

**THIS CIRCULAR TO SHAREHOLDERS OF SAUDEE GROUP BERHAD (“SAUDEE” 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, bank manager, solicitor, accountant or other professional advisers immediately.

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



**SAUDEE**  
Group Berhad

**SAUDEE GROUP BERHAD**  
(Registration No. 200801036832 (838172-P))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) **PROPOSED PRIVATE PLACEMENT OF UP TO 347,000,000 NEW ORDINARY SHARES IN SAUDEE, REPRESENTING APPROXIMATELY 35% OF THE TOTAL NUMBER OF ISSUED SHARES OF SAUDEE TO INDEPENDENT THIRD-PARTY INVESTORS TO BE IDENTIFIED AT A LATER DATE;**
- (II) **PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF SAUDEE (EXCLUDING TREASURY SHARES, IF ANY) TO THE ELIGIBLE DIRECTORS AND ELIGIBLE EMPLOYEES OF SAUDEE AND ITS SUBSIDIARIES; AND**
- (III) **PROPOSED ALLOCATION OF SIS OPTIONS PURSUANT TO THE SHARE ISSUANCE SCHEME ABOVE TO THE DIRECTORS OF THE COMPANY**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser**

**TA SECURITIES**

AN UNWAVERING COMMITMENT

**TA SECURITIES HOLDINGS BERHAD**  
(Registration No. 197301001467 (14948-M))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company (“**EGM**”) will be held on a virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and online voting using the remote participation and voting platform. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the Poll Administrator’s office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to [admin@aldpro.com.my](mailto:admin@aldpro.com.my) not less than 24 hours before the date and time indicated below or at any adjournment thereof. The completion and lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy	:	Tuesday, 25 October 2022 at 10.30 a.m.
Date and time of the EGM	:	Wednesday, 26 October 2022 at 10.30 a.m.
Broadcast Venue of the EGM	:	Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 11 October 2022

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## DEFINITIONS

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

- 2020 Private Placement** : Private placement of up to 10% of the issued Shares, which was completed on 7 September 2020
- 2021 Private Placement** : Private placement of up to 20% of the issued Shares, which was completed on 16 December 2021
- Act** : Companies Act 2016, as amended from time to time including any re-enactment thereof
- Board** : Board of Directors of Saudee
- BNM** : Bank Negara Malaysia
- Bursa Depository** : Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
- Bursa Securities** : Bursa Malaysia Securities Berhad (200301033577 (635998-W))
- By-laws** : By-laws governing the SIS, as amended, modified and supplemented from time to time in accordance with the provisions of the By-laws, a draft of which is appended in Appendix II of this Circular
- Circular** : This circular to Shareholders in relation to the Proposals
- Convertible Securities** : Collectively, the Warrants B and Existing ESOS Options
- COVID-19** : Coronavirus disease of 2019
- Date of Offer** : The date of the letter in which an Offer is made by the SIS Committee to the Eligible Persons to participate in the SIS
- Directors** : Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 and Director shall be construed accordingly
- Effective Date** : The date on which the SIS shall take effect, following full compliance with all relevant requirements prescribed under the Listing Requirements
- EGM** : Extraordinary general meeting
- Eligible Directors** : Directors (including executive and non-executive Directors, independent or otherwise) of the Group who fulfil the eligibility criteria for participation in the SIS as set out in the By-laws
- Eligible Employees** : Employees of the Group who fulfil the eligibility criteria for participation in the SIS as set out in the By-laws
- Eligible Persons** : Collectively, the Eligible Directors and the Eligible Employees
- EPS** : Earnings per Share
- Exercise Price** : The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the SIS Options, as specified in the Offer and as may be adjusted in accordance with the provisions of the By-laws

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**DEFINITIONS (CONT'D)**

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<b>Existing By-Laws</b>	:	Existing by-laws governing the Existing ESOS
<b>Existing ESOS</b>	:	The existing employee share option scheme of the Company which took effect on 19 January 2018 for a period of 5 years
<b>Existing ESOS Options</b>	:	Options granted under the Existing ESOS pursuant to the Existing By-Laws where each option holder can subscribe for 1 new Share for every 1 Existing ESOS Option held
<b>FPE</b>	:	Financial period ended / ending, as the case may be
<b>FYE</b>	:	Financial year ended / ending, as the case may be
<b>GL</b>	:	Gross loss
<b>GP</b>	:	Gross profit
<b>Grantee</b>	:	An Eligible Person who has accepted an Offer in the manner provided in the By-laws
<b>HORECA</b>	:	Hotel, restaurant and cafe
<b>IMR Report</b>	:	Independent Market Research Report dated 17 August 2022 prepared by Smith Zander
<b>Interested Person</b>	:	A director, major shareholder or chief executive of Saudee or a holding company of Saudee
<b>LAT</b>	:	Loss after taxation
<b>LBT</b>	:	Loss before taxation
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	23 September 2022, being the latest practicable date prior to the printing of this Circular
<b>LPS</b>	:	Loss per Share
<b>Maximum Scenario</b>	:	Assuming all the treasury shares are resold in the open market and full exercise of the outstanding Warrants B
<b>Maximum Shares</b>	:	Maximum number of Shares that may be granted under the SIS and shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the SIS
<b>Minimum Scenario</b>	:	Assuming none of the treasury shares are resold in the open market and none of the outstanding Warrants B are exercised
<b>NA</b>	:	Net assets
<b>OEM</b>	:	Original equipment manufacturer
<b>Offer</b>	:	Written offer of SIS Options at the discretion of the SIS Committee, to an Eligible Person from time to time within the duration of the SIS
<b>PAT</b>	:	Profit after taxation

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**DEFINITIONS (CONT'D)**

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<b>PBT</b>	:	Profit before taxation
<b>Placement Shares</b>	:	Up to 347,000,000 new Saudee Shares to be issued pursuant to the Proposed Private Placement
<b>Private Placement and Rights Issue with Warrants</b>	:	Private placement of up to 61,882,400 Shares and renounceable rights issue of up to 536,314,564 Shares together with up to 268,157,282 free detachable Warrants B on the basis of 2 rights shares together with 1 free Warrant B for every 1 existing Share held by the entitled Shareholders on the entitlement date, which was completed on 23 June 2021.
<b>Proposals</b>	:	Collectively, the Proposed Private Placement and Proposed SIS
<b>Proposed Private Placement</b>	:	Proposed private placement of up to 347,000,000 new Saudee Shares, representing approximately 35% of the total number of issued shares of the Company to independent third-party investor(s) to be identified later and at an issue price to be determined later
<b>Proposed SIS</b>	:	Proposed establishment of a SIS of up to 15% of the total number of issued Shares (excluding treasury shares, if any)
<b>Record of Depositors</b>	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>Saudee or the Company</b>	:	Saudee Group Berhad (200801036832 (838172-P))
<b>Saudee Group or the Group</b>	:	Collectively, Saudee and its subsidiaries
<b>Saudee Shares or the Shares</b>	:	Ordinary shares in Saudee
<b>Shareholders</b>	:	Registered holders of Saudee Shares
<b>Smith Zander or the IMR</b>	:	Smith Zander International Sdn Bhd (201301028298 (1058128-V))
<b>SIS</b>	:	Share issuance scheme for the granting of the SIS Options to the Eligible Persons to subscribe for new Shares upon the terms as set out in the By-laws, such scheme to be known as "Employees' Share Issuance Scheme"
<b>SIS Committee</b>	:	The committee appointed and authorised by the Board from time to time to administer the SIS in accordance with the By-laws, comprising such number of Directors and/or other persons identified and appointed from time to time by the Board
<b>SIS Options</b>	:	The right of a Grantee to subscribe for new Shares, during the SIS Option Period, at the Exercise Price pursuant to an Offer duly accepted by the Grantee

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**DEFINITIONS (CONT'D)**

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- SIS Option Period** : The period commencing from the Effective Date and expiring on (i) the last day of the duration of the SIS, or (ii) such other date as stipulated by the SIS Committee in the Offer, or (iii) on the date of termination or expiry of the SIS as provided in the By-laws
- TA Securities or the Principal Adviser** : TA Securities Holdings Berhad (197301001467 (14948-M))
- VWAP** : Volume weighted average price
- Warrants B** : Outstanding warrants 2021/2024 issued by the Company pursuant to the Deed Poll B which will expire on 16 June 2024. Each Warrant B holder is entitled to subscribe for 1 new Share at the exercise price of RM0.15, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, 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 time and date in this Circular shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, amounts stated and the totals in this Circular are, unless otherwise explained, due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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**TABLE OF CONTENTS**

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	<b>PAGE</b>
<b>LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS:</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. UTILISATION OF PROCEEDS	10
4. RATIONALE FOR THE PROPOSALS	15
5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS	22
6. EFFECTS OF THE PROPOSALS	30
7. APPROVALS REQUIRED AND CONDITIONALITY	39
8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	40
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	40
10. BOARD'S RECOMMENDATION	41
11. ESTIMATED TIMEFRAME FOR COMPLETION	41
12. EGM	42
13. FURTHER INFORMATION	42
APPENDIX I FURTHER INFORMATION	43
APPENDIX II DRAFT BY-LAWS	45
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

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**SAUDEE**  
Group Berhad

**SAUDEE GROUP BERHAD**  
(Registration No. 200801036832 (838172-P))  
(Incorporated in Malaysia)

**Registered Office:**

35, 1st Floor  
Jalan Kelisa Emas 1  
Taman Kelisa Emas  
13700 Seberang Jaya  
Pulau Pinang  
Malaysia

11 October 2022

**Board of Directors**

Tay Ben Seng, Benson (Executive Director)  
Sim Yee Fuan (Senior Independent Non-Executive Director)  
Chen Chee Peng (Independent Non-Executive Director)  
Datuk Sham Shamrat Sen Gupta (Independent Non-Executive Director)

**To: The Shareholders**

Dear Sir / Madam,

**PROPOSALS**

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**1. INTRODUCTION**

On 17 August 2022, TA Securities had on behalf of the Board, announced that the Company wishes to undertake the Proposals.

In conjunction with the Proposals, Saudee intends to terminate the Existing ESOS which took effect on 19 January 2018 for a period of 5 years. The Existing ESOS will be expiring on 18 January 2023, in accordance with the Existing By-Laws.

According to by-law 19.5 of the Existing By-Laws, the Company may at any time during the duration of the Existing ESOS, terminate the Existing ESOS provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- (i) the effective termination date of the Existing ESOS;
- (ii) the number of options exercised or Shares vested; and
- (iii) the reasons and justification for termination of the Existing ESOS.

As at the LPD, there are no outstanding options under the Existing ESOS and the Board does not intend to grant any options under the Existing ESOS.

The termination of the Existing ESOS is not subject to any approval from Bursa Securities or the Shareholders. The effective termination date of the Existing ESOS will be determined and announced at a later date by the Board, after obtaining all the relevant approvals for the Proposed SIS. In this respect, the Board intends to terminate the Existing ESOS by the fourth quarter of 2022. Subsequently, the Proposed SIS will be made effective after the termination of the Existing ESOS.

On 27 September 2022, TA Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 27 September 2022, granted its approval for the:

- (i) listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and
- (ii) listing and quotation of up to 15% of the total number of Shares to be issued under the Proposed SIS.

The approval of Bursa Securities is subject to the conditions as set out in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

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

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Private Placement**

#### **2.1.1 Size of placement**

As at the LPD, the issued share capital of the Company is RM161,919,308 comprising 991,577,319 Shares (excluding 267,000 treasury shares). As at the LPD, the Company has 233,790,060 outstanding Warrants B.

Based on the above, the Proposed Private Placement would entail the issuance of up to 347,000,000 Placement Shares, representing approximately:

- (i) 35.0% of the total number of issued Shares as at the LPD (excluding treasury shares); and
- (ii) 28.3% of the total number of issued Shares, assuming all the outstanding Warrants B are exercised into new Shares and all the treasury shares are resold.

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### **2.1.2 Placement arrangement**

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. The Placement Shares are not intended to be placed to the following persons:

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

The issue price for each tranche of the Placement Shares will be determined separately. The basis of determining the issue price of the Placement Shares will be in accordance with market-based principles.

The Proposed Private Placement may be implemented in one or multiple tranches. The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares from time to time.

### **2.1.3 Ranking of the Placement Shares**

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

### **2.1.4 Listing and quotation of the Placement Shares**

The Placement Shares will be listed on the Main Market of Bursa Securities.

### **2.1.5 Basis and justification of the issue price of the Placement Shares**

The issue price of the Placement Shares in each tranche will be determined by the Board after taking into consideration the prevailing market conditions including, amongst others, the market sentiment and share price performance of the Company at the relevant point in time. The issue price shall be fixed at a price based on the 5-day VWAP of Saudee Shares up to and including the last trading day immediately preceding the price-fixing date, with a discount of not more than 20%.

The maximum discount of 20% was determined after taking into consideration market conditions and the current financial performance of the Group. The Board is of the view that the maximum discount of 20% would provide the Company with more flexibility to fix an issue price which is deemed sufficiently attractive to entice subscription by potential investors.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.04 per Placement Share, the issue price of the Placement Shares would represent a discount of approximately 0.74% to the 5-day VWAP of Saudee Shares up to and including the LPD of RM0.0403. (Source: Bloomberg).

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## **2.2 Proposed SIS**

### **2.2.1 Details of the Proposed SIS**

The Existing ESOS was implemented since 19 January 2018 and is effective for a period of 5 years. The maximum number of new Shares to be issued pursuant to the exercise of the Existing ESOS Options that may be granted under the Existing ESOS shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares).

Since the commencement of the Existing ESOS on 19 January 2018 up to the LPD, the Company has issued 146,909,900 Shares pursuant to the exercise of the Existing ESOS Options, representing 14.82% of the total number of the issued Shares as at the LPD (excluding treasury shares). As at the LPD, there are no Existing ESOS Options which have been granted but not yet exercised.

Following this, only 1,866,000 Existing ESOS Options may be further granted pursuant to the maximum allowable amount under the Existing ESOS (assuming all the treasury shares are resold prior to the granting of the remaining Existing ESOS Options).

Pursuant thereto, the Board intends to terminate the Existing ESOS and shall not grant any further Existing ESOS Options moving forward and will replace it with the Proposed SIS.

In relation to the above, the Company proposes to establish and implement the Proposed SIS, which involves granting of SIS Options to the Eligible Persons as set out in the By-laws. The SIS Options granted under the SIS shall entitle the Eligible Persons to subscribe for new Shares at the Exercise Price to be determined at a later date.

The Board intends to terminate the Existing ESOS after obtaining the Shareholders' approval for the Proposed SIS. Subsequently, the Proposed SIS will be made effective upon the termination of the Existing ESOS.

The Proposed SIS will be administered and managed by the SIS Committee in accordance with the terms of the By-laws. The SIS Committee will have the absolute discretion in administering the SIS. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the SIS Committee pursuant to the By-laws may be exercised at the SIS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the SIS Committee's functions and responsibilities.

### **2.2.2 Maximum number of Shares available under the SIS**

The maximum number of Shares which may be made available under the SIS shall not exceed the Maximum Shares at any point in time during the duration of the SIS.

Notwithstanding the above or any other provisions contained in the By-laws, if the number of new Shares to be issued pursuant to the exercise of the SIS Options granted under the SIS exceeds the Maximum Shares as a result of the Company purchasing its own Shares in accordance with the Act, or the Company undertaking any other corporate proposal and thereby diminishing the total number of issued Shares, then such SIS Options granted prior to the adjustment of such total number of issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the SIS Committee shall not make any further Offer until the total number of Shares to be issued pursuant to the SIS Options granted or to be granted under the SIS falls below the Maximum Shares at any point in time over the duration of the SIS after such adjustment.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of SIS Options may be lesser in view that not all Grantees under the SIS will exercise their SIS Options in full or at all.

### **2.2.3 Basis of allotment and maximum allowable allotment of new Shares**

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the total number of SIS Options that may be granted to any 1 category / designation of employment of the Eligible Person shall be determined entirely at the discretion of the SIS Committee after taking into consideration, amongst other factors, the designation, length of service, work performance of the Eligible Persons, and such other factors that the SIS Committee may deem relevant, subject to the following conditions:

- (i) the number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the total number of issued Shares of the Company (excluding treasury shares, if any), does not exceed 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Shares to be issued under the SIS;
- (ii) the number of Shares allocated, in aggregate to the Directors and senior management personnel of the companies in the Group shall not exceed 80%<sup>(1)</sup> of the total number of Shares to be made available under the SIS. This threshold has been determined by the Company to ensure that there will be sufficient SIS Options to be allocated to other employees of the Group; and
- (iii) the Eligible Persons do not participate in the deliberation or discussion in respect of their own allocation,

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

Note:

- (1) The basis of arriving at this threshold takes into account the number of Eligible Directors and senior management personnel of Saudee Group (excluding dormant subsidiaries) who are eligible to participate in the Proposed SIS and was determined after considering that the Eligible Directors and senior management personnel are the key drivers to the growth of the Group's businesses.

This is intended to incentivise the Eligible Directors and senior management for their contribution towards improving the Group's overall financial performance. The Proposed SIS also aims to reward and retain the Eligible Directors and senior management personnel of Saudee Group (excluding dormant subsidiaries) for their high performance, commitment and loyalty.

The SIS Committee will comprise Directors and/or other persons identified and appointed from time to time by the Board. At this juncture, the composition of the SIS Committee has yet to be decided by the Board.

For the avoidance of doubt, the SIS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this SIS are to be offered to the Grantees via:

- (a) 1 single Offer at a time determined by the SIS Committee; or
- (b) several Offers, where the vesting of the SIS Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the SIS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 2.2.2 and Section 2.2.3(i) of this Circular.

In deciding between (a) and (b) above, the SIS Committee shall consider, amongst others, whether it wishes to provide a one-off reward for the relevant Grantee's contribution to the Group to incentivise the Grantee's continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee's career progression with the Group moving forward.

The SIS Committee also has the discretion to determine, amongst others:

- (aa) whether or not to stagger the Offer over the duration of the SIS for which each Offer shall be separate and independent from the others, including the maximum allocation of the Offer for each financial year in the event the Offer is staggered over the duration of the SIS;
- (bb) the number of SIS Options to be offered in each Offer;
- (cc) whether the SIS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
- (dd) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the SIS.

No Eligible Person shall participate in the deliberation and/or discussion of their own respective allocations under the SIS.

No performance target has been set for the allocation of SIS Options at this juncture. Notwithstanding this, the SIS Committee may from time to time at its own discretion decide on the performance targets.

The SIS Committee may from time to time at its discretion determine the allocation and granting of the SIS Options to the Eligible Persons based on staggered granting or several tranches over the duration of the Proposed SIS. Nevertheless, the maximum allocation of the Offer for each financial year has yet to be determined by the SIS Committee at this juncture. It will be determined at a later date in the event the Offer is staggered over the duration of the SIS.

#### **2.2.4 Eligibility to participate in the SIS**

Only Eligible Persons who fulfil the following conditions on the Date of Offer shall be eligible to participate in the SIS:

- (i) in respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:
  - (a) he/she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (b) he/she is employed on the Date of Offer:
    - (aa) on a full-time basis and is on the payroll of any company in the Group (which are not dormant) and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
    - (bb) under an employment contract for a fixed duration and has been in the employment of any company in the Group (which are not dormant) for such period as may be determined by the SIS Committee; and

- (c) such employee falls within any other eligibility criteria that may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding;
- (ii) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
  - (a) he/she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (b) he/she has been appointed as a director to the board of directors of any member of the Group which is not dormant; and
  - (c) such director fulfils any other criteria as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding;
- (iii) in respect of a Director or major shareholder or a chief executive of the Company or a holding company of the Company or a person connected with them, the specific allocation of SIS Options under the SIS must have been approved by the Shareholders at a general meeting; and
- (iv) if the employee is employed by a company which is acquired by the Group during the duration of the SIS and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the employee will be eligible to participate in the SIS if the said employee becomes an Eligible Person within the meaning of the By-laws.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Eligibility under the SIS does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the SIS and an Eligible Person does not acquire or have any rights over or in connection with the SIS Options unless an Offer has been made by the SIS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the By-laws.

### **2.2.5 Duration of the Proposed SIS**

The SIS shall be in force for a duration of 5 years from the Effective Date, subject to any extension of the SIS as provided under the By-laws.

On or before the expiry of the aforementioned 5 years of the SIS, the Board shall have the discretion, without having to obtain approval of the Shareholders, to extend the duration of the SIS, provided that the initial period of the SIS and such extension of the SIS made pursuant to the By-laws shall not in aggregate exceed 10 years from the Effective Date.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the SIS is extended in accordance with the provision of the By-laws, the SIS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities prior to such extension.

The SIS may be terminated by the SIS Committee at any time before its expiry provided that the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the SIS, the following provisions shall apply:

- (i) no further Offer shall be made by the SIS Committee from the effective date of termination of the SIS ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iii) all outstanding SIS Options which have yet to be exercised or vested shall be automatically terminated on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees whose SIS Options have yet to be exercised or vested are not required to effect the termination of the SIS.

#### **2.2.6 Exercise of SIS Options**

Subject to the By-laws, a Grantee shall be allowed to exercise the SIS Options granted to him/her either in whole or in part and in multiples of 100 Shares as the Grantee may be entitled under the SIS Options at any time during the SIS Option Period whilst he/she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of SIS Options exercisable by him/her during the SIS Option Period. Notwithstanding this, the SIS Committee may from time to time at its own discretion decide on whether the SIS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target.

#### **2.2.7 Exercise Price**

Subject to any adjustments that may be made in accordance with the By-laws, the Exercise Price shall be based on a price to be determined by the Board upon recommendation of the SIS Committee based on the 5-day VWAP of the Shares immediately preceding the Date of Offer with a discount of not more than 10% during the duration of the SIS. The Exercise Price as determined by the SIS Committee shall be conclusive and binding on the Grantees.

#### **2.2.8 Ranking of the new Shares to be issued pursuant to the exercise of the SIS Options**

The new Shares to be issued arising from the exercise of the SIS Options shall, upon allotment, issuance and payment of the Exercise Price, rank equally in all respects with the existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

#### **2.2.9 Retention / restriction of Shares**

The new Shares to be allotted and issued to a Grantee (save for an Eligible Director who is a non-executive Director) pursuant to the exercise of a SIS Option under the SIS will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the SIS Committee from time to time at its discretion.

Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, a Grantee who is a non-executive Director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the SIS Options offered to him / her pursuant to the SIS within 1 year from the Date of Offer or such period as may be prescribed by Bursa Securities.

## 2.2.10 Alteration of share capital during the SIS Option Period

In the event of any alteration in the capital structure of the Company during the duration of the SIS Option Period, whether by way of rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the SIS Committee may, at its discretion, determine whether the Exercise Price and/or the number of unexercised SIS Options shall be adjusted and if so, the manner in which such adjustments should be made.

Such adjustments must be confirmed in writing by the external auditors of the Company or an adviser (a person who is permitted to carry on regulated activity of advising corporate finance under the Capital Markets and Services Act, 2007 which includes a principal adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the Securities Commission Malaysia), to be in their opinion, fair and reasonable.

## 2.2.11 Modification, variation and/or amendment to the By-laws

Subject to the compliance with the Listing Requirements and any other relevant authorities, the SIS Committee may at any time recommend to the Board any additions, modifications or amendments to or deletions of the By-laws as it shall at its discretion think fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or modifications or amendments to or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which will:

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of Shares available under the SIS beyond the maximum set out in Section 2.2.2 of this Circular; or
- (iii) alter any matter which is required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

## 2.2.12 Proposed allocation to the Directors

The Board proposes to seek Shareholders' approval at the forthcoming EGM for the proposed allocation of the SIS Options pursuant to the SIS to the following Directors of the Company, subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-laws and the allocation set out in Section 2.2.3 above:

Name of Director	Designation
Tay Ben Seng, Benson	Executive Director
Sim Yee Fuan	Senior Independent Non-Executive Director
Chen Chee Peng	Independent Non-Executive Director
Datuk Sham Shamrat Sen Gupta	Independent Non-Executive Director

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### 3. UTILISATION OF PROCEEDS

#### 3.1 Proposed Private Placement

Based on an illustrative issue price of RM0.04 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	Amount (RM'000)
(i) Automation of manufacturing processes	Within 24 months	5,000
(ii) Upgrading of logistic and distribution system	Within 24 months	4,000
(iii) Working capital	Within 12 months	4,430
(iv) Estimated expenses for the Proposals <sup>(1)</sup>	Immediate	450
<b>Total</b>		<sup>(2)</sup> <b>13,880</b>

Notes:

- (1) If the estimated expenses for the Proposals exceed RM0.45 million, the shortfall will be funded via internal cash balances.
- (2) In the event of any shortfall in the actual amount of proceeds raised from the Proposed Private Placement, the proceeds are intended to be utilised in the following order of priority, up to the respective maximum allocation:
- (i) estimated expenses for the Proposals;
  - (ii) automation of manufacturing processes;
  - (iii) upgrading of logistic and distribution system; and
  - (iv) working capital.

Any excess in the actual amount of proceeds to be raised from the Proposed Private Placement will be allocated for working capital.

Pending the utilisation of the proceeds from the Proposed Private Placement, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

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(i) **Automation of manufacturing processes**

The Group is principally involved in the manufacturing and sale of frozen food products such as burger patties, nuggets, sausages and meatballs.

On 23 June 2021, the Group completed the Private Placement and Rights Issue with Warrants, raising proceeds amounting to approximately RM83.17 million. The proceeds are intended to be utilised for, amongst others, construction of a cold room, expansion of production capacity, repayment of borrowings as well as marketing and advertisement, mainly to cater for the expansion plan of the Group.

Further, the Government had in October 2018 announced the Industry 4.0 Policy, which encourages players in the manufacturing sector to evolve and leverage on new technology, digitalisation and e-commerce platforms to create more value in their businesses.

Automation of the food and beverage industry involves the strategic integration of technology across many processes.

In line with the above, the Group intends to utilise up to RM5.0 million from the Proposed Private Placement to upgrade the existing manufacturing infrastructure to improve efficiencies of its internal processes, as follows:

<b>Manufacturing infrastructure</b>	<b>Amount (RM'000)</b>
Automation systems <sup>(1)</sup>	4,500
Surveillance systems <sup>(2)</sup>	500
<b>Total</b>	<b>5,000</b>

Notes:

- (1) Currently, the Group has approximately 200 staff employed for its manufacturing processes. These staff are involved in various processes in the manufacturing operations of the Group including marinating, cooking, slicing, dicing, packaging and freezing.

With the Government increasing the monthly minimum wage in the nation from RM1,200 to RM1,500 effective from 1 May 2022, the Group envisages that its staff costs will increase. In this respect, the Group intends to introduce automation systems into its manufacturing processes at the factory of the Group located at Sungai Petani, Kedah, to reduce the reliance on manual labour, as follows:

<b>Automation systems</b>	<b>Amount (RM'000)</b>
Automation equipment (inclusive of installation costs)	4,000
IT software and networking systems	500
<b>Total</b>	<b>4,500</b>

The automation system will include the relevant hardware as well as the relevant software and applications, such as the following:

- (i) automated freezing temperature monitoring function;
- (ii) self-diagnostic function; and
- (iii) automated packaging, freezing and cartoning function.

These automated features are expected to not only reduce the Group's reliance on manual labour, but also improve the quality and consistency of the Group's products.

With this, the Group is also required to integrate the aforesaid system into its existing enterprise resource planning system together with the relevant software licenses.

The Group plans to start with the integration of automation process into its existing freezing and cartoning function prior to the other manufacturing processes (e.g. cooking / dicing). As the aforesaid automation upgrades are new to the Group, the Group intends to implement them in a staggered manner. This will ensure that there will be smooth transition and that any potential problems can be detected and resolved prior to implementing it at a larger scale.

It should be noted that the automation equipment above is different from those machineries to be purchased as part of the Group's expansion plan as set out in the circular to Shareholders dated 11 March 2021 in relation to the Private Placement and Rights Issue with Warrants ("**Additional Machineries**"). As set out in the aforesaid circular to Shareholders, the Additional Machineries are more technologically advanced and are capable of producing higher output with no additional manpower required. Notwithstanding this, the same number of manpower will still be required to operate these Additional Machineries.

On the other hand, the intended automation equipment (together with the integration of IT software and networking system) is capable to be operated with much lesser manual involvement (i.e. lesser manpower).

As at the LPD, the proceeds from the Private Placement and Rights Issue with Warrants that were allocated for the expansion of production capacity has been fully utilised. Thus, the introduction of automation processes represents the next step towards the on-going effort by the Group to expand its capacities and optimise efficiencies.

Over the longer term, the automation upgrades are expected to improve the operational efficiency of the Group by amongst others, savings in manual labour costs and increase in production capacity. With its intended automation upgrades and the existing expansion plans, the Group estimates a reduction in manual labour costs and overall increase in production capacity of up to approximately 30% respectively. These are expected to improve the financial performance of the Group.

- (2) This includes the relevant software and equipment such as CCTVs, remote monitoring applications and monitors. The enhanced surveillance systems are expected to benefit the manufacturing operations of the Group in, amongst others, mitigating workplace hazard, remote monitoring of the Group's facilities and the prevention of theft.

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**(ii) Upgrading of logistic and distribution system**

The Group also intends to utilise up to RM4.0 million to upgrade its existing logistic and distribution system to support the operations of its factory located at Sungai Petani, Kedah, as follows:

<b>Logistic and distribution system</b>	<b>Amount (RM'000)</b>
Warehouse equipment	2,000
Logistic fleet	2,000
<b>Total</b>	<b>4,000</b>

The Group intends to utilise up to RM2.0 million for warehouse equipment. These include the following:

- (i) material handling equipment such as hand trucks (1 unit), pallet trucks (1 unit) and forklifts (5 units);
- (ii) radio-frequency identification (“**RFID**”) equipment which enables real time inventory tracking; and
- (iii) barcodes system which enables products to be identifiable.

Currently, the inventory handling function of the Group is done manually. In this relation, the Group intends to test use the RFID and barcodes system for the aforesaid function at a smaller scale prior to deciding which to be implemented at a full scale. The above equipment are intended to cater for the expansion plan of the Group by, amongst others, improving efficiency in material handling and reducing errors.

In addition, the Group is currently operating with a logistic fleet of 11 lorries. In tandem with its expansion of the production capacity, the Group intends to acquire additional 7 lorries to support its logistic fleet, which will enable the Group to deliver its goods on a timely basis.

**(iii) Working capital**

The Group expects that its working capital requirement will increase, in line with further expansion of its production capacity for the Group’s frozen food products at its factory at Sungai Petani, Kedah, which includes the purchasing of additional machineries, renovation works to convert idle space to production floor area as well as automation upgrades. These are envisaged to be completed by 2024 and increasing the production capacity of the Group by up to approximately 30%.

As such, the Group intends to utilise the balance proceeds from the Proposed Private Placement to fund its working capital in the following manner:

<b>Working capital</b>	<b>Percentage allocation (% )</b>	<b>Amount (RM'000)</b>
Payment of staff salaries <sup>(1)</sup>	40	1,772
Operating and administrative expenses such as purchase of raw materials, utilities, rental costs, transportation costs and upkeep of office <sup>(2)</sup>	60	2,658
<b>Total</b>		<b>4,430</b>

Notes:

- (1) The Group expects its staff costs to increase with the employment of additional personnel in tandem with the expansion of production capacity. Whilst the integration of automation system into the manufacturing and warehousing process of the Group are envisaged to reduce labour costs, the proceeds raised for working capital will be able to fund its staff costs in the interim.
- (2) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

**(iv) Estimated expenses for the Proposals**

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

<b>Estimated expenses</b>	<b>Amount (RM'000)</b>
Professional fees <sup>(1)</sup>	350
Fees to relevant authorities	40
Printing, despatch and advertising expenses	30
Miscellaneous expenses and contingencies	30
<b>Total</b>	<b>450</b>

Note:

- (1) These include advisory fees, placement commission and other professional fees payable to the Principal Adviser, due diligence solicitor, company secretary and share registrar in relation to the Proposals.

**3.2 Proposed SIS**

The proceeds arising from the exercise of the SIS Options will depend on, amongst others, the number of SIS Options granted and exercised at the relevant point in time as well as the Exercise Price. As such, the actual amount of proceeds arising from the exercise of the SIS Options as well as the timeframe for the utilisation of proceeds could not be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the SIS Options, if any, for the working capital of the Group. The proceeds to be utilised for working capital include, amongst others, purchase of raw materials and general administrative expenses (i.e. staff costs, utilities, professional fees and other overhead expenditures). The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and the timeframe for full utilisation cannot be determined at this juncture.

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

#### 4. RATIONALE FOR THE PROPOSALS

##### 4.1 Proposed Private Placement

As detailed in Section 3 of this Circular, the proceeds raised from the Proposed Private Placement will be utilised mainly for the automation of manufacturing processes, upgrading of logistics and distribution system as well as working capital of the Group, which is expected to contribute positively to the earnings of the Group.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as it would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings. In turn, this allows the Company to preserve its cash flow.

On the other hand, other fund-raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), to achieve a minimum subscription level. In this relation, the Proposed Private Placement would allow the Company to access a wider group of investors instead of solely relying on its existing Shareholders as compared to a rights issue. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

The issuance of Placement Shares pursuant to the Proposed Private Placement will result in a dilution in the shareholdings of the existing Shareholders. Notwithstanding this, the proposed use of proceeds to be raised from the Proposed Private Placement is expected to contribute positively to the future earnings of the Group and the enlarged capital base upon completion of the Proposed Private Placement is also expected to strengthen the financial position of the Group.

For illustration, taking into consideration the placement shares issued and/or to be issued under the Private Placement and Rights Issue with Warrants, 2021 Private Placement as well as the Proposed Private Placement to the placees, the pro forma dilution to the shareholding of an existing shareholder prior to these proposals (assuming a direct shareholding of 10%) are as follows:

	(A) No. of Shares held by an existing shareholder	(B) No. of issued Shares	(C) = (A) / (B) Direct interest (%)
<b>Shareholding of an existing shareholder</b>			
Shareholding prior to the proposals	16,100,790	<sup>(1)</sup> 161,007,900	10.00
Shares issued pursuant to the Private Placement and Rights Issue with Warrants	<sup>(2)</sup> 32,201,580	<sup>(3)</sup> 529,661,822	
<b>After the Private Placement and Rights Issue with Warrants</b>	<b>48,302,370</b>	<b>690,669,722</b>	<b>6.99</b>
Shares issued pursuant to the 2021 Private Placement	-	143,217,500	
<b>After the 2021 Private Placement</b>	<b>48,302,370</b>	<b>833,887,222</b>	<b>5.79</b>
Shares to be issued pursuant to the Proposed Private Placement	-	347,000,000	
<b>After the Proposed Private Placement</b>	<b>48,302,370</b>	<b>1,180,887,222</b>	<b>4.09</b>

Notes:

- (1) Based on the total number of 161,007,900 issued Shares (excluding treasury shares) prior to the proposals above.
- (2) Assuming the existing shareholder fully subscribe for its entitlement of 32,201,580 rights shares pursuant to the Private Placement and Rights Issue with Warrants.
- (3) Comprising 54,841,700 placement shares and 474,820,122 rights shares issued pursuant to the Private Placement and Rights Issue with Warrants.

#### **4.2 Proposed SIS**

The Proposed SIS is established to achieve the following objectives:

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

The non-executive Directors are also eligible to participate in the SIS. This is to recognise their contribution and effort as they play an important role in the business performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors, who will assist in the overall strategic decisions and directions of the Group.

In addition, the Existing ESOS has only 1,866,000 Existing ESOS Options to be granted pursuant to the maximum allowable amount, representing approximately 0.18% of the issued Shares as at the LPD. As such, the Proposed SIS would provide the Group a fresh share issuance scheme, which may be utilised to achieve the objectives as discussed above.

Hence, the Group intends to undertake the Proposed SIS in place of the Existing ESOS such that the Group has a new avenue to continue rewarding the Eligible Persons and motivate them to achieve better performance in the near future.

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#### 4.3 Details of fund-raising exercises undertaken by the Company in the past 3 years

The Company has undertaken the 2021 Private Placement, Private Placement and Rights Issue with Warrants and 2020 Private Placement in the past 3 years, details of which are as follows:

Fund-raising exercises	No. of Shares issued	Listing date	Issue price (RM)	Discount to prevailing market price <sup>(1)/(2)</sup> (%)	Proceeds raised <sup>(3)</sup> (RM'000)
2021 Private Placement (Date of completion: 16 December 2021)  <u>Basis of the issue price</u> Discount of not more than 10% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date.	74,217,500 (placement shares)	16 December 2021	0.0528	9.90	3,919
	69,000,000 (placement shares)	9 November 2021	0.0666	10.00	4,595
	<b>143,217,500</b>				<b>8,514</b>
Private Placement and Rights Issue with Warrants (Date of completion: 23 June 2021)  <u>Basis of the issue price</u> <b>Placement shares:</b> Discount of not more than 20% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date.  <b>Rights shares:</b>	474,820,122 (rights shares)	23 June 2021	0.1500	10.55	71,223
	34,841,700 (placement shares)	26 April 2021	0.2627	19.98	7,324
	20,000,000 (placement shares)	21 April 2021	0.2815	20.00	4,504
(i) funding requirements of the Group; (ii) theoretical ex-all price ("TEAP") of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date; and (iii) rationale of the proposal.	<b>529,661,822</b>				<b>83,051</b>

Fund-raising exercises	No. of Shares issued	Listing date	Issue price (RM)	Discount to prevailing market price <sup>(1)(2)</sup> (%)	Proceeds raised <sup>(3)</sup> (RM'000)
2020 Private Placement (Date of completion: 7 September 2020)  <u>Basis of the issue price</u> Discount of not more than 10% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date.	14,637,000 (placement shares)	7 September 2020	0.4857	9.99	7,109

**Notes:**

- (1) Represents the discount of the issue prices to the 5-day VWAPs of the Shares up to and including the last market day immediately preceding the respective price-fixing dates, save for the 474,820,122 rights shares issued pursuant to the Private Placement and Rights Issue with Warrants where it represents the discount of the issue price of the rights shares to the TEAP of the Shares, calculated based on the 5-day VWAP of the Shares up to and including the last market day immediately preceding the price-fixing date of the rights shares.
- (2) The respective discount rates used in determining the respective issue prices are arrived at by the Board after taking into consideration the prevailing market conditions at the respective relevant point in time as well as a price that are deemed sufficiently attractive to entice subscription by the investors.

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(3) As at the LPD, the status of utilisation of proceeds of the fund-raising exercises above are as follows:

Details of utilisation of proceeds	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance unutilised <sup>(1)</sup> (RM'000)	Estimated timeframe for utilisation from listing of the Shares
<b>2021 Private Placement:</b>				
Business expansion to China <sup>(2)</sup>	8,334	-	8,334	Within 24 months
Expenses for the 2021 Private Placement	180	180	-	Immediate
<b>Total</b>	<b>8,514</b>	<b>180</b>	<b>8,334</b>	
<b>Private Placement and Rights Issue with Warrants:</b>				
Construction of a cold room <sup>(3)</sup>	20,000	11,750	8,250	Within 24 months
Expansion of production capacity <sup>(4)</sup>	17,000	17,000	-	Within 12 months
Marketing and advertisement <sup>(5)</sup>	10,000	10,000	-	Within 24 months
Repayment of bank borrowings <sup>(6)</sup>	19,000	18,924	76	Within 6 months
Acquisitions and/or investment in complementary business and/or assets <sup>(7)</sup>	14,050	14,050	-	Within 24 months
Working capital <sup>(8)</sup>	1,977	1,977	-	Within 24 months
Expenses for the Private Placement and Rights Issue with Warrants	1,024	1,024	-	Immediate
<b>Total</b>	<b>83,051</b>	<b>74,725</b>	<b>8,326</b>	

Details of utilisation of proceeds	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance unutilised <sup>(1)</sup> (RM'000)	Estimated timeframe for utilisation from listing of the Shares
<b>2020 Private Placement:</b>				
Repayment of borrowings <sup>(6)</sup>	6,982	6,982	-	Within 6 months
Expenses for the 2020 Private Placement	127	127	-	Immediate
<b>Total</b>	<b>7,109</b>	<b>7,109</b>	<b>-</b>	

Sub-notes:

- (1) The balance unutilised of RM16.66 million (2021 Private Placement: RM8.33 million, Private Placement and Rights Issue with Warrants: RM8.33 million) is placed in interest bearing deposits with licensed financial institution.
- (2) The proceeds were earmarked for the Group's expansion of its business to the China market, which include the rental costs for cold room and a branch office as well as staff costs. Nonetheless, in view of the stringent movement restriction policies adopted by the Government of China in light of the COVID-19 pandemic, the Group's expansion plan to China has been temporarily put on hold.  
  
In this relation, the Group will continuously monitor the situation in China and only embark on its expansion plan when the Government of China eases the movement restriction policies.
- (3) This relates to the construction of a new cold room at the land next to the Group's existing factory located at Sungai Petani, Kedah. The construction is expected to be completed by the second quarter of 2023.
- (4) This includes the purchase of machineries used in the manufacturing processes of the Group and renovation works to convert idle spaces within the existing factory of the Group located at Sungai Petani, Kedah into production floors. As at the LPD, the renovation works have been completed.

- (5) This relates to marketing and advertising activities to create awareness for the Group's products which include amongst others, digital marketing, promotions as well as giving free sample products to customers.
- (6) The proceeds have been utilised to repay bank borrowings of the Group which were deployed for financing the Group's business operations. These include overdraft facilities, term loan, hire purchase facilities and banker acceptances.
- (7) The proceeds have been utilised to acquire 2 units of shop lots located at SS2 Petaling Jaya, Selangor and Plaza Damansara, Kuala Lumpur respectively. Currently, the shop lots are both rented out for an additional source of income and eventually be used as concept store of the Group to feature the Group's products.
- (8) This includes working capital to finance the day-to-day operations of the Group such as raw material purchases, staff costs, rental cost and utilities.

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## **5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS**

### **5.1 Malaysian economy**

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for E&E products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

Key economic sectors continued to expand in the second quarter of 2022. The services sector grew by 12.0% (1Q 2022: 6.5%). Consumer-related subsectors such as retail and leisure-related activities continued to recover amid the transition to endemicity, reopening of the international borders, improving labour market conditions and the additional support from policy assistance. The strong expansion was also seen in business related activities including transport and storage, due in part to higher growth in air passenger traffic and tourist arrivals. Furthermore, growth of the real estate subsector continued to improve as property transactions recovered. Additionally, the information and communication subsector provided further support to growth following greater usage of e-commerce services.

The manufacturing sector expanded by 9.2% (1Q 2022: 6.6%), supported by both the export and domestic-oriented industries. The effect of global supply disruptions was partly mitigated, as manufacturers were able to implement proactive measures to cushion the impact such as building inventory buffers through advance bookings and using alternative modes of transportation. The E&E cluster continued to record double-digit growth driven by global demand for semiconductors. The consumer cluster grew at a faster pace, supported by strong domestic spending activities. In particular, the motor vehicle and transport equipment segment ramped up production to meet order backlogs and fulfil demand as orders accelerated ahead of the expiration of Sales and Services Tax (SST) exemption on 30 June 2022. However, growth in the primary-related cluster moderated as the production of selected pandemic-induced products such as rubber gloves continued to normalise.

(Source: BNM Quarterly Bulletin Vol. 37, No. 2, the Second Quarter of 2022, BNM)

The manufacturing sector rebounded by 15.8% in the first half of 2021, supported by positive growth in all subsectors. The growth momentum is expected to continue in the second half with an expansion rate of 1.5%, mainly driven by the export-oriented industries. The main subsectors which will significantly contribute to the industries are electrical, electronics and optical products as well as petroleum, chemical, rubber and plastic products. For the year, the sector is expected to post a sturdy growth of 8.1% attributed to both the export- and domestic-oriented industries. Within the export-oriented industries, the E&E segment is projected to improve, following higher demand for semiconductor items, which is reflected by the rising sales across the range of chip products. In addition, the rubber and textiles segments are anticipated to expand, following increasing demand for rubber gloves and personal protective equipment (PPE) amid the prolonged COVID-19 pandemic. Similarly, within the domestic-oriented industries, the basic pharmaceuticals and medicinal chemical products, and food products segments are projected to increase in line with the economic expansion.

(Source: Economic Outlook 2022, Ministry of Finance)

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## 5.2 Frozen processed food industry in Malaysia

Frozen processed food comprises various food categories such as frozen meat and seafood, frozen bakery products, and frozen prepared meals and food products. The industry size is represented by the sales value of frozen prepared meals and food products in Malaysia. The sales value of frozen prepared meals and food products in Malaysia increased from RM1.85 billion in 2019 to RM2.59 billion in 2021, at a compound annual growth rate (“**CAGR**”) of 18.32%.

The sales value of frozen prepared meals and food products in Malaysia recorded a decline of 1.08% in 2020 due to a decrease in consumption of frozen prepared meals and food products. In 2021, the sales value of frozen prepared meals and food products in Malaysia increased by 41.53%, which was attributed to the increase in retail sales which stemmed from higher home-cooking as a result of the resurgence of COVID-19 cases as well as stricter and longer movement restrictions (i.e. enhanced movement control order (“**MCO**”) and Phase 1 of the National Recovery Plan (“**NRP**”)) imposed by the Government.

Following the transitioning into the endemic phase where all movement restrictions have been uplifted, consumers have resumed dine-ins. As food and beverage (“**F&B**”) outlets receive more dine-in customers, the demand for frozen processed food is expected to increase. Further, some consumers may continue with home-cooking which will continue to sustain demand for frozen processed food. As such, Smith Zander forecasts the sales value of frozen prepared meals and food products in Malaysia to increase slightly by 0.77% to RM2.61 billion in 2022.

Moving forward, the demand for frozen prepared meals and food products as well as other frozen processed food is expected to be sustained by the following key drivers:

### (i) **Growth in F&B services industry which sources frozen processed food as ingredients**

The F&B services industry includes F&B outlets (i.e. restaurants, cafes, fast food chains, hotels and other eateries) which are consumers of frozen processed food among other food products. However, due to the negative impact arising from the COVID-19 pandemic, the F&B services industry, in terms of foodservice revenue, decreased from RM72.01 billion in 2019 to RM50.80 billion in 2021, recording a negative CAGR of 16.01%.

As Malaysia began its transition into the COVID-19 endemic phase on 1 April 2021, all business and economic sectors have been fully reopened, including the F&B services industry, thus gradually increasing sales generated by F&B outlets. In addition, F&B outlets are expected to derive more sales from the tourism market as the country's borders have re-opened to welcome international tourists. As such, Smith Zander expects the F&B services industry, in terms of foodservice revenue, to increase by 31.20% to RM66.65 billion in 2022.

Moving forward, the F&B services industry in Malaysia will likely gain from the positive long-term economic growth prospects in Malaysia. The growth of the F&B services industry in Malaysia may then contribute to the growth of the frozen processed food industry, as frozen processed food serves as ingredients and supplies for the sales of foodservices.

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**(ii) Growing demand for quick and convenient food creates demand for frozen processed food**

Busy lifestyles have led to consumption preferences for quick and convenient food options among working individuals, especially amongst the younger population, resulting in greater demand for frozen processed food. As at the second quarter of 2022, the younger generation of the population (aged 15 to 34) constitutes a substantial share of 49.90% of the total number of employed persons in Malaysia. In addition, over the period of 2019 to 2021, the percentage of urban population in Malaysia increased from 76.61% of the total population to 77.70% of the total population. The rising urbanisation rate in Malaysia indicates that consumers have busier lifestyles as they migrate to urban areas for employment purposes.

In line with the demand for quick and convenient food, more convenience stores are increasing their ready-to-eat meals and snacks that can be served hot to cater to local taste buds as part of their product offerings. Many ready-to-eat meals and snacks available in convenience stores are prepared from frozen processed food and can be heated up easily such as rice, noodles, sausages, pau, curry puffs and oden (i.e. various processed fishcakes in broth). As such, this creates more demand for frozen processed food as convenience stores increasingly provide wide varieties of ready-to-eat meals and snacks which cater to consumers' need for grab-and-go food to accommodate their busy lifestyles.

**(iii) Increasing ease and accessibility of online grocery shopping entices purchase of food products including frozen processed food**

The ease of online grocery shopping drives the demand for food products, including frozen processed food, as consumers are able to conveniently make purchases without physical trips to grocery outlets. Online grocery shopping is done through online grocery and delivery platforms such as mobile applications and websites of grocery retailers or online grocery delivery service providers. This enables consumers to place orders over the internet and have their groceries delivered to their doorstep. The ease of online grocery shopping thus allows consumers to purchase food items more frequently and/or in larger quantities as consumers are able to avoid shopping in physical stores which may be time consuming as well as avoid any transportation hassle.

The growing popularity of online grocery and delivery services is also attributed to the enhanced functions and features of their platforms such as convenient payment methods; attractive value-added offerings involving cashbacks, discounts and other promotions; and expansion in delivery coverage areas, all of which improve the overall online shopping experience. As such, online grocery shopping, which makes grocery shopping increasingly convenient and accessible, is expected to drive more sales and demand for frozen processed food along with other food products.

In view of the COVID-19 pandemic, there has been an increase in online grocery shopping in Malaysia, particularly during the MCO which prompted more consumers to buy groceries from online grocery and delivery platforms as they were encouraged to stay at home to curb the spread of the virus. Nevertheless, as Malaysia has transitioned into the COVID-19 endemic phase, consumers are expected to continue to buy groceries online as they have adapted to the lifestyle and convenience of online shopping. Thus, the continuity and growth of online grocery shopping is expected to fuel the demand for frozen processed food.

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(iv) **Growing demand for food supply as a result of population growth and economic affluence signifies growing demand for frozen processed food**

The demand for frozen processed food in Malaysia is supported by the growing demand for food supply as a result of the country's population and economic growth. Based on latest available data, the food supply in Malaysia increased from 16.68 million tonnes in 2017 to 17.00 million tonnes in 2019, at a CAGR of 0.95%, in order to cater to the food consumption of an increasing population. Smith Zander forecasts the food supply in Malaysia to increase to 17.10 million tonnes in 2022, at a CAGR of 0.20% from 2019. Malaysia's population stands at 32.70 million as at 9 August 2022, and is projected to reach 38.06 million in 2030. As the population of Malaysia increases, more food including frozen processed food will be required to feed the population. Therefore, the frozen processed food industry is expected to experience continuous growth over the long term as the Malaysian population increases.

In addition, economic conditions and wealth of the population generally affect the demand for food. While Malaysia's economic conditions in 2020 was negatively affected, at -5.53% gross domestic product ("**GDP**") contraction due to the COVID-19 pandemic, the economy has been gradually recovering since 2021 at a GDP growth of 3.09%. As Malaysia has begun its transition into the COVID-19 endemic phase, the economy is expected to further recover, with Bank Negara Malaysia projecting Malaysia's GDP growth to be between 5.30% and 6.30% in 2022. The anticipated growth in the Malaysian economy is expected to contribute to increasing disposable income amongst consumers, thus driving more consumer spending on food.

Premised on the above, the prospects for growth in the frozen processed food industry in Malaysia is expected to be positive based on the key drivers of the industry which create demand for frozen processed food.

(Source: IMR Report)

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## 5.3 Prospects of Saudee Group

### 5.3.1 Historical financial information of Saudee Group

	Audited			Unaudited
	FYE 31 July 2019	FYE 31 July 2020	FYE 31 July 2021	FYE 31 July 2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	78,111	78,511	80,779	101,819
Cost of sales	(70,523)	(91,077)	(71,419)	(83,781)
<b>GP / (GL)</b>	<b>7,588</b>	<b>(12,566)</b>	<b>9,360</b>	<b>18,038</b>
Other income	6,009	1,090	863	2,191
Administrative expenses	(11,098)	(11,445)	(10,444)	(19,116)
Selling and distribution expenses	(2,810)	(3,379)	(3,015)	(5,978)
<b>Operating profit / (loss)</b>	<b>(311)</b>	<b>(26,300)</b>	<b>(3,236)</b>	<b>(4,865)</b>
Finance costs	(2,120)	(1,632)	(1,294)	(71)
Share of results with an associate	21	(74)	66	254
<b>PBT / (LBT)</b>	<b>(2,410)</b>	<b>(28,006)</b>	<b>(4,464)</b>	<b>(4,682)</b>
Taxation	2,863	(2,605)	92	(98)
<b>PAT / (LAT) attributable to owners of the Company</b>	<b>453</b>	<b>(30,611)</b>	<b>(4,372)</b>	<b>(4,780)</b>
GP / (GL) margin (%)	9.71	(16.01)	11.59	17.72
PAT / (LAT) margin (%)	5.97	(38.99)	(5.41)	(4.69)
Weighted average no. of Shares in issue ('000)	132,548	169,727	298,413	991,844
Basic EPS / (LPS) (sen)	0.34	(18.04)	(1.47)	(0.48)

### Financial commentary

#### (a) FYE 31 July 2022 compared to FYE 31 July 2021

The Group's revenue for the FYE 31 July 2022 increased by 26.05% to RM101.82 million as compared to the previous financial year. The increase in revenue was mainly due to pick up in sales after the reopening of interstate travel in October 2021.

In line with the increase in revenue, GP increased from RM9.36 million (GP margin: 11.59%) to RM18.04 million (GP margin: 17.72%) in the FYE 31 July 2022.

The Group recorded a LAT of RM4.78 million for the FYE 31 July 2022 as compared to a LAT of RM4.37 million in the previous financial year. This was mainly due to the following:

- (i) increase in administrative expenses by RM8.67 million mainly due to loss on investment in quoted shares amounting to RM7.19 million (FYE 31 July 2021: nil); and
- (ii) increase in selling and distribution expenses by RM2.96 million mainly due to increasing logistic costs.



Notwithstanding this, the increase in LAT was mitigated by the following:

- (i) increase in GP by RM8.68 million;
- (ii) decrease in finance costs by RM1.22 million; and
- (iii) decrease in impairment loss on receivables by RM1.39 million.

**(b) FYE 31 July 2021 compared to FYE 31 July 2020**

The Group's revenue for the FYE 31 July 2021 increased by 2.89% to RM80.78 million as compared to the previous financial year. This was mainly due to the increase in sales of further processed products as the demand for frozen prepared meals and food products increased as frozen products can be kept longer.

The Group recorded a GP of RM9.36 million (GP margin of 11.59%) for the FYE 31 July 2021 as compared to a GL of RM12.57 million (GL margin of 16.01%) in the previous financial year. This was mainly due to the net decrease in inventories written down by RM20.45 million as there were lesser slow-moving inventories as compared to the previous financial year.

The Group recorded a LAT of RM4.46 million for the FYE 31 July 2021 as compared to a LAT of RM30.61 million in the previous financial year. This was mainly due to the net decrease in inventories written down set out above.

**(c) FYE 31 July 2020 compared to FYE 31 July 2019**

The Group's revenue for the FYE 31 July 2020 increased marginally by 0.51% to RM78.51 million as compared to the previous financial year. The slight increase in revenue was contributed by the increase in sales of further processed products as the demand for frozen prepared meals and food products increased in line with higher in-home food consumption during the movement restriction periods.

The Group recorded a GL of RM12.57 million (GL margin of 18.04%) for the FYE 31 July 2020 as compared to a GP of RM7.59 million (GP margin of 9.71%) in the previous financial year. This was mainly due to net increase in inventories written off by RM19.79 million arising from slow-moving inventories.

The Group recorded a LAT of RM30.61 million for the FYE 31 July 2020 as compared to a PAT of RM0.45 million in the previous financial year. This was mainly due to the following:

- (i) GL of RM12.57 million;
- (ii) net increase in allowance for impairment loss on receivables by RM4.75 million; and
- (iii) net increase in tax expense by 5.47 million.

**5.3.2 Steps undertaken or to be undertaken to improve the financial condition of the Group**

During the past few years, the Group has undertaken efforts to improve its financial and operational performance by realigning and optimising existing operations. Amongst the steps taken by the Group were as follows:

- (i) disposal of the entire equity interest in non-core subsidiaries of the Company (i.e. Sunwish Venture Sdn Bhd and Nutriveg Sdn Bhd) on 25 July 2019 to concentrate on its principal activities of manufacturing and sale of frozen food;
- (ii) focusing its effort in growing the HORECA and OEM segment which earns a higher margin through new product initiatives as well as increasing its customer base;

- (iii) transition from direct retail selling business model to distributorship business model to improve cost management and collection and overall cash flow. Instead of selling directly to consumers through retail channels, the Group now sells to distributors who will then sell it to the final consumers.

This allows the Group to better manage its inventories and collection, as well as reduce its marketing and distribution costs. The Group spent most of FYE 31 July 2019 identifying, evaluating, negotiating and finally appointing distributors, and therefore the effects of this transition are expected to be reflected in the subsequent financial years; and

- (iv) undertook the Private Placement and Rights Issue with Warrants to repay borrowings of the Group. Due to uncertainties in the current economic environment amidst the ongoing COVID-19 pandemic, it is the Group's intention to reduce its reliance on borrowings to strengthen its financial position to weather any potential challenges or uncertainties which may arise. In addition, the repayment of borrowings has led to interest savings.

Moving forward, the Group will continue its effort on increasing production capacity and improving operational efficiencies. With the proceeds from the Proposed Private Placement, the Group will be able to start the implementation of automation upgrades into its manufacturing processes, which is expected to contribute positively towards the future financial performance of the Group in terms of reduction in manual labour costs and improved efficiencies.

### **5.3.3 Impact of the Proposed Private Placement and value creation to the Group and its Shareholders**

The Proposed Private Placement will enable the Group to raise funds without incurring additional interest expense, thereby minimising cash flows commitment and preserving the Group's cash flows.

Notwithstanding the above, the consolidated EPS / LPS of the Group is expected to be diluted as a result of the increased number of Shares arising from the Proposed Private Placement. The effects of the Proposed Private Placement on the share capital, NA and gearing, earnings and EPS, substantial shareholders' shareholdings of the Group are set out in Section 6 of this Circular.

With the injection of new funds, the Company will be able to finance the proposed utilisation set out in Section 3 of this Circular, without having to incur interest costs or service principal repayments as compared to bank borrowings. In turn, this allows the Company to preserve its cash flow.

Further, the proceeds from the Proposed Private Placement will provide the Group with the necessary funding mainly for the automation of its manufacturing processes, upgrading of its logistics and distribution system as well as working capital of the Group, which is expected to contribute positively to the financial performance of the Group.

### **5.3.4 Adequacy of the Proposed Private Placement in addressing the Company's financial requirements**

Premised on Sections 5.3.2 and 5.3.3 above, the effects of the Proposed Private Placement as set out in Section 6 of this Circular as well as the proceeds raised under the 2021 Private Placement and the Private Placement and Rights Issue with Warrants set out in Section 4.3 of this Circular, the Board is of the view that the Proposed Private Placement is adequate to address the Group's financial requirements for the next 2 years. Notwithstanding this, the Group will continue to explore other suitable funding proposals for its long-term funding requirements.

As set out in Section 3 of this Circular, the proceeds from the Proposed Private Placement will be mainly used by the Group for the automation of its manufacturing processes, upgrading of its logistics and distribution system as well as working capital of the Group. This is expected to improve the Group's financial performance and financial position.

### 5.3.5 Future prospects

The Group is principally involved in the manufacturing and sale of frozen food products such as burger patties, nuggets, sausages and meatballs with a total workforce of more than 200 personnel as at the LPD. The Group's manufactured products are marketed under its own brands, namely Saudi Gold and Farm Gold. These products are being sold in retail outlets including hypermarkets and supermarkets throughout Malaysia and a small portion overseas.

Further, the Group manufactures for its clients under their own brand names. In 2019, the Group changed its business model from direct retail selling model to distributorship model.

The Group has been focusing on growing its market share in the food services industry, particularly the HORECA and OEM segments with new products being developed and offered to existing and potential customers. Although the COVID-19 pandemic and the imposition of movement restrictions have negatively affected:

- (i) the sales of the food services industry due to dining restrictions and consumers' fear of virus infections; and
- (ii) the disposable income of consumers who have experienced pay cuts or loss of employment,

the growth prospects of the frozen processed food industry in Malaysia are expected to remain positive based on the key drivers of the industry (see Section 5.2 of this Circular for further details).

In this respect, the Group undertook 2 fund-raising exercises (i.e. the 2021 Private Placement and the Private Placement and Rights Issue with Warrants) in 2021, mainly to raise additional funds for its business expansion plans (including the intended expansion of the Group's business to the China market). The aforesaid expansion plans include amongst others, the acquisition of machineries that are equipped with more technological advanced features which are able to increase the existing production capacity of the Group as well as renovation works to convert idle spaces within the existing factory of the Group located at Sungai Petani, Kedah into production floors.

On the other hand, the Group's intended business expansion to China has been temporarily put on hold due to the stringent movement restriction policies adopted by the Government of China in light of the COVID-19 pandemic. In this relation, the Group will continuously monitor the situation in China and only embark on its expansion plan when the Government of China eases the movement restriction policies.

Following the above, the Group proposed to undertake the Proposed Private Placement mainly for the automation of its manufacturing processes, upgrading of its logistics and distribution system as well as working capital of the Group. This is intended to complement the aforesaid business expansion plans by amongst others, improvements in operational efficiencies. Meanwhile, the proceeds earmarked for working capital will provide the Group with necessary funds to support its operating and administrative requirements.

Moving forward, the Group will continue to improve on its production efficiency and to capture a bigger market share in the HORECA and OEM segments. Premised on the above, the Board is cautiously optimistic of the prospects of the Group moving forward.

## 6. EFFECTS OF THE PROPOSALS

### 6.1 Issued share capital

The pro-forma effects pursuant to the Proposals on the issued share capital of the Company as at the LPD is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	991,577,319	161,919,308	991,577,319	161,919,308
Assuming all the treasury shares are resold in the open market <sup>(1)</sup>	-	-	267,000	118,276
Assuming full exercise of the outstanding Warrants B <sup>(2)</sup>	-	-	233,790,060	60,037,288
<b>Enlarged issued share capital</b>	<b>991,577,319</b>	<b>161,919,308</b>	<b>1,225,634,379</b>	<b>222,074,872</b>
To be issued pursuant to the Proposed Private Placement <sup>(3)</sup>	347,000,000	13,880,000	347,000,000	13,880,000
<b>Enlarged issued share capital after the Proposed Private Placement</b>	<b>1,338,577,319</b>	<b>175,799,308</b>	<b>1,572,634,379</b>	<b>235,954,872</b>
To be issued assuming full granting and exercise of the SIS Options <sup>(4)</sup>	200,786,500	8,031,460	235,895,100	9,435,804
<b>Enlarged issued share capital after the Proposals</b>	<b>1,539,363,819</b>	<b>183,830,768</b>	<b>1,808,529,479</b>	<b>245,390,676</b>

**Notes:**

- (1) Assuming all the treasury shares are resold in the open market at their respective acquisition cost.
- (2) Based on the exercise price of RM0.15 per Warrant B and after accounting for the reversal of warrants reserve.
- (3) Based on an illustrative issue price of RM0.04 per Placement Share.
- (4) Based on an illustrative exercise price of RM0.04 per SIS Option (calculated based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.0403 and rounded to the nearest half sen (Source: Bloomberg)).

## 6.2 NA and gearing

### 6.2.1 Proposed Private Placement

The pro forma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:

#### Minimum Scenario

	Audited as at 31 July 2021 (RM)	(I) After subsequent events <sup>(1)</sup> (RM)	(II) After (I) and the Proposed Private Placement <sup>(2)</sup> (RM)
Share capital	146,234,155	161,919,308	175,799,308
Treasury shares	(118,276)	(118,276)	(118,276)
Warrant reserve	24,976,789	24,968,779	24,968,779
Revaluation reserve	3,042,437	3,042,437	3,042,437
Merger deficit	(29,296,614)	(29,296,614)	(29,296,614)
Accumulated losses	(19,792,690)	(19,792,690)	(20,242,690)
<b>NA / Total equity</b>	<b>125,045,801</b>	<b>140,722,944</b>	<b>154,152,944</b>
No. of Shares in issue (excluding treasury shares)	716,012,819	991,577,319	1,338,577,319
NA per Share (RM)	0.17	0.14	0.12
Total borrowings (RM)	308,505	308,505	308,505
Gearing (times)	*_	*_	*_

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Notes:

(1) After accounting for the following:

- (i) issuance of 75,000 Shares pursuant to the exercise of 75,000 Warrants B at the exercise price of RM0.15 and accounting for the reversal of warrants reserve;
  - (ii) issuance of 143,217,500 placement shares pursuant to the Private Placement and Rights Issue with Warrants and after deducting estimated expenses of RM0.41 million; and
  - (iii) issuance of 132,272,000 Shares pursuant to the exercise of Existing ESOS Options at exercise prices ranging between RM0.0515 and RM0.0585.
- (2) Based on an illustrative issue price of RM0.04 per Placement Share and after deducting estimated expenses of RM0.45 million incidental to the Proposals.
- \* Less than 0.01.

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**Maximum Scenario**

	Audited as at 31 July 2021 (RM)	(I) After subsequent events <sup>(1)</sup> (RM)	(II) Assuming all the treasury shares are resold in the open market and full exercise of the outstanding Warrants B <sup>(2)</sup> (RM)	(III) After (II) and the Proposed Private Placement <sup>(3)</sup> (RM)
Share capital	146,234,155	161,919,308	222,074,872	235,954,872
Treasury shares	(118,276)	(118,276)	-	-
Warrant reserve	24,976,789	24,968,779	-	-
Revaluation reserve	3,042,437	3,042,437	3,042,437	3,042,437
Merger deficit	(29,296,614)	(29,296,614)	(29,296,614)	(29,296,614)
Accumulated losses	(19,792,690)	(19,792,690)	(19,792,690)	(20,242,690)
<b>NA / Total equity</b>	<b>125,045,801</b>	<b>140,722,944</b>	<b>176,028,005</b>	<b>189,458,005</b>
No. of Shares in issue (excluding treasury shares)	716,012,819	991,577,319	1,225,634,379	1,572,634,379
NA per Share (RM)	0.17	0.14	0.14	0.12
Total borrowings (RM)	308,505	308,505	308,505	308,505
Gearing (times)	*-	*-	*-	*-

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Notes:

(1) After accounting for the following:

- (i) issuance of 75,000 Shares pursuant to the exercise of 75,000 Warrants B at the exercise price of RM0.15 and accounting for the reversal of warrants reserve;
- (ii) issuance of 143,217,500 placement shares pursuant to the Private Placement and Rights Issue with Warrants and after deducting estimated expenses of RM0.41 million; and
- (iii) issuance of 132,272,000 Shares pursuant to the exercise of Existing ESOS Options at exercise prices ranging between RM0.0515 and RM0.0585.

(2) Assuming all the treasury shares are resold in the open market at their respective acquisition cost and full exercise of the outstanding Warrants B at the exercise price of RM0.15 per Warrant B and after accounting for the reversal of warrants reserve.

(3) Based on an illustrative issue price of RM0.04 per Placement Share and after deducting estimated expenses of RM0.45 million incidental to the Proposals.

\* Less than 0.01.

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## 6.2.2 Proposed SIS

The Proposed SIS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the SIS Options granted under the SIS are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the SIS Options granted under the SIS and the Exercise Price.

For illustrative purposes, upon exercise of the SIS Options, the NA per Share is expected to:

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

at the point of the SIS Options being exercised.

Any potential effect on the NA and gearing of the Group in the future will depend on the number of SIS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the SIS Options under Malaysian Financial Reporting Standards 2 (“**MFRS 2**”). The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the SIS Options. Further information on this is set out in Section 6.4.2 of this Circular.

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### 6.3 Substantial Shareholders' shareholdings

#### 6.3.1 Proposed Private Placement

The proforma effects of the Proposed Private Placement on the substantial Shareholders' shareholding in the Company based on the register of substantial Shareholders as at the LPD are as follows:

#### Minimum Scenario

Substantial Shareholders	As at the LPD			After the Proposed Private Placement		
	Direct		Indirect	Direct		Indirect
	No. of Shares	(1)%		No. of Shares	(2)%	
Focus Dynamics Centre Sdn Bhd	206,050,000	20.78	-	206,050,000	15.39	-
Focus Dynamics Group Berhad	-	-	(3)206,050,000	-	(3)206,050,000	15.39

#### Notes:

- (1) Computed based on 991,577,319 Shares as at the LPD (excluding treasury shares).
- (2) Computed based on 1,338,577,319 Shares (excluding treasury shares) following the completion of the Proposed Private Placement.
- (3) Deemed interested by virtue of its interests in Focus Dynamics Centre Sdn Bhd.

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**Maximum Scenario**

Substantial Shareholders	As at the LPD				(I) Assuming all the treasury shares are resold in the open market and full exercise of the outstanding Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Focus Dynamics Centre Sdn Bhd	206,050,000	20.78	-	-	206,050,000	16.81	-	-
Focus Dynamics Group Berhad	-	-	(4)206,050,000	20.78	-	-	(4)206,050,000	16.81

Substantial Shareholders	(II) After (I) and the Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Focus Dynamics Centre Sdn Bhd	206,050,000	13.10	-	-
Focus Dynamics Group Berhad	-	-	(4)206,050,000	13.10

**Notes:**

- (1) Computed based on 991,577,319 Shares as at the LPD (excluding treasury shares).
- (2) Computed based on 1,225,634,379 Shares assuming all the treasury shares are resold in the open market and the full exercise of the outstanding Warrants B.
- (3) Computed based on 1,572,634,379 Shares following the completion of the Proposed Private Placement.
- (4) Deemed interested by virtue of its interests in Focus Dynamics Centre Sdn Bhd.

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### **6.3.2 Proposed SIS**

The Proposed SIS is not expected to have any immediate effect on the substantial Shareholders' shareholdings in the Company until and unless new Shares are issued pursuant to the exercise of the SIS Options. Any potential effect on the substantial Shareholders' shareholdings in the Company would depend on the number of new Shares to be issued at the relevant point in time.

## **6.4 Earnings and EPS**

### **6.4.1 Proposed Private Placement**

The Proposed Private Placement is not expected to have an immediate material effect on the EPS of the Company, save for the dilution to EPS due to the increase in the number of Shares pursuant to the issuance of Placement Shares.

Although the EPS will be diluted due to the increase in the number of Shares, the Proposed Private Placement is expected to contribute positively to the earnings of the Company thereafter in view of the utilisation of proceeds as set out in Section 3 of this Circular.

### **6.4.2 Proposed SIS**

The Proposed SIS is not expected to have any immediate material effect on the earnings and EPS of the Group until such time when the SIS Options are granted and exercised. Any potential effect on the EPS of the Group in the future will depend on the number of SIS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the SIS Options under MFRS 2.

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

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

## **6.5 Convertible securities**

As at the LPD, the Company has 233,790,060 outstanding Warrants B.

The Proposals are not expected to result in any adjustment to the exercise price and/or number of Warrants B.

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## 7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:

- (i) the approval of Bursa Securities for the:
  - (a) listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and
  - (b) listing and quotation of up to 15% of the total number of issued Shares to be issued under the Proposed SIS,

which has been obtained via its letter dated 27 September 2022, subject to amongst others, the following conditions:

Conditions	Status of compliance
Saudee and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied
Saudee is required to furnish Bursa Securities with certified true copy of the resolutions passed by the Shareholders at the EGM approving the Proposals;	To be complied
Saudee and TA Securities are required to inform Bursa Securities upon completion of the Proposals;	To be complied
Saudee is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
TA Securities is required to furnish Bursa Securities with details of the placees as per Paragraph 6.15 of the Listing Requirements for its review, prior to the issuance / allotment of the Placement Shares;	To be complied
TA Securities is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new Shares to be issued pursuant to the Proposed Private Placement; and	To be complied
Saudee is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation.	To be complied

- (ii) the approval of Shareholders at the forthcoming EGM<sup>(1)</sup>; and
- (iii) the approvals / consents of any other relevant authorities and/or parties, if required.

Note:

(1) Pursuant to Section 85 of the Act read together with Paragraph 62 of the Constitution of the Company, the Shareholders have a statutory pre-emptive right to be offered any new Shares which rank equally to the existing Shares ("**Statutory Pre-Emptive Right**").

The approval of Shareholders for the Proposals at the forthcoming EGM (i.e. passing of the resolutions in relation to the Proposals) shall mean that Shareholders will be waiving their Statutory Pre-Emptive Right. Accordingly, the resolutions in respect of the Proposals, if passed, will exclude the Shareholders' statutory pre-emptive right to be offered new Shares to be issued by the Company pursuant to the Proposals (i.e. the Placement Shares and/or new Shares arising from the exercise of SIS Options).

The Proposed Private Placement and Proposed SIS are not inter-conditional.

The Proposed SIS is conditional upon the effective termination of the Existing ESOS.

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

## **8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposals, there are no other corporate exercises / schemes which have been announced by the Company but pending completion as at the date of this Circular.

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

### **9.1 Proposed Private Placement**

None of the Directors, major Shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement in view that the Placement Shares to be issued will be placed out to third party investors.

### **9.2 Proposed SIS**

Save as disclosed below, none of the Directors, major Shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposed SIS.

All the Directors and chief executive are deemed interested in the Proposed SIS by virtue of their eligibility for the Proposed SIS in their capacity as Directors and in respect of their allocations as well as allocations to persons connected to them under the Proposed SIS.

Saved as disclosed below, none of the Directors, chief executive and persons connected with them have any interest in the Company as at the LPD:

<b>Director</b>	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Shares</b>	<b>(1)%</b>	<b>No. of Shares</b>	<b>(1)%</b>
Sim Yee Fuan	500,000	0.05	-	-

Note:

(1) Computed based on 991,577,319 Shares as at the LPD (excluding treasury shares).

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

Further, each of the Directors and chief executive will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective allocation of the SIS Options as well as the allocations to any persons connected to them under the Proposed SIS at the forthcoming EGM.

Each of the Directors and chief executive will ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolutions pertaining to their respective allocation of the SIS Options as well as the allocations to any persons connected to them under the Proposed SIS at the forthcoming EGM.

#### **10. BOARD'S RECOMMENDATION**

The Board (save for the Directors in respect of their own allocation and allocation to any persons connected to them in relation to the Proposed SIS), having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board (save for the Directors in respect of their own allocation and allocation to any persons connected to them in relation to the Proposed SIS) recommends that the Shareholders vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

#### **11. ESTIMATED TIMEFRAME FOR COMPLETION**

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the second quarter of 2023.

The tentative timeline for the implementation of the Proposals is as follows:

<b>Date</b>	<b>Events</b>
26 October 2022	EGM for the Proposals
Early November 2022	Effective Date
March 2023	Listing and quotation of the Placement Shares and completion of the Proposed Private Placement

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## 12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and online voting using the remote participation and voting platform on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposals.

Date and time of the EGM : Wednesday, 26 October 2022 at 10.30 a.m.
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the Poll Administrator's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to [admin@aldpro.com.my](mailto:admin@aldpro.com.my) not less than 24 hours before the date and time for the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

## 13. FURTHER INFORMATION

You are advised to refer to the Appendices of this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of  
**SAUDEE GROUP BERHAD**

**Tay Ben Seng, Benson**  
Executive Director



**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 completeness and accuracy of the information contained in this Circular. They confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST****2.1 TA Securities**

TA Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest that exists or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the Principal Adviser for the Proposals.

**2.2 Smith Zander**

Smith Zander, being the independent market researcher for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and extracts of its IMR Report referred to in Section 5.2 of this Circular in the form and context in which it appears in this Circular.

Smith Zander has confirmed that there is no conflict of interest that exists or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the independent market researcher for the Proposals.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material commitments**

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

**Contingent liabilities**

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

**4. MATERIAL LITIGATION**

As at the LPD, the Group is not involved in any material litigation, claims or arbitration and the Board confirmed that there are no proceedings pending or threatened involving the Group, or of any facts likely to give rise to any such proceedings.

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**APPENDIX I – FURTHER INFORMATION (CONT'D)**

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**5. HISTORICAL SHARE PRICES**

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

	<b>High (RM)</b>	<b>Low (RM)</b>
<b>2021</b>		
October	0.080	0.070
November	0.075	0.055
December	0.065	0.050
<b>2022</b>		
January	0.080	0.050
February	0.060	0.045
March	0.060	0.040
April	0.065	0.050
May	0.065	0.050
June	0.055	0.040
July	0.055	0.040
August	0.050	0.040
September	0.045	0.035
Last transacted market price on 16 August 2022, being the last market day immediately prior to the announcement of the Proposals	0.045	
Last transacted market price on the LPD	0.035	

(Source: Bloomberg)

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang during normal business hours from Monday to Friday (except public holidays) for the period from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 31 July 2020 and FYE 31 July 2021 as well as the unaudited consolidated financial statements of the Company for the FYE 31 July 2022;
- (iii) letter of consent and declaration of conflict of interest referred to in Section 2 of this Appendix I;
- (iv) draft By-laws as set out in Appendix II of this Circular; and
- (v) IMR Report.

**THE BY-LAWS OF  
SAUDEE GROUP BERHAD  
("SAUDEE" OR THE "COMPANY")  
SHARE ISSUANCE SCHEME**

**1. NAME OF SCHEME**

This Scheme shall be called the "Saudee's Share Issuance Scheme" ("**Scheme**").

**2. OBJECTIVES OF SCHEME**

The objectives of the Scheme (as defined herein) are:

- 2.1. to drive and motivate the Eligible Persons (as defined herein) to work towards achieving the Group's (as defined herein) goals and objectives;
- 2.2. to reward the Eligible Persons in recognition of their contribution to the operations and continued growth of the Group;
- 2.3. to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company (as defined herein);
- 2.4. to align the interests of the Eligible Persons with the interests of the Shareholders (as defined herein) by providing an incentive for the Eligible Persons to participate in the future growth of the Group and motivating them towards achieving better performance; and
- 2.5. to attract and retain high-calibre Eligible Persons.

**3. DEFINITIONS AND INTERPRETATION**

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

- |                            |   |
|----------------------------|---|
| <b>"Act"</b>               | - The Companies Act, 2016 as may be amended from time to time and includes any re-enactment thereof or any new act enacted and gazetted to replace and supersede the Act  |
| <b>"Available Balance"</b> | - The unissued shares of the Company which is available for the offer of further SIS Options subject to the limit set out in <b>By-Law 4.2</b> and after deducting all SIS Options which have been offered and accepted |
| <b>"Board"</b>             | - The Board of Directors of the Company   |
| <b>"Bursa Securities"</b>  | - <b>BURSA MALAYSIA SECURITIES BHD</b> [Registration No. 200301033577 (635998-W)]   |
| <b>"By-Law(s)"</b>         | - The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with <b>By-Law 22</b> )  |
| <b>"CDS"</b>               | - A Central Depository System governed under the Security Industry (Central Depositories) Act 1991  |

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- “CDS Account”** - An account established by **BURSA MALAYSIA DEPOSITORY SDN BHD** [Registration No. 198701006854 (165570-W)] for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
- “Saudee” or “Company”** - Saudee Group Berhad (200801036832 (838172-P))
- “Saudee Group” or “Group”** - Collectively, the Company and its subsidiaries (as defined under Section 4 of the Act which are not dormant. Subsidiaries shall include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme, but exclude any subsidiaries which have been divested in the manner provided under **By-Law 17.2**)
- “Saudee Share(s)” or “Share(s)”** - Ordinary share(s) in the Company
- “Constitution”** - The Constitution of the Company, as amended from time to time
- “Date of Acceptance”** of - The date whereupon the SIS Committee shall receive the written notice from an Eligible Person accepting an Offer
- “Date of Expiry”** - The last day of the duration of the Scheme as provided in **By-Law 19.3**
- “Date of Offer”** - The date on which an Offer (including any subsequent Offers) is made by the SIS Committee to an Eligible Person in the manner provided in **By-Law 7**
- “Director(s)”** - Directors (either an executive director or a non-executive director) of any company within the Group (excluding dormant subsidiaries) and ‘Director’ shall be construed accordingly
- “Effective Date”** - The effective date for the launching and/or implementation of the Scheme, as provided in **By-Law 19.1**
- “Eligible Director(s)”** - Director(s) who fulfils the conditions of eligibility stipulated in **By-Law 5.1**
- “Eligible Employee(s)”** - Employee(s) who fulfils the conditions of eligibility stipulated in **By-Law 5.1**
- “Eligible Person(s)”** - Eligible Employee(s) or Eligible Director(s), as the case may be
- “Entitlement Date”** - The date as at the close of business on which shareholders’ names must appear on the Record of Depositors of Saudee in order to participate in any dividends, rights, allotments or other distributions
- “Employee(s)”** - A natural person which is employed by and on the payroll of any company in the Group
- “Grantee”** - An Eligible Person who has accepted an Offer (or any part thereof) in the manner provided in **By-Law 8**

- |                                       |   |
|---------------------------------------|---|
| <b>“Listing Requirements”</b>         | - The Main Market Listing Requirements of Bursa Securities, as may be amended from time to time   |
| <b>“Market Day(s)”</b>                | - A day in which Bursa Securities is open for the trading of securities   |
| <b>“Maximum Allowable Allocation”</b> | - The maximum number of new Shares that may be offered and allotted to the Eligible Persons in accordance with the provisions of <b>By-Law 6</b>  |
| <b>“Offer(s)”</b>                     | - Written offer(s) made by the SIS Committee to an Eligible Person in the manner provided in <b>By-Law 7</b>  |
| <b>“SIS” or “Scheme”</b>              | - The scheme for the granting of SIS Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the “Saudee’s Share Issuance Scheme”  |
| <b>“SIS Committee”</b>                | - A committee comprising of Director(s) and/or Senior Management (as defined in <b>By-Law 6.1</b> ) or other persons appointed from time to time by the Board to administer the Scheme, in accordance with the provisions of <b>By-Law 21</b>                                   |
| <b>“SIS Option(s)”</b>                | - The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by the Grantee in the manner provided in <b>By-Law 8</b> of an Offer made to such Grantee by the SIS Committee pursuant to <b>By-Law 7</b>                              |
| <b>“SIS Option Period”</b>            | - The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in <b>By-Law 19.3</b> . In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended |
| <b>“Subscription Price”</b>           | - The price at which a Grantee shall be entitled to subscribe for each new Share as calculated in accordance with the provisions of <b>By-Law 11</b>  |
- 3.2. For the purposes of these By-Laws, all references made to “Bursa Securities” and “Listing Requirements” shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time-to-time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.
- 3.3. The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.
- 3.4. References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 3.5. Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 3.6. Words importing the singular number shall include the plural number and vice versa.

- 3.7. 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 (1<sup>st</sup>) Market Day after that day.
- 3.8. Any liberty or power which may be exercised or any determination which may be made hereunder by the SIS Committee shall be exercised in the SIS Committee's absolute and unfettered discretion and the SIS Committee shall not be under any obligation to give any reason there for except as may be required by the relevant authorities or under the law.

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

- 4.1. Each SIS Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 4.2. The maximum number of new Shares to be allotted and issued pursuant to the exercise of the SIS Options that may be granted under the Scheme shall not, in aggregate, exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

The aggregate number of new Shares available pursuant to the Scheme shall consist of:

- (i) the SIS Options exercised by all the Grantees;
- (ii) the remaining SIS Options exercisable by all the Grantees; and
- (iii) the unexpired Offers pending acceptance by all the Eligible Persons,

and shall not exceed an amount equivalent to fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) at any point of time.

- 4.3. Notwithstanding **By-Law 4.2** above or any other provisions herein contained, in the event the maximum number of new Shares comprised in the SIS Options granted under the Scheme exceeds the aggregate of fifteen percent (15%) of the prevailing total number of issued shares (excluding treasury shares, if any), at any one time of the Company as a result of the Company:
- (i) purchasing its own Shares pursuant to Section 127 of the Act whereby the shares so purchased in treasury will not be taken into account in calculating the number of its issued shares; or
  - (ii) undertaking any other corporate proposal and thereby diminishing the total number of issued shares of the Company,

then the SIS Options granted prior to the adjustment of the total number of issued shares of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the SIS Committee shall not make any further Offers, unless and until such time when the total number of Shares to be issued under the Scheme falls below fifteen percent (15%) of the Company's prevailing total number of issued shares (excluding treasury shares), at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

**5. ELIGIBILITY**

5.1. To qualify as an Eligible Person for participation in the Scheme, a person must, as at the Date of Offer fulfil the following conditions:

- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
  - (b) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
    - (i) he/she is employed on the Date of Offer –
      - (1) on a full-time basis and is on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group on the Date of Offer; or
      - (2) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the SIS Committee; and
- (c) such Employee falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 5.1(a)(i) or (ii) above) that may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (d) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
  - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (ii) he/she has been appointed as a Director of any company within the Group which is not dormant; and
  - (iii) such Director fulfils any other criteria as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (e) In respect of a Director, a chief executive officer of the Company or a person connected with a Director or chief executive officer, the specific allocation of SIS Options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.
- (f) If the Eligible Person is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:
  - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
  - (ii) he/she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least one (1) year and his/her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Notwithstanding that, the selection of any Eligible Person for participation in the Scheme as well as the allocation of SIS Options to any Eligible Person shall be at the sole and absolute discretion of the SIS Committee and that the decision of the SIS Committee shall be final and binding.

- 5.2. The Eligible Employees or Eligible Directors of the subsidiaries of the Company which are dormant shall not be eligible to participate in the Scheme.
- 5.3. Subject to **By-Law 6.1**, in the event that the SIS Committee has determined that certain Eligible Persons are entitled to be offered additional SIS Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the SIS Committee may determine and such decision shall be final and binding.
- 5.4. The SIS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5. Each Eligible Director can only participate in the Scheme in one (1) capacity irrespective of the number of directorships or positions he holds in the Group.
- 5.6. Eligibility under the Scheme does not confer a claim or right to participate in the Scheme unless the SIS Committee has made an Offer to the Eligible Person under **By-Law 7**, and an Eligible Person does not acquire or has any rights over or in connection with any SIS Options or the Shares comprised therein unless an Offer has been made by the SIS Committee and has been accepted by the Eligible Person in accordance with the terms of the Offer and the Scheme.
- 5.7. A set of criteria on eligibility and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. The allocation of the SIS Options pursuant to the Scheme shall be verified by the audit committee of the Company at the end of each financial year and a statement made by the audit committee on the verification of such allocation shall be included in the annual report of the Company.
- 5.8. Where an Offer is made to an Eligible Person who is a member of the SIS Committee, such grant of SIS Option shall be decided and carried out by the SIS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the SIS Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him/her at the relevant SIS Committee meetings.

## **6. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 6.1. Subject to **By-law 4** and any adjustment which may be made under the By-Laws, the aggregate maximum number of new Shares comprised in the SIS Options to be offered to an Eligible Person shall be at the sole and absolute discretion of the SIS Committee after taking into consideration, the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Person and such other factors that the SIS Committee may deem relevant, subject to the following:
  - (a) any Eligible Person shall not participate in the deliberation or discussion of their own allocation under the Scheme;
  - (b) the allocation to an Eligible Person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares. If any) of Saudee, does not exceed ten percent (10%) of the total number of new Shares to be issued under the Scheme; and



- (c) not more than eighty percent (80%) of the new Shares to be issued under the Scheme shall be allocated in aggregate to the Eligible Directors and Senior Management,

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

The term “**Senior Management**” shall refer to an Employee of the Group holding the position of senior manager (including Director) and above or other senior position and shall be subject to criteria to be determined by the SIS Committee that may change from time to time and the term “**person(s) connected**” shall have the same meaning as defined in Paragraph 1.01 of the Listing Requirements.

- 6.2. An Offer by the SIS Committee to an Eligible Person shall be subject to a minimum of one hundred (100) Shares for each SIS Option and in multiples of one hundred (100) Shares for each SIS Option.

- (a) For avoidance of doubt, the SIS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Eligible Person via:
- (i) one single Offer (as the case may be) at a time to be determined by the SIS Committee; or
  - (ii) several Offers (as the case may be) where the vesting of Shares comprised in those Offers is staggered or made in several tranches at such times and on terms determined by the SIS Committee

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed an amount equivalent to fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) at any one (1) time. In deciding between (i) and (ii) above, the SIS Committee shall consider, amongst others, whether it wishes to provide a one-off reward for the relevant Grantee’s contribution to the Group to incentivise the Grantee’s continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee’s career progression with the Group moving forward.

- (b) The SIS Committee also has the discretion to determine, amongst others:-
- (i) whether or not to stagger the Offer over the duration of the SIS for which each Offer shall be separate and independent from the others, including the maximum allocation of the Offer for each financial year in the event the Offer is staggered over the duration of the SIS;
  - (ii) the number of SIS Options to be offered in each Offer;
  - (iii) whether or not the SIS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
  - (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.
- (c) In the event that an Eligible Person is moved to a higher category of employment or entitlement within the Scheme, his/her Maximum Allowable Allocation shall be increased accordingly with the scale of such category upon his/her confirmation in the higher category. However, the SIS Committee has the sole and absolute

discretion in deciding whether to grant SIS Options or further SIS Options, as the case may be, notwithstanding any such change in the Employee's Maximum Allowable Allocation.

- (d) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:
- (i) his/her Maximum Allowable Allocation shall be reduced accordingly with the scale of such category;
  - (ii) in the event that the total number of SIS Options which have been offered to him/her up to the date he/she is moved to the lower category is greater than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised SIS Options held by him/her on such date but he/she shall not be entitled to be offered any further SIS Options unless and until he/she is subsequently moved to a higher category or there is an increase to his/her Maximum Allowable Allocation under such lower category, so that his/her new Maximum Allowable Allocation is increased to an amount greater than the total number of SIS Options which have already been offered to him/her; and
  - (iii) in the event that the total number of SIS Options which have been offered to him/her as of the date he/she is moved to the lower category is less than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised SIS Options held by him/her on such date and, subject to **By-Law 6.1** to be offered further SIS Options up to his/her Maximum Allowable Allocation under such lower category.
- 6.3. The SIS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allocation. The decision of the SIS Committee shall be final and binding.
- 6.4. The SIS Committee may at its sole and absolute discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Allowable Allocation in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.5. The SIS Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of SIS Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Allowable Allocation.

## **7. OFFER**

- 7.1. During the existence of the Scheme, the SIS Committee may at its sole and absolute discretion at any time and from time to time make Offers in writing to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allocation.
- 7.2. The SIS Committee shall state the following particulars in the Offer:
- (a) date of the Offer;
  - (b) the vesting conditions of the SIS Options (if any/if applicable);
  - (c) the vesting date(s) of the SIS Options (if any/if applicable);
  - (d) the number of SIS Options that are being offered to the Eligible Person;

- (e) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the SIS Options being offered;
- (f) the SIS Option Period;
- (g) the Subscription Price;
- (h) the Offer Period as defined in **By-Law 7.3**; and

may include such / any other conditions as may be stipulated by the SIS Committee.

- 7.3. An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such period as may be determined by the SIS Committee on a case-to-case basis ("**Offer Period**").
- 7.4. No Offer shall be made to any Eligible Person who is a Director, chief executive officer of the Company or who is a person connected with a Director or chief executive officer of the Company, unless such Offer and the grant of SIS Options have previously been approved by the shareholders of the Company in a general meeting.
- 7.5. Without prejudice to **By-Law 21**, in the event of an error on the part of the Company in stating any of the particulars referred to in **By-Law 7.2**, the following provisions shall apply:
  - (a) within one (1) month after the discovery of the error, the Company shall issue a supplemental Offer, stating the correct particulars referred to in **By-Law 7.2**;
  - (b) in the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Offer shall remain as the Subscription Price as set out in the original Offer; and
  - (c) in the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Offer shall be the correct Subscription Price applicable as at the date of the initial Offer (as determined in accordance with **By-Law 11**), but it shall not apply to any SIS Options which have already been exercised as at the date of issue of the supplemental Offer.
- 7.6. The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of SIS Options offered and accepted, the number of SIS Options exercised, the Date of Offer and the Subscription Price.

## **8. ACCEPTANCE**

- 8.1. An Offer must be accepted by an Eligible Person within the Offer Period by written notice to the SIS Committee accompanied by a payment of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the SIS Options. The date of receipt by the SIS Committee of such written notice shall constitute the Date of Acceptance.
- 8.2. If an Offer is not accepted in the foregoing manner, the Offer shall automatically lapse upon the expiry of the Offer Period and shall be null and void and be of no further force and effect. The number of SIS Options offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation of that Eligible Person, and that Eligible Person shall not be entitled to be offered the number of SIS Options offered in the lapsed Offer, in any Offers made in the future unless otherwise decided by the SIS Committee. However, SIS Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of SIS Options available under the Scheme for future Offers.

- 8.3. The Offer shall automatically lapse and be null and void in the event of death of an Eligible Person or in the event an Eligible Person shall cease to be an Eligible Director or an Eligible Employee within the Group for any reason whatsoever, or become a bankrupt prior to the acceptance of the Offer by the Eligible Person in the manner set out in **By-Law 8**.

## **9. NON-TRANSFERABILITY**

- 9.1. An SIS Option is personal to the Grantee and subject to the provisions of **By-Laws 14.1, 14.2 and 14.3**, is exercisable only by the Grantee personally during his lifetime.
- 9.2. An SIS Option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under **By-Law 14.3**. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the SIS Option.

## **10. EXERCISE OF OPTIONS**

- 10.1. Subject to **By-Laws 14, 16 and 17**, an SIS Option granted to an Eligible Person under the Scheme is exercisable by the Eligible Person in full or in part as the Eligible Person may be entitled under the SIS Option at any time during the SIS Option Period. There will be no restriction to the Eligible Person on the percentage of SIS Options exercisable during the SIS Option Period. Any partial exercise of an SIS Option shall not preclude the Eligible Person from exercising the SIS Option in respect of the balance of the Shares comprised in the SIS Option. Any SIS Options which remain unexercised at the expiry of the SIS Option Period shall be automatically terminated without any claim against the Company.
- 10.2. A Grantee shall exercise his SIS Options by notice in writing to the Company in the prescribed form stating the number of SIS Options exercised, the number of new Shares relating thereto and the Grantee's individual/nominee CDS Account number ("**Exercise Notice**"). The procedure for the exercise of SIS Options to be complied with by a Grantee shall be determined by the SIS Committee from time to time. The SIS Options shall be exercised in multiples of and not less than one hundred (100) new Shares. The exercise by a Grantee of some but not all of the SIS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other SIS Options which have been or will be offered to and accepted by him/her, during the SIS Option Period. In the event that the balance of the SIS Options exercisable by a Grantee in accordance with these By-Laws shall be less than one hundred (100) new Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 10.3. Every Exercise Notice shall be accompanied by a remittance in Ringgit Malaysia as may be determined by the SIS Committee in the form of a banker's draft or banker's cheque for the full amount of the subscription money in relation to the number of new Shares in respect of which the Exercise Notice is given.
- 10.4. Within eight (8) Market Days of the receipt by the Company of such Exercise Notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot the relevant number of new Shares to the Grantee. The said new Shares will be credited directly into the Grantee's individual/nominee CDS Account as stipulated by the Grantee in the Exercise Notice, and a notice of allotment stating the number of new Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made by the Company for the listing of and quotation for such new Shares to Bursa Securities.
- 10.5. The Company, the Board and the SIS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and

issuing the new Shares or in procuring Bursa Securities to list and quote the new Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Exercise Notice or for any errors in any Offers.

- 10.6. Any failure to comply with the procedures specified by the SIS Committee or to provide information as required by the Company in the Exercise Notice or inaccuracy in the CDS Account number provided shall result in the Exercise Notice being rejected at the discretion of the SIS Committee, and the SIS Committee shall inform the Grantee of the rejection of the Exercise Notice within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her SIS Option.
- 10.7. Every SIS Options shall be subjected to the condition that no new Shares shall be issued pursuant to the SIS Options if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the duration of the Scheme or such period as may be extended.

#### **10A. DISCIPLINARY PROCEEDING**

10A.1 Notwithstanding anything to the contrary contained in these By-Laws, the SIS Committee shall have the discretion by giving notice in writing to any Grantee who is being subjected to any disciplinary proceeding (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) to suspend his rights to exercise his SIS Option pending the outcome of such disciplinary proceeding. In addition to this rights of suspension, the SIS Committee may impose such terms and conditions as it shall deem appropriate in its discretion, on the rights of exercise of the SIS Option having regard to the nature of the charges made or brought against such Grantee, provided always that:

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceeding at the end of its proceedings, the SIS Committee shall reinstate the rights of such Grantee to exercise his SIS Option as if such disciplinary proceeding had not been instituted in the first place;
- (b) in the event the disciplinary proceeding resulted in a recommendation for the dismissal or termination of service of such Grantee, the SIS Option shall be immediately terminated and be null and void and be of no further force and effect upon the Grantee being served the notice of the dismissal or termination of service notwithstanding that such recommendation may be subsequently challenged (successfully or otherwise) by the Grantee in any other forum; and
- (c) in the event such Grantee is found guilty but is not dismissed or terminated, the SIS Committee shall have the rights to determine at its discretion whether or not the Grantee may continue to exercise his SIS Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or the disciplinary proceedings are not concluded prior to the Date of Expiry, the SIS Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

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

For the purpose of this By-Law, a Grantee shall be deemed to be subject to **"disciplinary proceedings"** if:

- (i) the Grantee is suspended from work pending investigation into his/her conduct;

- (ii) the Grantee is issued with a letter requiring him/her to attend an internal domestic inquiry; or
- (iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

#### **11. EXERCISE PRICE**

The Exercise Price of each new Share comprised in any SIS Option shall be determined by the Board upon recommendation of the SIS Committee and fixed based on the five (5)-day weighted average market price of the Shares, at the Date of Offer, with a discount of not more than ten percent (10%), subject to such adjustments as stipulated under **By-Law 15** or as may be amended, varied or supplemented from time to time.

#### **12. RANKING OF THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE OPTIONS**

The new Shares to be issued upon the exercise of any SIS Options shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, for which the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) is prior to the date of allotment of the new Shares to be issued upon the exercise of any SIS Options.

The new Shares will be subject to all the provisions of the Constitution including those relating to the transfer, transmission and otherwise of the Shares.

#### **13. RETENTION/RESTRICTION OF SHARES**

The new Shares to be allotted and issued to a Grantee (save for an Eligible Director who is a non-executive Director) pursuant to the exercise of SIS Options under the Scheme will not be subject to any retention period or restriction on transfer unless stated otherwise in the Offer as may be determined by the SIS Committee from time to time at its discretion. However, the Company encourages the Grantee to hold such Shares for as long as possible although a Grantee may sell such Shares at any time after such Shares have been credited to the Grantee's individual/nominee CDS Account. The Shares allocated under the Scheme are intended for the Grantee to hold as an investment rather than for realisation to yield quick profit.

A Grantee, who is a non-executive Director shall not sell, transfer or assign the new Shares obtained through the exercise of SIS Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer, as per Listing Requirements or such period as may be prescribed by Bursa Securities.

#### **14. TERMINATION OF OPTION**

- 14.1. Any SIS Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:
- (a) cessation of directorship or employment of the Grantee with the Group for any reason whatsoever, in which event the SIS Option shall be automatically terminated on the day which the SIS Committee shall at its absolute discretion determine on a case-to-case basis; or
  - (b) upon the happening of any event which results in the Grantee being deprived of the beneficial ownership of the SIS Option; or

if the Grantee becomes a bankrupt in which event the SIS Option shall be automatically terminated on the day the Grantee is adjudicated bankrupt; or winding up or liquidation of the Company, in which event the SIS Options shall be automatically terminated and/or cease to be valid on the following date:

- (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
  - (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (c) termination of the Scheme pursuant to By-Law 19.6, in which event the SIS Options shall be automatically terminated and cease or cease to be valid without any claim against the Group on the Termination Date (as defined in By-Law 19.6).

Upon the termination of SIS Options pursuant to **By-Law 14.1** above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his SIS Options or his SIS Options ceasing to be valid on having been terminated.

- 14.2. Notwithstanding **By-Law 14.1** above, the SIS Committee may at its sole and absolute discretion allow an SIS Option to remain exercisable during the SIS Option Period on such terms and conditions as it shall deem fit if the cessation occurs as a result of:
- (a) retirement in accordance with the applicable retirement policy of the Group, as may be amended from time to time, on attaining the Group's then prevailing retirement age;
  - (b) retirement before attaining the Group's then prevailing retirement age with the consent of his/her employer;
  - (c) ill-health, injury, physical or mental disability;
  - (d) redundancy, retrenchment or voluntary separation scheme;
  - (e) secondment or transfer to any company outside the Group at the direction of the Company; or
  - (f) any other circumstances which are acceptable to the SIS Committee in its sole and absolute discretion.
- 14.3. In the event that a Grantee dies before the expiry of the SIS Option Period and, at the date of death, holds any SIS Options which are unexercised, such SIS Options may be exercised by the personal or legal representative of the deceased Grantee within the SIS Option Period or within twelve (12) months after the Grantee's death, whichever expires first, subject to the approval of the SIS Committee and/or terms and conditions as set out by the SIS Committee.
- 14.4. Unless otherwise agreed in writing by the SIS Committee at its sole discretion, upon the resignation of the Grantee from his/her employment or directorship with the Group (as the case may be) or on the Grantees last day of employment, an SIS Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any SIS Option which lapses upon the resignation of the Grantee from his/her employment or directorship with Group (as the case may be), at the discretion of the SIS Committee, shall be offered to other Eligible Persons.

- 14.5. In the event of the liquidation of the Company, all unexercised or partially exercised SIS Options shall lapse.

**15. ALTERATION OF SHARE CAPITAL DURING THE SIS OPTION PERIOD**

- 15.1. Subject to **By-Law 15.3**, in the event of any alteration in the capital structure of the Company during the SIS Option Period, whether by way of a rights issue, bonus issue or other manner of capitalisation, consolidation or subdivision of shares or reduction of capital or otherwise howsoever implemented, the Company shall cause such adjustment to be made to:

- (a) the number of SIS Options granted to each Grantee (excluding SIS Options already exercised); and/or
- (b) the Subscription Price,

for purposes of ensuring that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of the total number of issued shares to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account any SIS Options already exercised) shall remain unaffected. Notwithstanding the above, the SIS Committee may, at its discretion, determine whether the Subscription Price and/or the number of unexercised SIS Options shall be adjusted, and if so, the manner in which such adjustments should be made. Any such adjustment must be confirmed in writing by the external auditors or the adviser (acting as experts and not as arbitrators) of the Company to be in their opinion, fair and reasonable.

The computation for the adjustment to the number of SIS Options granted to each Grantee and/or the Subscription Price is set out in **Attachment 1** to these By-Laws.

- 15.2. **By-Law 15.1** shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) an issue of new Shares pursuant to the exercise of SIS Options under the Scheme;
- (b) an issue of securities as consideration for an acquisition;
- (c) an issue of securities as a private placement;
- (d) an issue of securities as a special issue approved by the relevant governmental authorities;
- (e) a restricted issue of securities;
- (f) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities;
- (g) an issue of new Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants, convertible loan stocks and convertible preference shares;
- (h) an issue of further SIS Options to Eligible Persons under these By-Laws; or
- (i) a purchase by the Company of its own Shares pursuant to Section 127 of the Act. In such event, the following provisions shall apply:
  - (i) if the number of Shares in respect of SIS Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is greater than fifteen



percent (15%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the SIS Committee shall not make any further Offers; and

- (ii) if the number of Shares in respect of SIS Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is less than fifteen percent (15%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the SIS Committee may make further Offers only until the total number of SIS Options granted by the Company but which remains unexercised is equivalent to fifteen percent (15%) of the prevailing total number of issued shares of the Company after such designation or cancellation.

- 15.3. In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7, Subdivision 2 of the Act, **By-Law 15.1** shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company provided always that **By-Law 15.1** shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which **By-Law 15.2** applies.
- 15.4. Upon any adjustment being made in accordance with **By-Law 15.1**, the SIS Committee shall give notice in writing within a period of thirty (30) days from the date of the adjustment to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments must be confirmed in writing by the Company's external auditors or an adviser. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.
- 15.5. In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor or an adviser, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or an adviser stating the opinion of such auditor/adviser, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 263 of the Act and an adviser shall be a person who is permitted to carry on regulated activities of advising corporate finance under the Capital Markets and Services Act, 2007 which includes an adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the Securities Commission Malaysia. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.

**16. TAKE-OVERS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 16.1. In the event of a take-over offer being made for the Shares under the Malaysian Code on Take-Overs and Mergers, 2016 and such offer being declared unconditional, or such other period as the Board/SIS Committee may determine, the following provisions shall apply:
  - (a) a Grantee shall be entitled to exercise all or any of the SIS Options held by him as at the date of such take-over offer being declared unconditional, after such date and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the SIS Options held by him, the unexercised SIS Options shall be automatically terminated on the expiry of the said period of three (3) months; and/or
  - (b) if during the said period of three (3) months, the offeror becomes entitled or bound to exercise any rights of compulsory acquisition in respect of the Shares

under the provisions of the Capital Market and Services Act, 2007 or the then prevailing applicable laws, and gives notice to the Grantee that he intends to exercise such rights on a specific date (“**Specified Date**”), the Grantee shall be entitled to exercise all or any of the SIS Options held by him at any time prior to the expiry of the said period of three (3) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the SIS Options held by him within this period, the unexercised SIS Options shall be automatically terminated on the expiry of the said period of three (3) months or on the Specified Date, whichever is the earlier.

- 16.2. In the event that the take-over offer is made on the basis that acceptance is unconditional, a Grantee shall within three (3) months of the date the take-over offer is made or before the first (1<sup>st</sup>) closing date of the take-over offer, whichever is earlier, be entitled to exercise all or any of the SIS Options held by him as at the date of such take-over offer was made, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the SIS Options held by him, the unexercised SIS Options shall be automatically terminated on the expiry of the said period of three (3) months or the first (1<sup>st</sup>) closing date of the take-over offer, whichever is the earlier.
- 16.3. In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled at any time upon which compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective to exercise in whole or in part his SIS Options. All unexercised SIS Options held by a Grantee shall be automatically terminated on the date such scheme of compromise or arrangement becomes effective.

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

- 17.1. In the event that a company within the Group shall be divested from the Group, a Grantee who is holding directorship in or employed by such company shall be entitled to continue to hold and to exercise all the SIS Options held by him on the date of completion of such divestment until the expiry of three (3) months from the date of completion of such divestment subject to such exercise being made within the SIS Option Period and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee does not so exercise some or all of such SIS Options, the unexercised SIS Options shall be automatically terminated upon the expiry of the said three (3) months period.
- 17.2. For the purposes of **By-Law 17.1**, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.
- 17.3. In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Financial Reporting Standard issued by the Malaysian Accounting Standards Board) or to any related companies (as defined in Section 6 of the Act) of the Company which have an existing employees’ share issuance scheme in which the Grantee will be entitled to participate, unless approved by the SIS Committee in writing, the SIS Options unexercised on the date of transfer shall be null and void and be of no effect.
- 17.4. In the event that:
- (a) an Eligible Person who was employed in a company which is related to the Company pursuant to Section 6 of the Act (that is to say, a company which does not fall within the definition of “**the Group**”) and is subsequently transferred from such company to any company within the Group; or

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

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

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in Section 5 of the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the Eligible Person of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of “**Eligible Person**” under **By-Law 3** and the provisions of the By-Laws shall apply.

## **18. WINDING UP**

All outstanding SIS Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

## **19. DURATION, TERMINATION AND EXTENSION OF THE SCHEME**

- 19.1. The effective date for the implementation and launching of the Scheme shall be the date of full compliance with all the relevant requirements of the Listing Requirements including the following:
- (a) the submission of the final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements;
  - (b) the receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued from the exercise of the SIS Options under the Scheme;
  - (c) the approval of the Company’s shareholders in a general meeting for the Scheme;
  - (d) the approval(s) of any other relevant authorities, if any; and
  - (e) the fulfilment of all conditions attaching to the aforesaid approvals, if any.
- 19.2. The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a general meeting. The confirmation letter must be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.
- 19.3. The Scheme shall be in force for a period of five (5) years from the Effective Date, provided always that on or before the expiry thereof, the Board shall have the absolute discretion, without the approval of the Company’s shareholders in a general meeting, to extend the duration of the Scheme (as the Board may deem fit) for up to a further five (5) years provided that the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required). Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force.

For avoidance of doubt, the duration of the Scheme shall not in aggregate exceed ten (10) years from the Effective Date.

- 19.4. Offers can only be made during the existence of the Scheme and before the Date of Expiry.
- 19.5. Notwithstanding anything to the contrary, all unexercised SIS Options shall lapse on the Date of Expiry.
- 19.6. Notwithstanding the provisions of **By-Law 19.3**, and subject always to compliance with Bursa Securities and any other regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated at any time during the duration of the Scheme by the SIS Committee upon approval of the Board without obtaining the consents from the Grantees or approvals from the shareholders of the Company provided that the Company makes an announcement which shall include the effective date of termination ("**Termination Date**"), number of SIS Options exercised or Shares vested and reasons for termination immediately to Bursa Securities pursuant to the Listing Requirements.
- 19.7. Upon termination of the Scheme, the following shall apply:
  - (a) the SIS Committee shall make no further Offers;
  - (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date;
  - (c) all Offers which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
  - (d) all outstanding SIS Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated and be null and void on the Termination Date.

For the avoidance of doubt, SIS Options which have been exercised but where the new Shares have yet to be issued or registered in the name of the Eligible Person or his estate as at the date of the resolution to terminate the Scheme shall remain effective and the Company shall issue and register the new Shares accordingly.

## **20. SUBSEQUENT EMPLOYEE SHARES ISSUANCE SCHEME**

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees share issuance scheme after the Date of Expiry or after the termination of the Scheme pursuant to **By-Law 19.6**, provided that the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

## **21. ADMINISTRATION**

- 21.1. The Scheme shall be administered by the SIS Committee. The SIS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 21.2. Without limiting the generality of **By-Law 21.1**, the SIS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transaction, agreement, deed, documents or arrangement, and make rules, regulations or impose terms and conditions, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.

- 21.3. The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the SIS Committee as it shall deem fit.

## **22. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE BY-LAWS**

- 22.1. Subject to **By-Law 22.2**, the SIS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting a confirmation letter to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to employees share issuance scheme and Rules of the Depository (as defined under the Listing Requirements) pursuant to the Listing Requirements.
- 22.2. The approval of the shareholders of the Company in general meeting shall not be required for any amendments to the By-Laws PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:
- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
  - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by **By-Law 6.1**; or
  - (c) alter to the advantage to the Eligible Person and/or Grantee any provisions of the Scheme without the prior approval of the Company's shareholders in a general meeting.
- 22.3. The provisions of these By-Laws shall not be amended or altered to the advantage of any Eligible Person in respect of any matters which are to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

## **23. RIGHTS OF GRANTEE**

- 23.1. The SIS Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, distributions, rights or other entitlement on his unexercised SIS Options.
- 23.2. Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the usual business hours on any working day at the Registered Office of the Company.

## **24. SCHEME NOT A TERM OF EMPLOYMENT**

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

## **25. NO COMPENSATION FOR TERMINATION**

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

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person. The rights of any Eligible Person under the terms of his/her employment with any company in the Group shall not be affected by his/her employment participation in the Scheme nor shall such participation or the SIS Options afford such Eligible Person any additional rights to compensation or damages due to the termination of such employment for any reason whatsoever;
- (b) this Scheme shall not confer on any legal or equitable right or other rights under any other laws (other than those constituting the SIS Options) against the Company or any company(ies) in the Group, or give rise to any course of legal action or in equity or under any other laws against the Company or company(ies) in the Group;
- (c) no Grantee or his/her personal or legal representative or any third party shall bring any claim action or proceeding against the Company, company in the Group, the SIS Committee or the Board for any compensation, loss or damage whatsoever arising from the termination, suspension or cancellation of his/her rights to exercise of his/her SIS Options or his/her SIS Options ceasing to be valid pursuant to the provision of these By-Laws; and
- (d) the Company, the Board or the SIS Committee or the company in the Group shall not in any event be liable to the Grantee and/or his/her personal or legal representative or any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage/loss arising from the termination, breach or non-performance of these By-Laws or any loss suffered by reason of any change/adjustment in the price of the Share any other cause or reason whatsoever.

**26. DISPUTES**

Any disputes arising hereunder shall be referred for decision by the Board, whose decision shall be final and binding in all respects, provided that any Directors of such Board meeting convened to determine the dispute who are also in the SIS Committee shall abstain from deliberations and voting, and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

**27. COSTS AND EXPENSES**

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of SIS Options, shall be borne by the Company.

**28. TAXES**

Any income tax arising from the exercise of any SIS Option under the Scheme shall be borne by the Grantee.

**29. CONSTITUTION**

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

**30. SEVERABILITY**

Any term, condition, stipulation, provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness,

prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision herein contained.

### **31. DISCLOSURES IN ANNUAL REPORT**

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

### **32. GOVERNING LAW**

The Scheme and these By-Laws and all SIS Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

### **33. NOTICE**

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

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

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

33.2. Any certificate, notification or other notice required to be given to the Company or the SIS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address or any other business address which may be notified in writing by the SIS Committee from time to time.

*[the rest of this page is intentionally left blank]*

**Attachment 1**

The Subscription Price and/or the number of Shares to be comprised in the SIS Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the SIS Committee and certified by the external auditors or an adviser (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) If and whenever a consolidation or subdivision or conversion of the Shares occurs, the Subscription Price and the Shares comprised in the SIS Options so far as unexercised ("**Revised Number of Shares Under SIS Option**") shall be adjusted, calculated or determined in the following manner:

$$\text{New Subscription Price} = \frac{S \times U}{V}$$

$$\text{Revised Number of Shares Under SIS Option} = \frac{T \times V}{U}$$

Where:-

- S = Existing Subscription Price; and  
 T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised  
 U = Aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of the Company immediately preceding such consolidation, subdivision or conversion; and  
 V = Aggregate number of Shares in the share capital of the Company after such consolidation, subdivision or conversion.

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

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the additional Shares comprised in the SIS Options so far as unexercised ("**Additional Shares Under SIS Option**") shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times (A + B)}{A} - T$$

Where:-

- A = The aggregate number of issued Shares immediately before such capitalisation issue;



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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature);
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised

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

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

then and in any such case, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:-

- S = Existing Subscription Price
- C = The Current Market Price (as defined in paragraph (h) below) of one (1) 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 or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (A) In the case of an offer or invitation to acquire or subscribe for new Shares under paragraph (c)(ii) above or for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by an adviser, of that portion of the Capital Distribution attributable to one (1) Share.

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

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

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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Where:-

- C = C in this paragraph (c);
- E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into new Shares or one (1) additional security with rights to acquire or subscribe for new Shares;
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share or security convertible into new Shares or right to acquire or subscribe for new Shares; and
- 1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under SIS Option shall be calculated as follows:

$$\text{Additional Shares Under SIS Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:-

- T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised;
- C = C in this paragraph (c); and
- D\* = The “value of the rights attributable to one (1) Share” (as defined below)

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

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

Where:-

- C = C in this paragraph (c);
- E\* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) new Share;
- F\* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share; and
- 1 = One (1).

For the purpose of this paragraph (c), “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) 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 or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated income statement of the Company.

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted in the following manner:

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

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under SIS Option shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = The aggregate number of issued Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for new Shares as the case may be;
- H\* = The aggregate number of Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights;
- I = The subscription price of one (1) new Share under an offer or invitation to acquire or subscribe for new Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) new Share as the case may be;
- I\* = The subscription price of one (1) new Share under the offer or invitation to acquire or subscribe for new Shares;
- B = B in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised.

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

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

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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

and the Additional Shares Under SIS Option shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	The aggregate number of new Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for new Shares by the ordinary shareholders;
K	=	The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) new Share;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the SIS Option in respect of the rights to subscribe for new Shares so far as unexercised.

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

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

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

and the Additional Shares Under SIS Option shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	J as in paragraph (e) above;
K	=	K as in paragraph (e) above;
B	=	B as in paragraph (b) above;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised.

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

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

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

Where:-

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

For the purposes of this paragraph (g) the “Total Effective Consideration” shall be determined by the Directors of the Company with the concurrence of the Company’s external auditors or an adviser and shall be:

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

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

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

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

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the “Current Market Price” in relation to one (1) Share for any relevant day shall be the average of the last dealt price for the five (5) consecutive Market Days before such date or other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:

- (i) On any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Subscription Price or reduce the number of Shares comprised in the SIS Option so far as unexercised to which the Grantee is already entitled to;
- (ii) No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of “would be less than one (1) sen” or the number of Shares comprised in the SIS Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;

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**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

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- (iii) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a) to (g) of **By-Law 15.1** (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditors or an adviser may agree;
- (iv) If for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the SIS Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditors or an adviser may agree; and
- (v) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

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**SAUDEE**  
Group Berhad

**SAUDEE GROUP BERHAD**  
(Registration No. 200801036832 (838172-P))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of Saudee Group Berhad (“**Saudee**” or the “**Company**”) will be conducted on a virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and online voting using the remote participation and voting platform on Wednesday, 26 October 2022 at 10.30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

### **ORDINARY RESOLUTION 1**

#### **PROPOSED PRIVATE PLACEMENT OF UP TO 347,000,000 NEW ORDINARY SHARES IN SAUDEE, REPRESENTING APPROXIMATELY 35% OF THE TOTAL NUMBER OF ISSUED SHARES OF SAUDEE (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT** subject to the approval of all the relevant authorities and parties (if required) being obtained, approval be and is hereby given to the Board to issue and allot up to 347,000,000 new ordinary shares in the Company (“**Saudee Shares**” or “**Shares**”) (“**Placement Shares**”) by way of private placement to independent third-party investor(s), who qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act, 2007 to be identified later, in one or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the circular to the shareholders of the Company (“**Shareholders**”) dated 11 October 2022 (“**Circular**”).

**THAT** the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of Saudee Shares up to and including the Price-Fixing Date.

**THAT**, the pre-emptive right of the existing shareholders to be offered with new shares in the Company in proportion to their shareholding in the Company pursuant to Section 85 of the Companies Act 2016 and Paragraph 62 of the Constitution of the Company be and is hereby waived in respect of the issuance and allotment of the Placement Shares;

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

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



**THAT** this Ordinary Resolution constitutes specific approval for the issuance of securities in the Company contemplated herein and approval is hereby given for the Company to make or grant an agreement, option or offer for the Placement Shares and for such Placement Shares to be allotted and issued after the conclusion of the annual general meeting held next after this approval is given.

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

## **ORDINARY RESOLUTION 2**

### **PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME (“SIS”) OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF SAUDEE (EXCLUDING TREASURY SHARES, IF ANY) TO THE ELIGIBLE DIRECTORS AND ELIGIBLE EMPLOYEES OF SAUDEE AND ITS SUBSIDIARIES (“GROUP”) (“PROPOSED SIS”)**

“**THAT** subject to the approvals of all relevant regulatory authorities or parties having been obtained, approval be and is hereby given to the Board to:

- (i) establish, implement and administer the Proposed SIS for the benefit of eligible directors and eligible employees of the Group, excluding the subsidiaries which are dormant in accordance with the by-laws governing the SIS (“**By-laws**”), a draft of which is set out in Appendix II of the Circular, and to give full effect to the SIS with full powers to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient and/or imposed or required by the relevant regulatory authorities or as may be deemed fit or necessary by the Board at its discretion;
- (ii) make the necessary applications to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and do all the things necessary at the appropriate time or times for the listing and quotation of the new Shares which may from time to time be allotted and issued pursuant to the Proposed SIS;
- (iii) allot and issue and/or procure from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the SIS Options under the Proposed SIS provided that the aggregate number of new Shares to be offered under the Proposed SIS shall not exceed in aggregate of 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the duration of the SIS;
- (iv) add, delete, modify and/or amend all or any part of the terms and conditions as set out in the By-laws governing the Proposed SIS from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board or any committee of the Proposed SIS established or appointed by it provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to such modifications and/or amendments of the SIS;
- (v) extend the duration of the SIS, provided always that such extension of the SIS made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the date on which the SIS shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting; and

- (vi) do all such acts and things, to execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed SIS and terms of the By-laws;

**THAT**, the pre-emptive right of the existing shareholders to be offered with new shares in the Company in proportion to their shareholding in the Company pursuant to Section 85 of the Companies Act 2016 and Paragraph 62 of the Constitution of the Company be and is hereby waived in respect of the issuance and allotment of the new Saudee Shares to the Proposed SIS;

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

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

### **ORDINARY RESOLUTION 3**

#### **PROPOSED ALLOCATION TO TAY BEN SENG, BENSON**

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the SIS Committee to offer and grant, from time to time throughout the duration of the SIS, such number of SIS options to subscribe for new Shares under the SIS to Tay Ben Seng, Benson, the Executive Director of the Company ("**Proposed Allocation to Tay Ben Seng, Benson**"), provided always that not more than ten percent (10%) of the total Saudee Shares available under the SIS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

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

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## **ORDINARY RESOLUTION 4**

### **PROPOSED ALLOCATION TO SIM YEE FUAN**

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the SIS Committee to offer and grant, from time to time throughout the duration of the SIS, such number of SIS options to subscribe for new Shares under the SIS to Sim Yee Fuan, the Senior Independent Non-Executive Director of the Company ("**Proposed Allocation to Sim Yee Fuan**"), provided always that not more than ten percent (10%) of the total Saudee Shares available under the SIS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

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

## **ORDINARY RESOLUTION 5**

### **PROPOSED ALLOCATION TO CHEN CHEE PENG**

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the SIS Committee to offer and grant, from time to time throughout the duration of the SIS, such number of SIS options to subscribe for new Shares under the SIS to Chen Chee Peng, the Independent Non-Executive Director of the Company ("**Proposed Allocation to Chen Chee Peng**"), provided always that not more than ten percent (10%) of the total Saudee Shares available under the SIS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

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

## **ORDINARY RESOLUTION 6**

### **PROPOSED ALLOCATION TO DATUK SHAM SHAMRAT SEN GUPTA**

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the SIS Committee to offer and grant, from time to time throughout the duration of the SIS, such number of SIS options to subscribe for new Shares under the SIS to Datuk Sham Shamrat Sen Gupta, the Independent Non-Executive Director of the Company ("**Proposed Allocation to Datuk Sham Shamrat Sen Gupta**"), provided always that not more than ten percent (10%) of the total Saudee Shares available under the SIS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

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

### **BY ORDER OF THE BOARD**

**LIM KIM TECK (SSM PC NO.: 202008002059) (MAICSA 7010844)**  
**ADELINE TANG KOON LING (SSM PC NO.: 202008002271) (LS 0009611)**  
Company Secretaries

Penang  
11 October 2022

Notes:

1. Only depositors whose name appears on the Record of Depositors of the Company as at 18 October 2022 shall be entitled to attend the Extraordinary General Meeting (“**EGM**”) or appoint proxies to attend, speak and/or vote on his/her behalf.
2. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notarially certified copy thereof, must be deposited with the Poll Administrator’s office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to [admin@aldpro.com.my](mailto:admin@aldpro.com.my) not less than 24 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument, proposes to vote.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.
9. The EGM will be conducted on a virtual basis from the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.



**SAUDEE**  
Group Berhad

**SAUDEE GROUP BERHAD**  
(Registration No. 200801036832 (838172-P))  
(Incorporated in Malaysia)

**FORM OF PROXY**

<b>CDS Account No.</b>
<b>No. of Shares held</b>

I/We, ..... Tel. No.: .....  
(Full name as NRIC/Passport and NRIC No. / Registration No.)

of .....  
(Address)

being a member of Saudee Group Berhad, hereby appoint(s):

Full Name as per NRIC/Passport	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address		

and / or\*

Full Name as per NRIC/Passport	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address		

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be conducted on a virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and online voting using the remote participation and voting platform on Wednesday, 26 October 2022 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	FOR	AGAINST
1.	Proposed Private Placement	Ordinary Resolution 1		
2.	Proposed SIS	Ordinary Resolution 2		
3.	Proposed Allocation to Tay Ben Seng, Benson	Ordinary Resolution 3		
4.	Proposed Allocation to Sim Yee Fuan	Ordinary Resolution 4		
5.	Proposed Allocation to Chen Chee Peng	Ordinary Resolution 5		
6.	Proposed Allocation to Datuk Sham Shamrat Sen Gupta	Ordinary Resolution 6		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature^  
Member

\* Delete whichever is not applicable

^ Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Notes:

1. Only depositors whose name appears on the Record of Depositors of the Company as at 18 October 2022 shall be entitled to attend the Extraordinary General Meeting (“**EGM**”) or appoint proxies to attend, speak and/or vote on his/her behalf.
2. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notarially certified copy thereof, must be deposited with the Poll Administrator’s office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to admin@aldpro.com.my not less than 24 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument, proposes to vote.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.
9. The EGM will be conducted on a virtual basis from the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Poll Administrator of  
**SAUDEE GROUP BERHAD**  
(Registration No. 200801036832 (838172-P))  
c/o Aldpro Corporate Services Sdn Bhd  
Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor Darul Ehsan

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