**").
- 3.2 In the event KHJ purchases or cancels its own shares in accordance with the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its total number of issued ordinary shares (excluding treasury shares, if any), the following provisions shall apply in respect of future Offers (provided that all the valid Offers which are pending acceptances, and Options that have not been vested and/or Options that have been vested, prior to such purchase and/or reduction of the total number of issued ordinary shares of KHJ shall remain valid or exercisable in accordance with the provisions of the Scheme as if that reduction/adjustment had not occurred):
- (a) if, after such purchase, cancellation and/or reduction, the aggregate number of KHJ Shares in respect of the Options granted (whether or not exercised) by KHJ as at the date of purchase, cancellation and/or reduction of Shares is greater than the Maximum Scheme Shares, no further Offers shall be made by the ESOS Committee until such aggregate number of KHJ Shares to be issued under the Scheme falls below the Maximum Scheme Shares; and
  - (b) if, after such purchase, cancellation and/or reduction, the aggregate number of KHJ Shares in respect of the Options granted (whether or not exercised) by KHJ as at the date of purchase, cancellation and/or reduction of Shares is less than the Maximum Scheme Shares, the ESOS Committee may make further Offers but only until such aggregate number of KHJ Shares to be issued under the Scheme is equivalent to the Maximum Scheme Shares after such purchase, cancellation and/or reduction.

**4. ELIGIBILITY**

4.1 Any person who is:

- (a) a Director; and/or
- (b) an employee of a corporation in the KHJ Group,

who meets the following criteria as at the Offer Date shall be eligible for consideration and selection by the ESOS Committee ("**Eligible Person**"):

- (aa) if he/she is either:
  - (i) employed on a full time basis and is on the payroll of any corporation in the KHJ Group and has not served a notice to resign or received a notice of termination; or
  - (ii) serving in a specific designation under an employment contract for a fixed duration excluding those who are employed on a short-term contract or any other employees under contract as may be determined by the ESOS Committee;
- (bb) if his/her employment has been confirmed in writing and not under a probationary period;

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- (cc) if he/she has attained the age of eighteen (18) years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings; and
  - (dd) if he/she fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee at its sole and absolute discretion from time to time.
- 4.2 Notwithstanding By-Law 4.1, the specific allocations of Options granted by KHJ to any Eligible Person who is a Director of KHJ or persons connected with them under the Scheme, shall be subject to the approval of the shareholders of KHJ at a general meeting.
- 4.3 Notwithstanding By-Law 4.1, the ESOS Committee may from time to time, at its sole and absolute discretion select and identify suitable persons to be offered the Options. In the event any Eligible Person is a member of the ESOS Committee, then such Eligible Person shall not participate in the deliberation or discussion of his/her own respective selection and allocation of Options to himself/herself or any person connected with him/her.
- 4.4 Eligibility for consideration under the Scheme does not confer a Director or employee with any rights whatsoever under or to participate in the Scheme.
- 4.5 The selection of any Director or employee for participation in the Scheme shall be made by the ESOS Committee at its sole and absolute discretion and whose decision shall be final and binding.
- 5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**
- 5.1 Subject to any adjustments which may be made under By-Law 18, the aggregate maximum number of KHJ Shares that may be granted to an Eligible Person shall be determined entirely at the sole and absolute discretion of the ESOS Committee ("**Maximum Allowable Allocation**") provided that:
- (a) the Directors and Senior Management of the Group do not participate in the deliberation or discussion of their own allocation and the allocation to any persons connected with them; and
  - (b) no allocation of more than ten percent (10%) of the Maximum Scheme Shares shall be made to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (20%) or more of the total number of issued ordinary shares of KHJ (excluding treasury shares, if any).
- 5.2 Subject to By-Law 5.1 and any adjustments which may be made under By-Law 18, the ESOS Committee shall determine, at its sole and absolute discretion, the actual number of Options to be allocated to an Eligible Person and the vesting period (if any) after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the duration of the Scheme Period relating to employees' and/or director's share issuance scheme and various factors pertaining to the Eligible Person such as position, ranking, performance, seniority, the length of service, contribution and potential contribution to the continued success of the Group and any other factors deemed appropriate by the ESOS Committee. At any point in time during the Scheme Period, not more than 50% of the available Options under the Scheme shall be allocated, in aggregate, to the Directors and Senior Management of the Group who are Eligible Persons, on the basis that they are crucial to the performance of the Group.
- 5.3 The ESOS Committee shall ensure that:
- (a) the allocation of Options to Eligible Persons is verified at the end of each financial year of KHJ by KHJ's audit committee, as being in compliance with the criteria referred to in By-Law 5.1; and

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- (b) a statement by KHJ's audit committee, verifying such allocation, is included in KHJ's annual report.
- 5.4 In the event an Eligible Person is promoted, such promoted Eligible Person may be eligible for consideration for additional Options to be decided by the ESOS Committee at its sole and absolute discretion provided that the Maximum Scheme Shares has not been exceeded. The ESOS Committee, however, has the sole and absolute discretion not to make any further Offer in the event the balance of the KHJ Shares available is inadequate to make a meaningful additional allotment.
- 5.5 In the event an Eligible Person is demoted to a lower grade for any reason whatsoever, such Eligible Person shall only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him/her before such demotion. Where he/she has accepted an Offer which exceeds the Maximum Allowable Allotment applicable to that lower grade, he/she shall not be entitled to any further allocation.

**6. SCHEME DURATION AND TERMINATION OF THE SCHEME**

- 6.1 The effective date on which the Scheme takes effect shall be such date after all of the following conditions have been fulfilled or satisfied ("**Effective Date**"):
- (a) receipt of the approval or approval-in-principle, as the case may be, of Bursa Securities for the issuance and listing of and quotation for the KHJ Shares on Bursa Securities to be issued pursuant to the Scheme;
  - (b) approval of the shareholders of KHJ in a general meeting for the Scheme;
  - (c) the submission to Bursa Securities of the final copy of the By-Laws;
  - (d) receipt of approval of any other relevant authorities, where applicable; and
  - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the above mentioned approvals (if any).

The Scheme shall take effect on the Effective Date and shall continue to be in force for a period of five (5) years ("**Scheme Period**"). On or before the expiry of the Scheme Period, the Scheme may be extended at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee, without having to obtain approval from the shareholders of KHJ in a general meeting, for a further period of up to five (5) years immediately from the expiry of the Scheme Period, but will not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by Bursa Securities and or any other relevant authorities. In the event that the Scheme is extended, KHJ shall serve appropriate notices on each Participant within thirty (30) days prior to the expiry of the Scheme Period.

- 6.2 Within five (5) Market Days from the Effective Date, KHJ shall through the Adviser submit a confirmation letter to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 6.1 stating the Effective Date of the Scheme, together with a certified true copy of the relevant resolution passed by the shareholders of KHJ in the general meeting approving the Scheme.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 6.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Securities and any other applicable law, the Scheme may be terminated by the Board at its sole and absolute discretion upon recommendation by the ESOS Committee at any time during the Scheme Period by written notice to the affected Participants, without obtaining the approvals from the Participants or the approval from the shareholders of KHJ in a general meeting for the termination of the Scheme, whereupon no further Options shall be vested, no further Offer shall be made by the ESOS Committee and any unaccepted Offer, Unexercised Options shall be deemed to have been terminated and cancelled and be null and void on the date specified in the notice of termination ("**Termination Date**") provided that the ESOS Committee may in its sole and absolute discretion, permit the vesting of any Options to the Participant, the acceptance of any outstanding Offer by the Eligible Person, and/or the exercise of any Unexercised Options by the Participant at any time prior to the Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:
- (a) the Vesting Date is not due or has not occurred;
  - (b) the Option Period has not commenced; and/or
  - (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 6.4 The Scheme may be terminated by the Company at any time during the duration of the Scheme and the Company shall make an announcement immediately to Bursa Securities and comply with the requirements of Bursa Securities or any other relevant authorities. The announcement shall include:
- (a) the effective date of termination;
  - (b) the number of Options exercised or KHJ Shares vested; and
  - (c) the reasons for termination.

**7. RETENTION PERIOD**

- 7.1 Subject to By-Law 7.2, the KHJ Shares to be allotted and issued and/or transferred to a Participant pursuant to the Scheme will not be subject to any retention period and/or such other restrictions of transfer.
- 7.2 In the case of a Non-Executive Director, the KHJ Shares allotted and issued and/or transferred to such Non-Executive Director pursuant to the Scheme shall be subject to a retention period of one (1) year commencing from the date of the Offer or such other retention period as may be prescribed by Bursa Securities or any other relevant authorities from time to time.
- 7.3 The expression "retention period" referred to in By-Law 7.1 shall mean the period in which the KHJ Shares allotted and issued and/or transferred, pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of by the Participant.

**8. OFFER UNDER THE SCHEME**

- 8.1 The ESOS Committee may from time to time during the Scheme Period, make an Offer to an Eligible Person to participate in the Scheme. The ESOS Committee shall have the sole and absolute discretion in determining whether the Options will be offered in one (1) single offer or several offers.
- 8.2 Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person provided always that the aggregate number of KHJ Shares in respect of the Options granted shall not exceed the Maximum Allowable Allocation.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 8.3 In the event the ESOS Committee decides to make more than one (1) Offer to an Eligible Person, the number of Options to be offered in each Offer shall be decided by the ESOS Committee at its sole and absolute discretion. Each Offer shall be separate and independent from the other.

**9. TERMS OF THE OFFER**

- 9.1 The ESOS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ.

- 9.2 The terms and conditions set out in the letter of the Offer may include the following, where applicable:

- (a) Exercise Price;
- (b) number of KHJ Shares entitled to be received upon the exercise of the Option;
- (c) Option Period;
- (d) Offer Period;
- (e) Vesting Date(s);
- (f) Performance Targets;
- (g) Performance Period;
- (h) Service Period;

and may include such/any other information and/or conditions as may be deemed necessary by the ESOS Committee.

- 9.3 In the event of any error in the stating of any particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESOS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars.

**10. EXERCISE PRICE**

- 10.1 Subject to the Listing Requirements and to any adjustment which may be made under By-Law 18, the Exercise Price shall be determined by the ESOS Committee based on the volume weighted average market price of the KHJ Shares for the five (5) Market Days immediately preceding the Offer Date with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time.

**11. ACCEPTANCE OF THE OFFER**

- 11.1 An Offer may only be accepted by the Eligible Person during the Offer Period in such form and manner as may be prescribed in the Offer and shall be accompanied by a non-refundable consideration sum of Ringgit Malaysia One (RM1.00) only payable to KHJ (regardless of the number of Options comprised therein).

- 11.2 The date of receipt by KHJ of such form together with the consideration sum shall be the date of acceptance of the Offer by the Eligible Person, provided that the Scheme is not terminated pursuant to By-Law 6.3.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 11.3 Unless the ESOS Committee otherwise decides, in the event the Eligible Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer shall automatically lapse and shall then be null and void, and the Offer may, at the sole and absolute discretion of the ESOS Committee, be re-offered to other Eligible Persons in accordance with these By-Laws provided that the ESOS Committee shall not be precluded from making a fresh Offer to the Eligible Person subsequently.
- 11.4 The number of KHJ Shares offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation for the Eligible Person. The Offer not taken up resulting from the non-acceptance of the Offer within the Offer Period shall thereafter form part of the balance of Offers under the Scheme for future Offers.
- 11.5 Upon acceptance of the Offer in accordance with these By-Laws, the Eligible Person shall be referred to as a Participant for the purposes of these By-Laws.

**12. SATISFACTION OF CONDITIONS**

- 12.1 The determination as to whether the stipulated conditions in the Offer and criteria in By-Law 4.1 have been fulfilled shall be made by the ESOS Committee.
- 12.2 In the event the conditions stipulated in an Offer in respect of any one or more Participant cannot be fully achieved/satisfied, the ESOS Committee may in its sole and absolute discretion by notice in writing to such Participant(s), waive, vary or revise any condition stipulated in the Offer and/or impose such other conditions as the ESOS Committee deems fit in respect of the vesting of the Options to such Participants.
- 12.3 No Participant shall have any right to or interest in the KHJ Shares or right to exercise the Options granted to him/her unless and until the ESOS Committee has made a determination under the provisions of By-Laws 12.1 and on and with effect from the Vesting Date or the date during the Option Period on which the Options are duly exercised and the remittance for the full amount of the monies for the KHJ Shares in respect of which the Options are exercised is paid pursuant to By-Law 13.
- 12.4 In relation to the KHJ Shares to be allotted and issued and/or transferred pursuant to an exercise of an Option, the ESOS Committee shall, within eight (8) Market Days after the ESOS Committee's receipt of the Notice of Exercise and remittance for the full amount of monies for KHJ Shares in respect of which the Option is exercised pursuant to By-Law 13.1 (or such other period as may be prescribed or allowed by Bursa Securities):
- (a) issue and allot and/or procure the transfer of the relevant number of KHJ Shares;
  - (b) despatch a notice of allotment and issue and/or transfer of such KHJ Shares issued and/or transferred pursuant to the Option to the Participant; and
  - (c) make an application for the quotation of such relevant number of KHJ Shares issued pursuant to the Option (where applicable).

**13. EXERCISE OF OPTIONS**

- 13.1 An Option may be exercised by a Participant within the Option Period in full or in part by notice in writing to KHJ or the ESOS Committee in the prescribed form as may be amended from time to time during the Option Period or in any other manner as may be determined by the ESOS Committee from time to time during the Option Period ("**Notice of Exercise**").
- 13.2 The partial exercise of Options granted in an Offer shall not preclude the Participant from exercising the balance of Unexercised Options during the Option Period.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 13.3 Every such notice or any other manner of exercise of an Option referred to in By-Law 13.1 must be in the form prescribed by the ESOS Committee as amended from time to time and be accompanied by a remittance for the full amount in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or other mode acceptable to the ESOS Committee for the full amount of the subscription monies (calculated based on the Exercise Price in accordance with By-Law 10 herein) payable for the Shares in respect of which the Option is exercised.
- 13.4 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by KHJ in the Notice of Exercise or inaccuracy in the CDS Account number provided in the Notice of Exercise shall result in the Notice of Exercise being rejected at the sole and absolute discretion of the ESOS Committee, and the ESOS Committee shall inform the Participant of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Participant shall be deemed not to have exercised his/her Option.
- 13.5 Subject to the sole and absolute discretion of the ESOS Committee to waive any breach, failure by a Participant to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such Option by the Participant.
- 13.6 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any cost, losses, expenses, damages, liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of KHJ in allotting and issuing and/or transferring the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Participant or any delay in receipt or non-receipt by KHJ of the Notice of Exercise in respect of the Options or for any errors in any Offer of Options.

**14. DISCIPLINARY ACTIONS**

- 14.1 In the event an Eligible Person is subjected to a Disciplinary Action after an Offer is made but before the acceptance thereof by such Eligible Person, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Action made or brought against the Eligible Person. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Eligible Person in the event such Disciplinary Action is dismissed and/or found in his/her favour, or if such Disciplinary Action is withdrawn provided that such Offer is made within the duration of the Scheme Period.
- 14.2 In the event a Participant is subjected to a Disciplinary Action, the right of the Participant to exercise any Unexercised Option shall be suspended pending the outcome of the Disciplinary Action unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Action made or brought against the Participant. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Participant to exercise any Unexercised Option in the event such Disciplinary Action is dismissed and/or found in his/her favour or if such Disciplinary Action is withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESOS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the Offer and acceptance thereof shall automatically lapse and shall immediately become null and void.

For the avoidance of doubt, where a Disciplinary Action is initiated against a Participant after the exercise by such Participant of his/her Option(s) in accordance with the terms of these By-Laws or after the Participant has been given the right to have the relevant number of Options vested in him/her on the Vesting Date, shall not affect the right of the Participant to receive the KHJ Shares pursuant to such exercise of Option.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

**15. TERMINATION OF OFFERS AND UNEXERCISED OPTION(S)**

15.1 Subject to By-Laws 15.2 and 15.3, any Options that have yet to be vested to a Participant and/or any unaccepted Offer in respect of an Eligible Person and/or any Unexercised Option in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable by a Participant, as the case may be, without any liability to or right to claim against KHJ, any member of the KHJ Group, the Board and/or the ESOS Committee upon the occurrence of any one or more of the following events:

- (a) resignation, termination or cessation of employment of an Eligible Person or Participant, for any reason;
- (b) expiry, termination or cessation of a contract of service of an Eligible Person or Participant, for any reason;
- (c) resignation, retirement or removal of a Director, for any reason;
- (d) bankruptcy of an Eligible Person or Participant; or
- (e) any other circumstances prescribed by the ESOS Committee from time to time.

15.2 In the event of the termination or cessation of employment or contract of service of the Eligible Person or Participant with the KHJ Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the KHJ Group's retirement policy;
- (b) retirement before attaining the normal retirement age;
- (c) ill-health, injury, physical or mental disability or mental disorder;
- (d) redundancy or retrenchment, or cessation of service pursuant to the acceptance by the Eligible Person or Participant of voluntary separation scheme offered by KHJ or a relevant member of the KHJ Group;
- (e) transfer to any company outside the KHJ Group at the direction of KHJ;
- (f) termination or non-renewal of contract of service;
- (g) winding-up or liquidation of a relevant member of the KHJ Group; or
- (h) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion;

the ESOS Committee may in its sole and absolute discretion permit the exercise of any Unexercised Option by the Participant at any time until a prescribed date subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the Vesting Date is not due or has not occurred; and/or
- (ii) the Option Period has not commenced; and/or
- (iii) other terms and conditions set out in the Offer has not been fulfilled/satisfied;

provided that unless the ESOS Committee in its sole and absolute discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted Offer and/or any Unexercised Option in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against KHJ and/or ESOS Committee.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 15.3 The ESOS Committee shall be entitled to exercise its powers, rights and discretion conferred under By-Law 15.2 in the event of death of a Participant and may permit the Participant's legal or personal representatives, or such other person nominated by the Participant to exercise the rights of the Participant.
- 15.4 Any unaccepted Offer and/or Unexercised Option that ceases to be capable of being exercised by a Participant, pursuant to this By-Law 15, will continue to be available under the Scheme.
- 15.5 Any unaccepted Offer, and/or Unexercised Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting/exercisable, as the case may be, without any claim against KHJ and/or ESOS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of KHJ; or
  - (b) termination of the Scheme pursuant to By-Law 6.

**16. TAKEOVER AND DISPOSAL OF ASSETS**

- 16.1 In the event of:
- (a) a take-over offer being made for KHJ through a general offer to acquire the whole of the issued ordinary shares of KHJ (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional; or
  - (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to KHJ that it intends to exercise such right on a specific date; or
  - (c) the entry into and carrying into effect of a contract where KHJ disposes of all or a substantial portion of all of its assets,
- upon determination by the ESOS Committee at its sole and absolute discretion, any Unexercised Option may immediately be exercised by a Participant at any time subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:
- (i) the Vesting Date is not due or has not occurred;
  - (ii) the Option Period has not commenced; and/or
  - (iii) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 16.2 All Offers and/or Options which the ESOS Committee permits to be vested, accepted or exercisable pursuant to By-Law 16.1 shall unless the ESOS Committee in its sole and absolute discretion determine otherwise, automatically terminate, lapse and shall become null and void to the extent unvested, unaccepted or unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or expired.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

**17. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 17.1 In the event of the court sanctioning a compromise or arrangement between KHJ and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of KHJ or its amalgamation with any other company or companies the ESOS Committee may upon determination by the ESOS Committee, permit the exercise of any Unexercised Option by the Participant at any time subject to such terms and conditions as may be prescribed, or termination of Options notwithstanding that:
- (a) the Vesting Date is not due or has not occurred;
  - (b) the Option Period has not commenced; and/or
  - (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 17.2 All Offers and/or Options which the ESOS Committee permits to be vested, accepted or exercisable pursuant to By-Law 17.1 shall, unless the ESOS Committee in its sole and absolute discretion determine otherwise, be automatically terminated, lapse and shall become null and void to the extent unvested, unaccepted or unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or expired.

**18. ALTERATION OF CAPITAL**

- 18.1 In the event of any alteration in the capital structure of KHJ during the Scheme Period, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of KHJ Shares or reduction of capital or any other variation of capital being effected, the ESOS Committee may determine whether a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of KHJ during the Scheme Period and if it so determines (i.e. that a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of KHJ), adjustments in:
- (a) the Exercise Price; and/or
  - (b) the number of Unexercised Options;
- shall be made in order to prevent dilution or enlargement provided that no adjustments shall be made in the event of any alteration in the capital structure of KHJ in respect of which rights/benefits arising therefrom are accrued to the Shares pursuant to By-Law 19.
- 18.2 If the ESOS Committee decides that no material dilution or enlargement of the rights of the Participants would result from an alteration in the capital structure of KHJ and no adjustments will be made, the ESOS Committee shall inform the Participants of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.
- 18.3 Subject to By-Law 18.5, any adjustment in the Exercise Price and/or number of Options shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavour to give each Participant the same proportion of the issued ordinary shares of KHJ as that to which he was previously entitled.
- 18.4 The provisions of By-Laws 18.1, 18.2 and 18.3 shall not apply where a change in the capital structure of KHJ arises from:
- (a) the issue by KHJ of KHJ Shares or other securities convertible into KHJ Shares or rights to acquire or subscribe for KHJ Shares in consideration or part consideration for or in connection with any acquisition of any securities, assets or business by the KHJ Group;

## DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of KHJ Employees' Share Option Scheme

- (b) a special issue, restricted issue or private placement of KHJ Shares or other securities;
- (c) any implementation of a share buy-back arrangement by KHJ under Section 127 of the Companies Act;
- (d) the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Companies Act;
- (e) an issue of KHJ Shares arising from the exercise of any conversion rights attached to securities convertible to KHJ Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by KHJ;
- (f) an issue of any further Offers or KHJ Shares pursuant to the Scheme and the allotment and issuance of KHJ Shares for the purpose of satisfying Options;
- (g) any issue of KHJ Shares arising from a dividend reinvestment scheme which allows KHJ's shareholders an option to elect their cash dividend entitlements into new KHJ Shares; and
- (h) any issue of KHJ Shares as share dividend as long as it is not a material capital distribution.
- 18.5 All adjustments other than a bonus issue, subdivision or consolidation of shares pursuant to this By-Law 18, shall be confirmed in writing by an approved company auditor or Adviser, who shall act as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable, and such confirmation shall be final and binding on all parties. For the purposes of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Companies Act.
- 18.6 Any adjustment pursuant to this By-Law 18 shall be made in accordance with the formulae as set out below:
- (a) If and whenever a consolidation or subdivision of KHJ Shares occurs, then the Exercise Price shall be adjusted and the revised/additional number of Options to be issued shall be calculated in accordance with the following formula:

$$\text{New Exercise Price} = S \times \left[ \frac{U}{V} \right]$$

For consolidation of shares:-

$$\text{Revised number of Options} = T \times \left[ \frac{V}{U} \right]$$

For subdivision :-

$$\text{Additional number of Options} = T \times \left[ \frac{V}{U} \right] - T$$

where

S = existing Exercise Price; and

T = existing number of Options that remains unexercised.

## DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of KHJ Employees' Share Option Scheme

- U = aggregate number of Shares in the share capital of KHJ immediately preceding such consolidation or subdivision; and
- V = aggregate number of new Shares in the share capital of KHJ after such consolidation or subdivision.

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

- (b) If and whenever KHJ shall make any issue of KHJ Shares to its ordinary shareholders of KHJ credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[ \frac{A}{A + B} \right]$$

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

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

where

- A = the aggregate number of issued KHJ Shares immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of KHJ Shares to be issued pursuant to any allotment to ordinary shareholders of KHJ credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature); and
- S = as S above.
- T = as T above.

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

- (c) If and whenever KHJ shall make:
- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
  - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for KHJ Shares by way of rights; or
  - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into KHJ Shares or securities with rights to acquire or subscribe for KHJ Shares,

then and in respect of each such case, Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[ \frac{(C - D)}{C} \right]$$

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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By-Laws of KHJ Employees' Share Option Scheme

and in respect of the case referred to in By-Laws 18.6(c)(ii) and (c)(iii) hereof, the additional number of Options to be issued shall be calculated as follows:

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

where

C = the Current Market Price (as defined in By-Law 18.6(h) below) of each KHJ Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (aa) in the case of an offer or invitation to acquire or subscribe for KHJ Shares by way of rights under By-Law 18.6(c)(ii) above or for securities convertible into KHJ Shares or securities with rights to acquire or subscribe for KHJ Shares under By-Law 18.6(c)(iii) above, the value of rights attributable to one (1) KHJ Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 18.6(c) hereof, the fair market value, as determined by the Adviser and/or an auditor of KHJ, of that portion of the Capital Distribution attributable to one (1) KHJ Share.

S = as S above

T = as T above

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

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

where

C = as C above

E = the subscription price for one (1) additional KHJ Share under the terms of such offer or invitation or subscription price for one (1) additional KHJ Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) KHJ Share under the offer or invitation;

F = the number of KHJ Shares necessary for the KHJ shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional KHJ Share or security convertible into rights to acquire or subscribe for one (1) additional KHJ Share; and

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

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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By-Laws of KHJ Employees' Share Option Scheme

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

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

where

- C = as C above;
- E\* = the subscription price for one (1) additional KHJ Share under the terms of such offer or invitation to acquire or subscribe for KHJ Shares; and
- F\* = the number of KHJ Shares necessary for a KHJ shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional KHJ Share.

For the purpose of By-Law 18.6(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividend) or by way of issue of KHJ Shares (not falling under By-Law 18.6(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature).

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

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

- (d) If and whenever KHJ makes an allotment to its ordinary shareholders as provided in By-Law 18.6(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.6(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \frac{[(G \times C)] + (H \times I)]}{(G + H + B) \times C}$$

and where KHJ makes an allotment to its ordinary shareholders as provided in By-Law 18.6(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.6(c)(ii) above and the record date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options to be issued shall be calculated as follows:

Additional number of Options

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

where

- B = as B above;
- C = as C above;
- G = the aggregate number of issued KHJ Shares on the entitlement date;

## DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

## By-Laws of KHJ Employees' Share Option Scheme

H	=	the aggregate number of new KHJ Shares under an offer or invitation to acquire or subscribe for KHJ Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into KHJ Shares or rights to acquire or subscribe for KHJ Shares, as the case may be;
H*	=	the aggregate number of new KHJ Shares under an offer or invitation to acquire or subscribe for KHJ Shares by way of rights;
I	=	the subscription price of one (1) additional KHJ Share under the offer or invitation to acquire or subscribe for KHJ Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional KHJ Share, as the case may be;
I*	=	the subscription price of one (1) additional KHJ Share under the offer or invitation to acquire or subscribe for KHJ Shares; and
S	=	as S above.
T	=	as T above.

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

- (e) If and whenever KHJ makes any offer or invitation to its ordinary shareholders to acquire or subscribe for KHJ Shares as provided in By-Law 18.6(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for KHJ Shares as provided in By-Law 18.6(c)(iii) above, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

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

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

where

C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;
J	=	the aggregate number of KHJ Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for KHJ Shares by the ordinary shareholders;

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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By-Laws of KHJ Employees' Share Option Scheme

- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional KHJ Share; and
- S = as S above.
- T = as T above.

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

- (f) If and whenever KHJ makes an allotment to its ordinary shareholders as provided in By-Law 18.6(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for KHJ Shares as provided in By-Law 18.6(c)(ii) above, together with rights to acquire or subscribe for securities convertible into KHJ Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.6(c)(iii) above, and the record date for the purpose of allotment is also the entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \frac{[(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

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

Additional number of Options

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

where

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

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

## DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of KHJ Employees' Share Option Scheme

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of KHJ and requiring an adjustment under By-Laws 18.6(c)(ii), (c)(iii), (d), (e) or (f) above), KHJ shall issue either any KHJ Shares or any securities convertible into KHJ Shares or any rights to acquire or subscribe for KHJ Shares, and in any such case, the Total Effective Consideration per KHJ Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) KHJ Share (as defined below) or, as the case may be, the price at which the KHJ Shares will be allotted and issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \frac{(L + M)}{L + N}$$

where

- L = the number of KHJ Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of KHJ 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 KHJ Shares so issued or, in the case of securities convertible into KHJ Shares or rights to acquire or subscribe for KHJ Shares, the maximum number (assuming no adjustment of such rights) of KHJ Shares issuable upon full conversion of such securities or the exercise in full of such rights.
- S = as S above.

For the purpose of By-Law 18.6(g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

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

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

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**


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## By-Laws of KHJ Employees' Share Option Scheme

For the purpose of By-Law 18.6(g), the Average Price of a KHJ Share shall be the average price of one (1) KHJ Share as derived from the last transacted prices for one or more board lots of KHJ 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 KHJ Shares is determined.

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

- (h) For the purpose of By-Laws 18.6(c), (d), (e) and (f), the "Current Market Price" in relation to one (1) KHJ Share for any relevant day shall be either the last transacted price or the volume weighted average market price for the five (5) consecutive Market Days before such date, as the case may be.
- 18.7 If an event occurs that is not set out in By-Law 18.6 or if the application of any of the formulae to an event results in a manifest error or in the opinion of ESOS Committee is not appropriate, the ESOS Committee may agree to an adjustment subject to the provision of By-Law 18.3 provided that the Participants shall be notified of the adjustment through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.
- 18.8 In the event a fraction of an KHJ Share arises from the adjustments pursuant to this By-Law 18, the number of KHJ Shares shall automatically be rounded down to the nearest whole number.
- 18.9 The provisions of By-Law 18 shall also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Participant or withdrawn by the ESOS Committee.

**19. RIGHTS ATTACHED TO SHARES**

- 19.1 The new KHJ Shares to be allotted and issued upon the exercise of any Options granted under the Scheme, will, upon the allotment and issue:
- (a) be subject to the relevant provisions of the Constitution of KHJ in relation to their transfer, transmission or otherwise; and
  - (b) rank *pari passu* in all respects with the then existing KHJ Shares, except that the new KHJ Shares shall not be entitled to any dividends, rights, allotments and/or other form of distributions which may be declared, made or paid to shareholders of KHJ, for which the entitlement date of which is prior to the date of allotment of such KHJ Shares.
- 19.2 The Options shall not carry any rights to vote at any general meeting of KHJ.

**20. ADMINISTRATION**

- 20.1 The Scheme shall be implemented and administered by the ESOS Committee consisting of such persons from the Board and/or Senior Management of the Group, appointed by the Board from time to time.
- 20.2 Subject to these By-Laws and Terms of Reference, the ESOS Committee shall administer the Scheme in such manner as it shall in its sole and absolute discretion deem fit and with such powers and duties as are conferred upon it by the Board.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 20.3 For the purpose of administering the Scheme, the ESOS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESOS Committee may in its sole and absolute discretion deem fit, necessary and/or expedient for the implementation and administration of, and to give full effect to, the Scheme.
- 20.4 The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee;
  - (b) make, issue and/or amend the Terms of Reference at any time and from time to time; and
  - (c) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws.

**21. QUOTATION**

- 21.1 The new KHJ Shares to be allotted will not be listed or quoted on Bursa Securities until an application is made to Bursa Securities for such listing and quotation of the new KHJ Shares.

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

- 22.1 Subject to By-Law 22.2 and compliance with the Listing Requirements and the approvals of any other regulatory authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its sole and absolute discretion think fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation.
- 22.2 The approval of the shareholders of KHJ in a general meeting shall not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:
- (a) increase the number of KHJ Shares available for issuance under the Scheme beyond the Maximum Scheme Shares; or
  - (b) provide an advantage to any Eligible Person or group of Eligible Persons or all the Eligible Persons in respect of any matters which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless otherwise permitted under the provisions of the Listing Requirements.
- 22.3 Where any addition, amendment, modifications and/or deletion is made to these By-Laws, KHJ shall within five (5) Market Days from the effective date of the said amendment and/or modification, cause to be submitted to Bursa Securities the amended and/or modified By-Laws and a confirmation letter that such amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements.

**23. NON-TRANSFERABILITY**

- 23.1 The rights of a Participant under an exercise of Options shall be personal to him/her and cannot be assigned, transferred, disposed of, or otherwise subjected to encumbrances in any manner whatsoever unless By-Law 15.3 applies. Any such attempt to assign, transfer, dispose or encumber any Options shall result in the automatic cancellation of such Options.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

**24. DISPUTES**

- 24.1 In the event of any dispute between the ESOS Committee with an Eligible Person or any Participant or group of Participants, as to any matter or thing of any nature arising hereunder, such dispute or difference shall be referred to the ESOS Committee and the ESOS Committee shall then determine such dispute or difference by a written decision given to the Eligible Person and/or Participant(s), 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 Participant, as the case may be, shall dispute the decision of the ESOS Committee within fourteen (14) days of receipt of the written decision, then such dispute or difference shall be referred to the Board whose decision shall be final and binding on all parties in all respect, provided that any Director who is also in the ESOS Committee shall abstain from voting.
- 24.2 Notwithstanding the foregoing provisions of By-Law 24.1 above, matters concerning adjustments made pursuant to By-Law 18 shall be referred to external auditors of KHJ or Adviser, who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

**25. SCHEME NOT A TERM OF EMPLOYMENT/ CONTRACT OF SERVICE**

- 25.1 This Scheme does not form part of nor shall it in any way be construed as forming part of the terms and conditions of employment or contract of service of any Eligible Person. This Scheme shall not confer or be construed to confer on any Eligible Person any special rights or privileges over the Eligible Persons' terms and conditions of employment or contract of service in the KHJ Group nor any rights in addition to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment or contract of service.

**26. COMPENSATION**

- 26.1 No Eligible Persons or Participants who cease to hold office in or employment or under a contract of service with the KHJ Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.
- 26.2 KHJ, the Board and the ESOS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Participant or legal or personal representatives or such other person nominated by the Participant, whatsoever and howsoever arising from the suspension or termination of rights to exercise his/her Options, ceasing to be valid pursuant to the provisions of these By-Laws.

**27. DIVESTMENT FROM THE GROUP**

- 27.1 If a Participant who held office or was in the employment or under a contract of service with a corporation of the KHJ Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the ESOS Committee may in its sole and absolute discretion permit the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed, or termination of Options notwithstanding that:
- (a) the Option Period has not commenced; and/or
  - (b) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 27.2 All Options which may be allowed by the ESOS Committee to be exercisable under By-Law 27.1(b), to the extent unexercised by the date prescribed by the ESOS Committee, shall automatically lapse and shall become null and void.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

**28. TRANSFER TO OTHER COMPANIES NOT WITHIN THE GROUP**

- 28.1 Notwithstanding By-Law 15.1, in the event a Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to a corporation not within the Group (“**Affected Participant**”), the Affected Participant shall continue to be entitled to exercise any Unexercised Options, upon the same terms and conditions as may be set out in the Offer.
- 28.2 In the event a person who was in the employment or under a contract service of a company which subsequently becomes a Subsidiary as a result of a restructuring or acquisition or otherwise involving KHJ and/or any company within the Group, such person will, if he/she satisfies all the relevant conditions of these By-Laws, be eligible to be considered for an Offer for the remaining Scheme Period at the sole and absolute discretion of the ESOS Committee.

**29. COSTS, EXPENSES AND TAXES**

- 29.1 KHJ shall bear all fees, costs and expenses (including but not limited to administrative and handling charges) incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue and allotment and/or transfer of KHJ Shares pursuant to the exercise of the Options.
- 29.2 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes, including, without limitation, income taxes that are incurred by a Participant pursuant to By-Law 29.1 or relating to the exercise of any Options and any holding or dealing of such KHJ Shares (such as, but not limited to brokerage commissions and stamp duty) shall be borne by that Participant and KHJ shall not be liable for any of such costs, fees, levies, charges and/or taxes.

**30. CONSTITUTION**

- 30.1 Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between any provision of these By-Laws and the Constitution of KHJ and/or the Listing Requirements, the provisions of the Constitution of KHJ and/or the Listing Requirements shall prevail to the extent of such conflict.

**31. ERRORS AND OMISSIONS**

- 31.1 If, in consequence of an error or omission, the ESOS Committee discovers or determines that:
- (a) an Eligible Person who was selected by the ESOS Committee as a Participant, has not been given the opportunity to participate in the Scheme on any occasion;
  - (b) the number of Options on any occasion is found to be incorrect; or
  - (c) the number of the KHJ Shares allotted and issued and/or transferred to any Participant (including those allotted and issued and/or transferred pursuant to the vesting of the KHJ Shares pursuant to the exercise of Options) on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission and ensure that the Participant is given the opportunity to participate in the Scheme and/or the aggregate number of KHJ Shares to which the Participant is correctly entitled to is credited into his/her CDS Account.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

**32. NOTICES**

- 32.1 Any notice or request under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Participant or any correspondence to be made between an Eligible Person or Participant to the ESOS Committee shall be given or made in writing and sent to the registered office of KHJ or such other office which the ESOS Committee may have stipulated for a particular purpose of delivery by hand (with acknowledgement of receipt) or registered letter.
- 32.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Participant or correspondence to be made with an Eligible Person or Participant shall be deemed to be sufficiently given, served or made:
- (a) if it is sent by ordinary post to the Eligible Person or the Participant at the last address known to KHJ as being his/her address, such notice shall be deemed to have been received three (3) Market Days after posting; or
  - (b) if it is given by hand to the Eligible Person or the Participant, such notice or request shall be deemed to have been received on the date of delivery;
  - (c) if it is transmitted by facsimile, such notice or request shall be deemed to have been received, upon the printing of the transmission log print-out indicating the date, time and transmission of all the pages; or
  - (d) if it is sent by electronic media, including but not limited to electronic mail, or via a general or specific notice placed on any human resource electronic management system to the Eligible Person or the Participant, such notice or request shall be deemed to have been received upon the said notice or request being sent by KHJ.
- 32.3 Notwithstanding By-Law 32.2, where any notice is required to be given by KHJ or the ESOS Committee under these By-Laws in relation to matters which may affect all the Eligible Persons or Participants pursuant to the Scheme, as the case may be, KHJ or ESOS Committee may give 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 32.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Participants, as the case may be.

**33. SEVERABILITY**

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

**34. DELAY OF PERFORMANCE**

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the control of KHJ or the ESOS Committee.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

**35. DISCLAIMER OF LIABILITY**

- 35.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the ESOS Committee, the Board and KHJ shall not under any circumstances be liable for any cost, loss, expense, damage, liability whatsoever incurred, arising and/or suffered by any Participant by reason of the following, including but not limited to:
- (a) KHJ and/or ESOS Committee's delay in allotting and issuing new KHJ Shares and/or transferring the KHJ Shares and/or applying for or procuring the listing of the new KHJ Shares on Bursa Securities in accordance with these By-Laws for any reason whatsoever; and/or
  - (b) any other matter or dealing outside the control of KHJ.
- 35.2 The Participant shall at all times indemnify and keep KHJ indemnified against all losses, damages, claims, proceedings, demands, actions, penalties and expenses whatsoever that may be made or brought against and/or suffered by KHJ at any time as a result of and/or in connection with or arising from any failure on the part of the Participant to perform and/or observe the terms and conditions and stipulations of the By-Laws as from and including the Effective Date or for any act or default under or for any breach of any provision of the By-Laws by the Participant or that may be incurred suffered or sustained by KHJ as a result thereof and the Participant shall promptly upon a demand being made by KHJ pay to KHJ all amounts so paid incurred suffered or sustained by KHJ.

**36. DECISION OF THE ESOS COMMITTEE**

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

**37. GOVERNING LAW**

- 37.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the Offer irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.
- 37.2 Any proceeding or action shall be instituted or taken in Malaysia and the Participant irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 37.3 In order to facilitate the making of any Offer under the Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the KHJ Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of KHJ may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the Scheme, as then in effect, unless the Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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By-Laws of KHJ Employees' Share Option Scheme

- 37.4 No action has been or will be taken by KHJ to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken by KHJ to ensure compliance by the Eligible Person to whom an Offer is made, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer.
- 37.5 Any Eligible Person to whom an Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Participant has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer.

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS**

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

UOBKH has given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to KHJ for the Proposed ESOS.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

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

**4. MATERIAL COMMITMENTS**

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

	<b>(RM'000)</b>
<b>Approved but not contracted and not provided for:-</b>	
- Installation of sprinkler system at KHJ Group's warehouses	600

**5. CONTINGENT LIABILITIES**

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

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**FURTHER INFORMATION (Cont'd)**

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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Wisma Pang Cheng Yean, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian Balakong Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia during normal business hours (except public holidays) from the date of this Circular up to the time stipulated for the holding of the forthcoming EGM:-

- (a) the Constitution;
- (b) audited consolidated financial statements of KHJ Group for the past 2 FYEs 31 December 2018 and 31 December 2019, as well as the unaudited consolidated financial statements of KHJ Group for the 3-month financial period ended 31 March 2020;
- (c) draft By-Laws as set out in **Appendix I** of this Circular; and
- (d) the letter of consent and declaration of conflict of interests referred to in **Section 2** of **Appendix II** of this Circular.

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## KIM HIN JOO (MALAYSIA) BERHAD

Registration No. 197801000642 (37655-U)  
(Incorporated in Malaysia)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of KIM HIN JOO (MALAYSIA) BERHAD (“**KHJ**” or “**Company**”) will be conducted FULLY VIRTUAL for the purpose of considering and if thought fit, passing with or without modifications the resolutions as set out in this notice.

Meeting Platform	:	<a href="https://web.lumiagm.com/">https://web.lumiagm.com/</a>
Day and Date	:	Wednesday, 29 July 2020
Time	:	3.30 p.m., or immediately following the conclusion or adjournment of the 39th Annual General Meeting (“ <b>AGM</b> ”) of the Company which will be conducted FULLY VIRTUAL at the same venue and on the same date at 2.30 p.m., whichever is later
Broadcast Venue	:	TR12-R01 & TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Mode of Communication	:	1) Typed text in the Meeting Platform 2) E-mail questions to <a href="mailto:investor.relations@khj-my.com">investor.relations@khj-my.com</a> prior to EGM

#### ORDINARY RESOLUTION 1

#### **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF KHJ (“KHJ SHARES”) (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME (“PROPOSED ESOS”)**

“**THAT**, subject to and conditional upon the approvals of all relevant authorities, the Board of Directors of the Company (“**Board**”) be and is hereby authorised to establish, implement and administer an ESOS for the benefit of eligible directors and employees of KHJ and its subsidiary companies (excluding subsidiaries which are dormant, if any), who meet the criteria of eligibility for participation in the Proposed ESOS (“**Eligible Person(s)**”) under which options will be granted to the Eligible Persons to subscribe for new KHJ Shares in accordance with the draft by-laws of the Proposed ESOS (“**By-Laws**”) as set out in **Appendix I** of the circular to shareholders dated 3 July 2020, and to adopt and approve the By-Laws and do all such acts, execute all such documents and to enter into all such transactions, arrangements, agreements, deeds and undertakings and to make such rules or regulations or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and terms of the By-Laws;

**THAT**, the Board be and is hereby authorised to issue, allot and/or transfer from time to time such number of KHJ Shares as may be required pursuant to the exercise of the options under the Proposed ESOS (“**ESOS Option(s)**”) provided that the aggregate number of new KHJ Shares to be issued, allotted and/or transferred shall not exceed 15% of the total number of issued shares of KHJ (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS and that such new KHJ Shares arising from the exercise of the ESOS Options shall, upon issuance and allotment, rank equally in all respects with the existing issued KHJ Shares, except that the new KHJ Shares will not be entitled to any dividends, rights, allotment and/or any other forms of distribution (“**Distribution**”) that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of which the new KHJ Shares are credited into the Central Depository System account with Bursa Malaysia Depository Sdn Bhd of the Eligible Persons who have accepted the offer, and such new KHJ Shares will be subject to the Constitution of the Company relating to transfer, transmission and otherwise of KHJ Shares;

**THAT**, the Board be and is hereby authorised to make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new KHJ Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the ESOS Options to be granted under the Proposed ESOS;

**AND THAT**, the Board be and is hereby authorised to amend and/or modify the Proposed ESOS from time to time as may be required/permitted by the authorities or deemed to be necessary by the Board provided that such amendments and/or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/or modifications and to take all such acts and steps and to enter into such transactions, agreements, arrangements, undertakings, indemnities, transfers, assignments, deeds and/or guarantees with any party or parties, to deliver and/or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and to give full effect to the Proposed ESOS.”

## **ORDINARY RESOLUTION 2**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO PANG KIM HIN**

“**THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Pang Kim Hin, the Non-Independent Non-Executive Chairman of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Pang Kim Hin shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

## **ORDINARY RESOLUTION 3**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO PANG FU WEI**

“**THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Pang Fu Wei, the Managing Director of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Pang Fu Wei shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

## **ORDINARY RESOLUTION 4**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO GOH POH TENG**

“**THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Goh Poh Teng, the Executive Director of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to her, if she, either singly or collectively through persons connected with her, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Goh Poh Teng shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

## **ORDINARY RESOLUTION 5**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO CHEW SOO LIN**

**“THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Chew Soo Lin, the Senior Independent Non-Executive Director of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Chew Soo Lin shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

## **ORDINARY RESOLUTION 6**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO YEN SE-HUA STEWART**

**“THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Yen Se-Hua Stewart, the Independent Non-Executive Director of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Yen Se-Hua Stewart shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

## **ORDINARY RESOLUTION 7**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO KOR YANN NING**

**“THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Kor Yann Ning, the Independent Non-Executive Director of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to her, if she, either singly or collectively through persons connected with her, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Kor Yann Ning shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

## ORDINARY RESOLUTION 8

### PROPOSED ALLOCATION OF ESOS OPTIONS TO HEW MOH YUNG

“**THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to offer and if such offer is accepted, to grant at any time and from time to time to Hew Moh Yung, the Independent Non-Executive Director of the Company, such number of ESOS Options and KHJ Shares to be allotted, issued and/or transferred arising therefrom under the Proposed ESOS provided that not more than 10% of the new KHJ Shares of the Company available under the Proposed ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company;

**AND THAT** the Proposed Allocation of ESOS Options to Hew Moh Yung shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

BY ORDER OF THE BOARD,

**TAI YIT CHAN** (MAICSA 7009143)  
**TAN AI NING** (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan  
3 July 2020

#### Notes:

- (1) As part of the safety measures to curb the spread of the Coronavirus outbreak, the Company will conduct the EGM entirely through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities. For further details and guidelines on RPV facilities, please refer to the Administrative Guide which will be made available on the Company’s website at [www.khj-my.com](http://www.khj-my.com).
- (2) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the EGM to be at the main venue. No shareholders/proxies/corporate representatives from the public should be physically present at the Broadcast Venue on the day of EGM.
- (3) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice of EGM will be put to vote by way of poll. A Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- (4) A member entitled to participate and vote at the EGM may appoint another person as his proxy to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at a meeting shall have the same rights as the member to speak at the meeting.
- (5) A member shall be entitled to appoint not more than 2 proxies to participate, speak and vote at the EGM. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (6) Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (7) The Proxy Form shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

- (8) The Proxy Form and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd of 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the EGM or adjourned EGM at which the person named in the Proxy Form proposes to vote, and in default the Proxy Form shall not be treated as valid.

Alternatively, members may deposit the Proxy Form by electronic means directly at <https://boardroomlimited.my> not less than 48 hours before the EGM. For further information on the electronic submission of Proxy Form, kindly refer to the Administrative Guide which will be made available on the Company's website at [www.khj-my.com](http://www.khj-my.com).

- (9) For the purpose of determining who shall be entitled to participate at this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 21 July 2020 and only members whose names appear on such Record of Depositors shall be entitled to participate, speak and vote at this EGM and entitled to appoint proxy or proxies.

**Personal data privacy:**

By submitting a Proxy Form(s) to participate, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**PROXY FORM**

No. of Shares Held	CDS Account No.

**KIM HIN JOO (MALAYSIA) BERHAD**  
 Registration No. 197801000642 (37655-U)  
 (Incorporated in Malaysia)

I/We, ..... (name of shareholder as per NRIC/Passport) NRIC No./Passport No./Company No. .... of ..... (full address) being a member(s) of KIM HIN JOO (MALAYSIA) BERHAD, hereby appoint ..... (name of proxy as per NRIC/Passport) NRIC No./Passport No. .... of ..... (full address) or failing him/her, ..... (name of proxy as per NRIC/Passport) NRIC/Passport No. .... of ..... (full address) or # the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting (“**EGM**”) of the Company to be conducted FULLY VIRTUAL vide live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities from the Broadcast Venue at TR12-R01 & TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 29 July 2020 at 3.30 p.m., or immediately following the conclusion or adjournment of the 39<sup>th</sup> Annual General Meeting (“**AGM**”) of the Company which will be conducted FULLY VIRTUAL at the same venue and on the same date at 2.30 p.m., whichever is later, or at any adjournment thereof and to vote as indicated below:-

Resolutions			For	Against
1	Proposed ESOS	Ordinary Resolution 1		
2	Proposed allocation of ESOS Options to Pang Kim Hin	Ordinary Resolution 2		
3	Proposed allocation of ESOS Options to Pang Fu Wei	Ordinary Resolution 3		
4	Proposed allocation of ESOS Options to Goh Poh Teng	Ordinary Resolution 4		
5	Proposed allocation of ESOS Options to Chew Soo Lin	Ordinary Resolution 5		
6	Proposed allocation of ESOS Options to Yen Se-Hua Stewart	Ordinary Resolution 6		
7	Proposed allocation of ESOS Options to Kor Yann Ning	Ordinary Resolution 7		
8	Proposed allocation of ESOS Options to Hew Moh Yung	Ordinary Resolution 8		

(Please indicate with an “x” in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of EGM as you have indicated. If no specific instruction as to voting is given, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently, this should be specified.

For appointment of two proxies, proportion of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
<b>Total</b>		<b>100%</b>

# If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words “The Chairman of the Meeting” and insert the name(s) of the person(s) desired.

\* Delete if not applicable

.....  
 Signature of Shareholder or Common Seal

Dated this ..... day of ..... 2020.



**Notes:**

- (1) As part of the safety measures to curb the spread of the Coronavirus outbreak, the Company will conduct the EGM entirely through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities. For further details and guidelines on RPV facilities, please refer to the Administrative Guide which will be made available on the Company’s website at [www.khj-my.com](http://www.khj-my.com).
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- (3) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of EGM will be put to vote by way of poll. A Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- (4) A member entitled to participate and vote at the EGM may appoint another person as his proxy to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at a meeting shall have the same rights as the member to speak at the meeting.
- (5) A member shall be entitled to appoint not more than 2 proxies to participate, speak and vote at the EGM. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (6) Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (7) The Proxy Form shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (8) The Proxy Form and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd of 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the EGM or adjourned EGM at which the person named in the Proxy Form proposes to vote, and in default the Proxy Form shall not be treated as valid.  
  
Alternatively, members may deposit the proxy form by electronic means directly at <https://boardroomlimited.my> not less than 48 hours before the EGM. For further information on the electronic submission of Proxy Form, kindly refer to the Administrative Guide which will be made available on the Company’s website at [www.khj-my.com](http://www.khj-my.com).
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**Personal Data Privacy:**

By submitting a Proxy Form(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 3 July 2020.

Fold this flap for sealing

Then fold here

The Share Registrar  
**KIM HIN JOO (MALAYSIA) BERHAD**  
Registration No. 197801000642 (37655-U)

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

AFFIX  
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