

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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

This Circular has been reviewed by Mercury Securities Sdn Bhd, who is the Principal Adviser to MQ Technology Berhad for the Proposed SIS (as defined herein).

# MQ

TECHNOLOGY BERHAD

**MQ TECHNOLOGY BERHAD**

(Registration No. 200301033383 (635804-H))

(Incorporated in Malaysia)

## **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED ESTABLISHMENT OF A NEW SHARE ISSUANCE SCHEME OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES IN MQ TECHNOLOGY BERHAD (“MQ TECH” OR “COMPANY”) (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME DURING THE DURATION OF THE SCHEME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF MQ TECH AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED SIS”)**

**AND**

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**MERCURY SECURITIES SDN BHD**

(Registration No. 198401000672 (113193-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of MQ Tech (“EGM”) to be held at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang on Friday, 25 November 2022 at 11.00 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Form of Proxy at the Company’s registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time and date stipulated for the EGM or at any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Thursday, 24 November 2022 at 11.00 a.m.

Date and time of the EGM : Friday, 25 November 2022 at 11.00 a.m.

This Circular is dated 8 November 2022

## DEFINITIONS

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

Act	:	Companies Act, 2016
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	:	By-laws governing the Proposed SIS, as may be amended, supplemented or modified from time to time, the draft of which is set out in Appendix I of this Circular
Circular	:	This circular to the shareholders of our Company dated 8 November 2022
Constitution	:	Constitution of our Company
Date of Offer	:	The date on which an Offer (including subsequent Offers) is made to an Eligible Person by the SIS Committee
Directors	:	Directors of our Company
Effective Date	:	The effective date for implementation of the Proposed SIS, as determined in accordance with the Listing Requirements and the By-Laws
EGM	:	Extraordinary general meeting of our Company
Eligible Person(s)	:	Any director(s) and/or employee(s) of a corporation in our Group (excluding dormant subsidiaries, if any) who meet the criteria of eligibility for participation in the Proposed SIS
EPS	:	Earnings per MQ Tech Share
Grantee(s)	:	The Eligible Person(s) who has/have accepted the Offer in accordance with the provisions of the By-Laws
Interested Parties	:	An Eligible Person who is a director, major shareholder or chief executive officer of our Company
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	31 October 2022, being the latest practicable date prior to the date of this Circular
Mercury Securities or Principal Adviser	:	Mercury Securities Sdn Bhd (Registration No. 198401000672 (113193-W))
MFRS 2	:	Malaysian Financial Reporting Standard 2 on Share-based Payment issued by the Malaysian Accounting Standards Board
MQ Tech or Company	:	MQ Technology Berhad (Registration No. 200301033383 (635804-H))
MQ Tech Group or Group	:	Collectively, our Company and subsidiaries

## DEFINITIONS (Cont'd)

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MQ Tech Share(s) or Share(s)	:	Ordinary shares in our Company
NA	:	Net assets
Offer(s)	:	Written offer(s) by the SIS Committee to the Eligible Person(s) to participate in the Proposed SIS, in the manner as provided in the By-Laws
Option Price	:	The price payable by the Grantee(s) to subscribe for each new MQ Tech Share upon exercise of the SIS Option(s)
Proposed SIS	:	Proposed establishment of a new SIS of up to 30% of the total number of issued MQ Tech Shares (excluding treasury shares, if any), at any one time during the duration of the SIS for the Eligible Persons
SIS	:	Share issuance scheme
SIS Committee	:	The committee comprising such persons to be appointed and duly authorised by our Board to implement and administer the Proposed SIS in accordance with the provisions of the By-Laws
SIS Option(s)	:	Option(s) with the right to subscribe for new MQ Tech Shares pursuant to the contract constituted by the acceptance of the Offer(s) by the Eligible Person(s) to be granted under the Proposed SIS in accordance with the provisions of the By-Laws
VWAP	:	Volume weighted average market price

## CURRENCIES

RM and sen	:	Ringgit Malaysia and sen
USD	:	United States Dollar

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular, if any, shall mean MQ Tech or where the context requires, our Group.

References to “**you**” or “**your**” in this Circular are to the shareholders of our Company, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Any reference to persons in this Circular shall include corporations, unless otherwise specified.

Any reference to any statutes, rules, regulations, enactments or rules of the stock exchange in this Circular is a reference to such statutes, rules, regulations, enactments or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date, unless otherwise stated.

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

## **DEFINITIONS** *(Cont'd)*

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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 our Board after due inquiry, 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 our Group's plans and objectives will be achieved.

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## EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed SIS. You are advised to read this Circular in its entirety for further details of the Proposed SIS and not to rely solely on this Executive Summary in forming a decision on the Proposed SIS before voting at the EGM to be convened.

Key information	Description	Reference to Circular
<p><b>Summary of the Proposed SIS</b></p>	<p>Our Company is proposing to grant SIS Options to the Eligible Persons to subscribe for new MQ Tech Shares of up to 30% of the total number of issued MQ Tech Shares (excluding treasury shares, if any), in accordance with the By-Laws.</p> <p>The Option Price shall be based on the 5-day VWAP of the MQ Tech Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time, as determined by our Board upon recommendation of the SIS Committee.</p> <p>Please refer to Section 2 of this Circular for further information.</p>	<p>Section 2</p>
<p><b>Utilisation of proceeds</b></p>	<p>The actual amount and timing of the proceeds to be received from the exercise of the SIS Options and the timeframe for utilisation of such proceeds cannot be determined at this juncture. Notwithstanding the above, our Company intends to utilise the proceeds arising from the exercise of the SIS Options for the working capital requirements of our Group which include, amongst others, purchase of raw materials, payment to trade creditors, upkeep and maintenance of machineries and factory as well as staff costs and general expenses of our Group.</p>	<p>Section 3</p>
<p><b>Rationale and justifications for the Proposed SIS</b></p>	<p>The Proposed SIS is intended to:</p> <ul style="list-style-type: none"> <li>(i) motivate, retain and reward Eligible Persons in recognition of their contributions and/or considered vital to the continued growth of our Group whereby the Eligible Persons, upon exercising the SIS Options granted to them, would be given the opportunity to participate in the equity of our Company and relate their contributions directly to the performance of our Group; and</li> <li>(ii) provide a continuing incentive to Eligible Persons, whilst preserving the cashflows of our Group, to contribute positively to the continuing growth of our Group through the intended stimulation of greater commitment, dedication and loyalty of the Eligible Persons towards our Group.</li> </ul> <p>The Proposed SIS is extended to the non-executive directors of our Group (excluding dormant subsidiaries, if any) for the following reasons:</p> <ul style="list-style-type: none"> <li>(i) to recognise their contributions in respect of their oversight responsibilities as non-executive directors to our Board by providing valuable experience including, amongst others, corporate governance, risk management, business management and finance-related experience which have contributed to the decision-making process of our Board;</li> </ul>	<p>Section 4</p>

**EXECUTIVE SUMMARY (Cont'd)**

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
	(ii) to attract and retain experienced and qualified persons to act as non-executive directors and provide an opportunity for them to participate in the future growth of our Group.	
<b>Effects of the Proposed SIS</b>	<p>The Proposed SIS:</p> <p>(i) will not have any effect on the existing issued share capital and the substantial shareholders' shareholdings of MQ Tech until such time when the SIS Options are exercised, where the effects will depend on the number of new MQ Tech Shares to be issued upon exercise of the SIS Options;</p> <p>(ii) is not expected to have an immediate effect on the NA per Share and gearing of our Group until such time when the SIS Options are exercised, save for the potential impact of the MFRS 2 and the estimated expenses relating to the Proposed SIS of approximately RM0.13 million;</p> <p>(iii) is not expected to have any immediate material effect on the consolidated earnings of our Group and EPS for the financial year ending 30 September 2022. The total potential cost of granting the SIS Options would depend on, amongst others, the number and fair value of the SIS Options granted and as such, the effect on the consolidated earnings of our Group and EPS cannot be determined at this juncture. Such expense recognised does not represent a cash outflow as it is merely an accounting treatment. However, the Proposed SIS is expected to have a dilutive effect on the EPS due to the increase in the number of issued MQ Tech Shares upon exercise of the SIS Options.</p>	Section 5
<b>Approvals required</b>	<p>The Proposed SIS is subject to the following approvals being obtained:</p> <p>(i) Bursa Securities for the listing of and quotation for such number of new MQ Tech Shares to be issued pursuant to the Proposed SIS, which was obtained vide its letter dated 27 October 2022, subject to the conditions set out in Section 7 of this Circular;</p> <p>(ii) the shareholders of our Company at the EGM to be convened for the Proposed SIS; and</p> <p>(iii) any other relevant authorities and/or third party, if required.</p>	Section 7
<b>Conditionality</b>	The Proposed SIS is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by our Company.	Section 7

**EXECUTIVE SUMMARY (Cont'd)**

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Interests of directors, major shareholders, chief executive and/or persons connected with them</b>	<p>All our Directors (including chief executive officer) are entitled to participate in the Proposed SIS, and are therefore deemed interested to the extent of their respective allocations as well as specific allocations to persons connected with them, if any, under the Proposed SIS. Our Directors have therefore deliberated and voted on the Proposed SIS as a whole at the relevant Board meeting and recommended to put forth the resolution pertaining to the Proposed SIS to be tabled at the EGM to be convened.</p> <p>Accordingly, our Directors have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in respect of their respective allocations and the specific allocations to persons connected with them, if any, under the Proposed SIS.</p> <p>Our Directors will also abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company on the ordinary resolutions pertaining to the proposed allocations to them and the proposed allocations to persons connected with them, if any, under the Proposed SIS, to be tabled at the EGM to be convened. They will also undertake to ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolutions pertaining to the proposed allocations to themselves and persons connected with them, if any, under the Proposed SIS, to be tabled at the EGM to be convened.</p>	Section 9
<b>Board's recommendation</b>	<p>Our Board, having considered all aspects of the Proposed SIS, including but not limited to the rationale and effects of the Proposed SIS, is of the opinion that the Proposed SIS is in the best interest of our Company.</p> <p>However, in view of the interests of our Directors in respect of their respective allocations as well as specific allocations to persons connected with them, if any, under the Proposed SIS, our Directors have abstained from expressing an opinion and making any recommendation in respect of their respective allocations and the specific allocations to persons connected with them, if any, under the Proposed SIS to be tabled at the EGM to be convened.</p>	Section 10

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TECHNOLOGY BERHAD

**MQ Technology Berhad**

(Registration No. 200301033383 (635804-H))  
(Incorporated in Malaysia)

**Registered Office**

Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Malaysia

8 November 2022

**Board of Directors**

Dato' Lim Char Boo (*Senior Independent Non-Executive Chairman*)  
Dato' Nurulhidayah Binti Ahmad Zahid (*Independent Non-Executive Vice Chairman*)  
Tong Sian Shyen (*Managing Director*)  
Terence Cheah Eu Lee (*Executive Director*)  
Gerald Nicholas Tan Eng Hoe (*Non-Independent Non-Executive Director*)  
Paulinus Mojiun (*Independent Non-Executive Director*)  
Dr. Koay Boon Hooi (*Independent Non-Executive Director*)

**To: The shareholders of MQ Tech**

Dear Sir/ Madam,

**PROPOSED SIS**

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**1. INTRODUCTION**

On 15 September 2022, Mercury Securities had, on behalf of our Board, announced that our Company proposes to undertake the Proposed SIS.

On 27 October 2022, Mercury Securities had, on behalf of our Board, announced that Bursa Securities has vide its letter dated 27 October 2022 approved the listing of and quotation for such number of new MQ Tech Shares representing up to 30% of the total number of issued MQ Tech Shares (excluding treasury shares, if any) to be issued upon exercise of the SIS Options, subject to the conditions as set out in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SIS, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED SIS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED SIS TO BE TABLED AT THE EGM TO BE CONVENED. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

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

## 2. DETAILS OF THE PROPOSED SIS

The Proposed SIS, upon implementation, will involve the granting of the SIS Options to the Eligible Persons to subscribe for new MQ Tech Shares in accordance with the By-Laws.

The Proposed SIS will be administered by the SIS Committee and shall be governed by the By-Laws. A copy of the draft By-Laws is set out in Appendix I of this Circular.

The salient terms and conditions of the Proposed SIS are set out below.

### 2.1 Maximum number of new MQ Tech Shares available under the Proposed SIS

The maximum number of new MQ Tech Shares to be allotted and issued pursuant to the exercise of the SIS Options shall not in aggregate exceed 30% of the total number of issued MQ Tech Shares (excluding treasury shares, if any) at any one time during the duration of the Proposed SIS as set out in Section 2.4 of this Circular ("**Maximum Limit**").

### 2.2 Eligibility

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

- (a) such director or employee shall have attained the age of 18 years on the Date of Offer and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) such employee is employed on a full-time basis for at least three (3) months and is on the payroll of our Company and/or a subsidiary within our Group (excluding dormant subsidiaries, if any), and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/she was transferred to a subsidiary within our Group (excluding dormant subsidiaries, if any), in which case he/she must have been a confirmed employee in that subsidiary within our Group (excluding dormant subsidiaries, if any) and has not served a notice of resignation or received a notice of termination;
- (c) such director has been appointed for at least three (3) months and remains appointed as a director of MQ Tech and/or any subsidiary within our Group (excluding dormant subsidiaries, if any), as at the Date of Offer;
- (d) such director or employee has not participated in any other employees' share option scheme or employees' SIS implemented by any subsidiary within our Group (excluding dormant subsidiaries, if any) which is in force for the time being; and/or
- (e) such director or employee has fulfilled such other eligibility criteria and/or falls within such grade/category as may be determined by the SIS Committee from time to time.

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

If any Interested Parties or a person connected with any of the Interested Parties, is eligible to participate in the Proposed SIS, the specific allocation of the SIS Options granted by our Company to each of such Interested Parties and persons connected with them under the Proposed SIS must first be approved by the shareholders of our Company at a general meeting, provided that such Interested Parties and persons connected with them shall not vote on the resolution approving their respective allocation or allocation to persons connected with them.

### **2.3 Basis of allocation and maximum allowable allotment**

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

- (a) the total number of new MQ Tech Shares to be issued under the Proposed SIS shall not exceed the Maximum Limit;
- (b) the eligible directors and senior management of our Group (excluding dormant subsidiaries, if any) do not participate in the deliberation or discussion of their own allocation of the SIS Options as well as allocation to persons connected with them;
- (c) the allocation to an Eligible Person who, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued MQ Tech Shares (excluding treasury shares, if any), shall not exceed 10% of the total number of new MQ Tech Shares to be issued under the Proposed SIS;
- (d) not more than 80% of the SIS Options shall be allocated, in aggregate, to the eligible directors and senior management of our Group (excluding dormant subsidiaries, if any); and
- (e) any performance target to be achieved before the SIS Options can be granted and/or exercised by an eligible director or employee of our Group (excluding dormant subsidiaries, if any) shall be determined by the SIS Committee,

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

No performance target has been set for the allocation of the SIS Options at this juncture. Notwithstanding this, the SIS Committee shall have the sole and absolute discretion in determining whether the SIS Options are to be allocated and granted to the Eligible Persons via:

- (i) 1 single grant at a time determined by the SIS Committee; or
- (ii) several grants, which are staggered or made in several tranches at such times and on terms as may be determined by the SIS Committee,

and/or whether the SIS Options will be subject to any performance target(s) and/or vesting period or conditions.

### **2.4 Duration of the Proposed SIS**

The Proposed SIS, when implemented, shall be in force for a period of 5 years commencing from the Effective Date, which shall be such date to be determined and announced by our Board following the full compliance with all relevant requirements of the Listing Requirements, including the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance and a checklist showing compliance with the relevant requirements as may be prescribed by Bursa Securities (and/or such other documents as may be determined by Bursa Securities from time to time);
- (ii) receipt of the approval-in-principle of Bursa Securities for the listing of and quotation for the new MQ Tech Shares to be issued pursuant to the exercise of the SIS Options;

- (iii) procurement of shareholder's approval for the Proposed SIS in a general meeting;
- (iv) receipt of the approval of any other relevant regulatory authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

However, the Proposed SIS may be extended for a further period of up to 5 years, at the sole and absolute discretion of our Board upon the recommendation of the SIS Committee and without having to obtain your approval, provided always that the initial period and such extension of the Proposed SIS shall not in aggregate exceed a duration of 10 years from the Effective Date (or such other period as may be prescribed by Bursa Securities).

## **2.5 Exercise of SIS Options**

Subject to the By-Laws, a SIS Option granted to the Grantee under the Proposed SIS is exercisable only by that Grantee (in accordance with the terms set out in the offer letter issued by the SIS Committee to the Grantee) while the Grantee is in the employment by or appointment in our Group (excluding dormant subsidiaries, if any) within the duration of the Proposed SIS.

## **2.6 Option Price**

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on the 5-day VWAP of the MQ Tech Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time, as determined by our Board upon recommendation of the SIS Committee.

The Option Price as determined above shall be conclusive and binding on the Grantees subject to any adjustments in accordance with the By-Laws.

## **2.7 Ranking of the new MQ Tech Shares to be allotted and issued upon exercise of the SIS Options**

The new MQ Tech Shares to be allotted and issued arising from the exercise of any SIS Options will be subject to the provisions of the Constitution and shall, upon allotment and issuance, rank equally in all respects with the existing MQ Tech Shares, save and except that the holders of such new MQ Tech Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the shareholders of our Company where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new MQ Tech Shares.

## **2.8 Retention period**

The new MQ Tech Shares to be allotted and issued to a Grantee pursuant to the exercise of a SIS Option will not be subject to any retention period or restriction on transfer, disposal and/or assignment, unless otherwise stated in the Offer as may be determined by the SIS Committee from time to time at its discretion.

The Grantees are encouraged to hold the new MQ Tech Shares as investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

The SIS Committee shall be entitled to prescribe or impose, in relation to any Offers, any conditions relating to any retention period or restriction on transfer, disposal and/or assignment of the new MQ Tech Shares to be issued arising from the exercise of a SIS Option as it deems fit.

Notwithstanding the above, a Grantee who is a non-executive director of any company within our Group (excluding dormant subsidiaries, if any) must not sell, transfer or assign his/her MQ Tech Shares obtained through the exercise of the SIS Options offered to him/her within 1 year from

the Date of Offer of such SIS Options (or such other period as may be prescribed by Bursa Securities).

## **2.9 Listing of and quotation for the new MQ Tech Shares to be issued arising from the exercise of SIS Options**

Bursa Securities had, vide its letter dated 27 October 2022, approved the listing of and quotation for such number of new MQ Tech Shares representing up to 30% of the total number of issued MQ Tech Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options on the ACE Market of Bursa Securities, subject to the conditions set out in Section 7 of this Circular.

## **3. UTILISATION OF PROCEEDS**

The actual amount of proceeds to be received by our Company pursuant to the exercise of the SIS Options will depend on the number of SIS Options granted and exercised at the relevant point in time and the Option Price.

As such, the actual amount and timing of the proceeds to be received from the exercise of the SIS Options and the timeframe for utilisation of such proceeds cannot be determined at this juncture. Notwithstanding the above, our Company intends to utilise the proceeds arising from the exercise of the SIS Options for the working capital requirements of our Group as and when the proceeds are received during the duration of the Proposed SIS.

The working capital requirements of our Group include, amongst others, purchase of raw materials, payment to trade creditors, upkeep and maintenance of machineries and factory as well as staff costs and general expenses of our Group.

## **4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED SIS**

The Proposed SIS is intended to:

- (i) motivate, retain and reward Eligible Persons in recognition of their contributions and/or considered vital to the continued growth of our Group whereby the Eligible Persons, upon exercising the SIS Options granted to them, would be given the opportunity to participate in the equity of our Company and relate their contributions directly to the performance of our Group; and
- (ii) provide a continuing incentive to Eligible Persons, whilst preserving the cashflows of our Group, to contribute positively to the continuing growth of our Group through the intended stimulation of greater commitment, dedication and loyalty of the Eligible Persons towards our Group.

The Proposed SIS is extended to the non-executive directors of our Group (excluding dormant subsidiaries, if any) for the following reasons:

- (i) to recognise their contributions in respect of their oversight responsibilities as non-executive directors to our Board by providing valuable experience including, amongst others, corporate governance, risk management, business management and finance-related experience which have contributed to the decision-making process of our Board; and
- (ii) to attract and retain experienced and qualified persons to act as non-executive directors and provide an opportunity for them to participate in the future growth of our Group.

The maximum allocation of the SIS Options made available to the directors and senior management personnel of our Group (excluding dormant subsidiaries, if any) will be determined after taking into consideration, amongst others, the number of directors and senior management personnel who are eligible to participate in the Proposed SIS as well as their performance, seniority, length of service, contribution, category or grade of employment. Moreover, our Board recognises the need to attract and retain the directors and senior management personnel of our Group (excluding dormant subsidiaries, if any) with vast relevant experience and expertise which are vital to the growth and success of our Group.

## 5. EFFECTS OF THE PROPOSED SIS

### 5.1 Share capital

The Proposed SIS will not have any effect on the existing issued share capital of our Company until such time when the SIS Options are exercised into new MQ Tech Shares. The issued share capital of our Company will increase progressively depending on the number of new MQ Tech Shares to be issued upon exercise of the SIS Options and the Option Price.

For illustrative purposes, the pro forma effect of the Proposed SIS on the issued share capital of our Company is as follows:

	<b>No. of MQ Tech Shares</b>	<b>RM</b>
As at the LPD	1,251,092,031	83,230,536
To be issued assuming full exercise of the SIS Options <sup>(1)</sup>	375,327,600	11,747,754
<b>Enlarged issued share capital</b>	<b>1,626,419,631</b>	<b>94,978,290</b>

**Note:**

(1) The Option Price is assumed at RM0.0313, representing approximately 9.80% discount to the 5-day VWAP of MQ Tech Shares up to and including the LPD of RM0.0347 per MQ Tech Share. The actual number of new MQ Tech Shares arising from the exercise of the SIS Options which may be offered to an Eligible Person shall not be less than 100 MQ Tech Shares and always be in the multiples of 100 MQ Tech Shares or such amount constituting 1 board lot as permitted by Bursa Securities to be traded on Bursa Securities.

### 5.2 Substantial shareholders' shareholdings

The Proposed SIS will not have any effect on the shareholdings of our Company's substantial shareholders until such time when the SIS Options are exercised into new MQ Tech Shares. The effects on the shareholdings of our Company's substantial shareholders will depend on the number of new MQ Tech Shares to be issued upon exercise of the SIS Options.

For illustrative purposes, the pro forma effects of the Proposed SIS on the shareholdings of our Company's substantial shareholders are as follows:

	<b>As at the LPD</b>				<b>Assuming full exercise of the SIS Options</b>			
	<b>Direct</b>		<b>Indirect</b>		<b>Direct</b>		<b>Indirect</b>	
	<b>No. of MQ Tech Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of MQ Tech Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of MQ Tech Shares</b>	<b>%<sup>(2)</sup></b>	<b>No. of MQ Tech Shares</b>	<b>%<sup>(2)</sup></b>
Valuevest Ventures Sdn Bhd	74,502,000	5.95	-	-	74,502,000	4.58	-	-
Teh Boon Hong	-	-	74,502,000	5.95	-	-	74,502,000 <sup>(3)</sup>	4.58

**Notes:**

- (1) *Based on the total number of issued MQ Tech Shares of 1,251,092,031 as at the LPD.*
- (2) *Based on the total number of issued MQ Tech Shares of 1,626,419,631 after issuance of 375,327,600 MQ Tech Shares pursuant to the full exercise of the SIS Options.*
- (3) *Deemed interest pursuant to Section 8 of the Act by virtue of his shareholdings in Valuevest Ventures Sdn Bhd.*

### **5.3 NA per MQ Tech Share and gearing**

Save for the potential impact of the MFRS 2 and the estimated expenses relating to the Proposed SIS of approximately RM0.13 million, the Proposed SIS is not expected to have an immediate effect on the NA per MQ Tech Share and gearing of our Group until such time when the SIS Options are exercised into new MQ Tech Shares.

The effects on the NA per MQ Tech Share and gearing of our Group will depend on, amongst others, the Option Price, number of SIS Options to be granted, vesting conditions and number of new MQ Tech Shares to be issued upon exercise of the SIS Options.

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

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

at such point of exercise of the SIS Options.

### **5.4 Earnings and EPS**

The Proposed SIS is not expected to have any immediate material effect on the consolidated earnings of our Group and EPS for the financial year ending 30 September 2022. In accordance with MFRS 2, the cost of granting of the SIS Options is measured at the Date of Offer based on the fair value of the SIS Options granted and recognised as an expense over the vesting period of the SIS Options.

The total potential cost of granting the SIS Options would depend on, amongst others, the number of SIS Options granted and the fair value of the SIS Options. The fair value of the SIS Options is dependent on, amongst others, the volatility of MQ Tech Shares, the Option Price and the duration of the Proposed SIS. As such, the effect of the Proposed SIS on the consolidated earnings of our Group and EPS cannot be determined at this juncture. However, it should be noted that such expense recognised does not represent a cash outflow as it is merely an accounting treatment.

For illustrative purposes, excluding the effects of the potential cost of granting the SIS Options pursuant to MFRS 2, the Proposed SIS is expected to have a dilutive effect on the EPS due to the increase in the number of issued MQ Tech Shares upon exercise of the SIS Options.

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

### **5.5 Convertible securities**

As at the LPD, our Company does not have any convertible securities in issue.

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of MQ Tech Shares as traded on the ACE Market of Bursa Securities for the past 12 months from November 2021 to October 2022 are as follows:

	<u>Highest</u>	<u>Lowest</u>
	RM	RM
<b><u>2022</u></b>		
October	0.040	0.030
September	0.035	0.025
August	0.045	0.030
July	0.040	0.025
June	0.060	0.030
May	0.060	0.040
April	0.055	0.045
March	0.065	0.045
February	0.075	0.055
January	0.135	0.050
<b><u>2021</u></b>		
December	0.055	0.035
November	0.065	0.045
Last transacted market price on 14 September 2022, being the last trading day preceding the announcement of the Proposed SIS (RM)		0.030
Last transacted market price as at the LPD (RM)		0.035

*(Source: Bloomberg)*

## 7. APPROVALS REQUIRED

The Proposed SIS is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for such number of new MQ Tech Shares to be issued pursuant to the Proposed SIS, which was obtained vide its letter dated 27 October 2022, subject to the following conditions:

<u>No.</u>	<u>Condition</u>	<u>Status of compliance</u>
(1)	Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed SIS; and	To be complied
(2)	MQ Tech is required to furnish Bursa Securities on a quarterly basis a summary of the total number of MQ Tech Shares listed pursuant to the issuance of new MQ Tech Shares under the Proposed SIS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) shareholders of our Company at the EGM to be convened for the Proposed SIS; and
- (iii) any other relevant authorities and/or third party, if required.

The Proposed SIS is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by our Company.

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

Our Board confirms that there is no other corporate exercise/scheme which has been announced by our Company on Bursa Securities but pending completion as at the date of this Circular, except for the following:

- (i) the Proposed SIS, being the subject matter of this Circular;
- (ii) the joint venture between our Company's wholly-owned subsidiary, Star Acres Sdn Bhd ("**SASB**") and Cash Support Sdn Bhd ("**CSSB**") in relation to development of a theme park on a parcel of land in Klebang, Melaka, whereby, on 19 January 2016, SASB entered into a subscription and shareholders' agreement with CSSB ("**SSA 1**") to regulate their rights as shareholders of Cash Support Property Sdn Bhd ("**JVCo**") following their subscriptions of new ordinary shares of RM1.00 in the JVCo which will function as the joint venture company, the completion of which is pending fulfilment of the conditions precedents under SSA 1;
- (iii) the acquisition of 3,060,000 ordinary shares in Oriental Link Properties (M) Sdn Bhd, representing 51% of the enlarged issued share capital of Oriental Link Properties (M) Sdn Bhd by our Company for a purchase consideration of RM3.65 million pursuant to a share sale agreement entered between our Company and Lee Khoon Eng ("**SSA 2**") as announced by our Board on 5 October 2021, the completion of which is pending fulfilment of the conditions precedents under the SSA 2; and
- (iv) the investment and subscription of 4,000 redeemable preference shares in Capricorn Capital Ventures Limited ("**RPS**") by our Company at a total consideration of USD200,000.00, the completion of which is pending subscription of the RPS.

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

All our Directors (including chief executive officer) are entitled to participate in the Proposed SIS, and are therefore deemed interested to the extent of their respective allocations as well as specific allocations to persons connected with them, if any, under the Proposed SIS. Our Directors have therefore deliberated and voted on the Proposed SIS as a whole at the relevant Board meeting and recommended to put forth the resolution pertaining to the Proposed SIS to be tabled at the EGM to be convened.

Accordingly, our Directors have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in respect of their respective allocations and the specific allocations to persons connected with them, if any, under the Proposed SIS.

Our Directors will also abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company on the ordinary resolutions pertaining to the proposed allocations to them and the proposed allocations to persons connected with them, if any, under the Proposed SIS, to be tabled at the EGM to be convened. They will also undertake to ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolutions pertaining to the proposed allocations to themselves and persons connected with them, if any, under the Proposed SIS, to be tabled at the EGM to be convened.

As at the LPD, none of our Directors have any shareholdings, direct or indirect, in MQ Tech and none of our major shareholders and persons connected with them have any interest, direct or indirect, in the Proposed SIS.

#### **10. DIRECTORS' STATEMENT / RECOMMENDATION**

Our Board, having considered all aspects of the Proposed SIS, including but not limited to the rationale and effects of the Proposed SIS, is of the opinion that the Proposed SIS is in the best interest of our Company.

However, in view of the interests of our Directors in respect of their respective allocations as well as specific allocations to persons connected with them, if any, under the Proposed SIS, our Directors have abstained from expressing an opinion and making any recommendation in respect of their respective allocations and the specific allocations to persons connected with them, if any, under the Proposed SIS to be tabled at the EGM to be convened.

#### **11. TENTATIVE TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to the approvals stated in Section 7 of this Circular, the Proposed SIS is expected to be implemented in the 4<sup>th</sup> quarter of 2022.

#### **12. EGM**

The EGM, the notice of which is enclosed together with this Circular, will be held at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang on Friday, 25 November 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed SIS.

If you are unable to attend and vote in person at the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Form of Proxy at our Company's registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time and date stipulated for the EGM or at any adjournment thereof.

The lodgement of the Form of Proxy does not preclude you from participating and voting in person at the EGM should you subsequently wish to do so.

#### **13. IMPLICATIONS FOR VOTING IN FAVOUR OF THE PROPOSED SIS**

Section 85(1) of the Act provides that:

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

Clause 54 of the Constitution of our Company states that:

*"Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which*

*the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided.”*

Section 85(1) of the Act, when read together with Clause 54 of the Constitution of our Company, would be construed to mean that all new shares or other convertible securities of our Company shall, before they are issued, be first offered to our existing shareholders in proportion, as nearly as the circumstances admit, to the number of existing shares or securities to which you are entitled (“**Pre-Emptive Rights**”).

Accordingly, if you vote in favour of the proposed resolutions pertaining to the Proposed SIS to be tabled at the EGM to be convened, you will be waiving your Pre-Emptive Rights and such proposed resolutions, if passed, would be tantamount to you agreeing to waive your Pre-Emptive Rights in respect of the allotment and issuance of the new MQ Tech Shares pursuant to the Proposed SIS, which will result in a dilution to your shareholding in our Company.

#### **14. FURTHER INFORMATION**

Please refer to the appendices of this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of  
**MQ TECHNOLOGY BERHAD**

**TONG SIAN SHYEN**  
Managing Director

**DRAFT BY-LAWS****BY-LAWS FOR MQ TECHNOLOGY BERHAD'S SHARE ISSUANCE SCHEME****1. DEFINITIONS AND INTERPRETATIONS**

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

Act	:	Companies Act 2016, as may be amended from time to time and including any re-enactment thereof;
Board	:	The board of directors of the Company for the time being;
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W));
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W));
By-Laws	:	These By-Laws governing the Scheme, as may be amended or modified from time to time in accordance with By-Law 17;
CDS Account	:	A central depository system account established by Bursa Depository for the recording of deposits and withdrawals of securities and dealings in such securities by a depositor;
Constitution	:	Constitution of the Company, as may be amended from time to time;
Date of Expiry	:	The last day of the Duration of the Scheme as provided in By-Law 20;
Date of Offer	:	The date on which an Offer (including subsequent Offers) (as described in By-Law 5) is made to an Eligible Person by the SIS Committee;
Duration of the Scheme	:	The duration of the Scheme as defined in By-Law 20 and includes any extension thereof;
Effective Date	:	Shall have the meaning ascribed to it under By-Law 20.1;
Eligible Director(s)	:	Any director(s) who fulfils the criteria of eligibility set out in By-Law 3;
Eligible Person(s)	:	Any employee(s) and/or Eligible Director(s) of the Group who meets the eligibility for participation in the Scheme as set out in By-Law 3;
Grantee	:	An Eligible Person who has accepted the Offer in accordance with the provisions of By-Law 6;
Interested Parties	:	Shall have the meaning ascribed to it under By-Law 3.4;
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, including any amendments which may be made from time to time;
Market Day	:	A day on which Bursa Securities is open for trading of securities;
Maximum Limit	:	Shall have the meaning ascribed to it under By-Law 2.1;
MQ Tech or Company	:	MQ Technology Berhad (Registration No.: 200301033383 (635804-H));

**DRAFT BY-LAWS (Cont'd)**

MQ Tech Group or Group	: Collectively, the Company and its subsidiaries as defined in Section 4 of the Act (excluding dormant subsidiaries, if any) and where the context so requires, any one (1) of them;
Offer	: Written offer(s) by the SIS Committee to an Eligible Person to participate in the Scheme in the manner indicated under By-Law 5;
Offer Letter	: Shall have the meaning ascribed to it under By-Law 5.5;
Option Period	: The period commencing from the Date of Offer, or such later date as may be determined by the SIS Committee, and expiring on a date which the SIS Committee may at its discretion decide, PROVIDED THAT the option period shall not extend beyond the Duration of the Scheme;
Option Price	: The price at which a Grantee is entitled to subscribe for one (1) new Share pursuant to the exercise of a SIS Option in the manner indicated under By-Law 9;
Person(s) Connected	: Shall have the meaning as ascribed to it under the Listing Requirements;
Previous Company	: Shall have the meaning ascribed to it under By-Law 24;
Request	: Shall have the meaning ascribed to it under By-Law 18.2;
RM and Sen	: Ringgit Malaysia and Sen, the lawful currency of Malaysia;
Scheme	: The share issuance scheme for the granting of SIS Options to Eligible Persons which will upon their acceptance thereof entitle them to subscribe for new Shares in accordance with the provisions of these By-Laws and such scheme shall be known as the "MQ Technology Berhad's Share Issuance Scheme";
Share(s)	: Ordinary share(s) in the Company;
SIS Committee	: The committee comprising such persons as appointed and authorised by the Board to implement and administer the Scheme in accordance with the provisions of these By-Laws;
SIS Option(s)	: The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner indicated in By-Law 6 and where the context so requires, means any part of the SIS Option(s) as shall remain unexercised; and
Termination Date	: Shall have the meaning ascribed to it under By-Law 21.1(a).

## 1.2 In these By-Laws:

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any requirements, policies and/or guidelines of Bursa Securities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);

**DRAFT BY-LAWS (Cont'd)**

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- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any SIS Options offered and accepted prior to the Date of Expiry and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) words importing the singular shall where the context so admits include the plural and vice versa;
- (d) references to the masculine gender include the feminine and neutral genders and all such references shall be construed interchangeably in that manner;
- (e) any liberty or power which may be exercised or any determination which may be made hereunder by the Board or the SIS Committee may be exercised at the Board's or SIS Committee's sole discretion and the SIS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (f) a "day" or "month" shall mean a calendar day or a calendar month in accordance with the Gregorian calendar;
- (g) the headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and
- (h) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

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

- 2.1 Subject to By-Law 2.2, the maximum number of new Shares which may be allotted and issued pursuant to the exercise of the SIS Options granted under the Scheme shall not in aggregate exceed thirty per centum (30%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the Duration of the Scheme ("**Maximum Limit**").
- 2.2 Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares to be issued arising from the exercise of the SIS Options granted under the Scheme exceeds the Maximum Limit as a result of the Company purchasing, cancelling or reducing its own Shares in accordance with Section 127 of the Act or undertaking any other corporate proposal and thereby exceeding the Maximum Limit, then such SIS Options granted prior to the adjustment of the issued Shares shall remain valid and exercisable in accordance with the provisions of these By-Laws. For the avoidance of doubt, no further Offers shall be made by the SIS Committee until the total number of new Shares to be issued arising from the exercise of the SIS Options granted or to be granted under the Scheme falls below the Maximum Limit at any point of time during the Duration of the Scheme.
- 2.3 Each SIS Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.

**3. ELIGIBILITY**

- 3.1 Subject to the discretion of the SIS Committee, only Eligible Persons who fulfil the following criteria as at the Date of Offer of the SIS Options shall be eligible to participate in the Scheme:
  - (a) the director or employee shall have attained the age of eighteen (18) years on the Date of Offer and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;

**DRAFT BY-LAWS (Cont'd)**

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- (b) the employee is employed on a full-time basis for at least three (3) months and is on the payroll of the Company and/or a subsidiary within the Group, and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/she was transferred to a subsidiary within the Group, in which case he/she must have been a confirmed employee in that subsidiary within the Group and has not served a notice of resignation or received a notice of termination;
  - (c) the director has been appointed for at least three (3) months and remains appointed as a director of MQ Tech and/or any subsidiary within the Group, as at the Date of Offer;
  - (d) the director or employee has not participated in any other employees' share option scheme or employees' share issuance scheme implemented by any subsidiary within the Group which is in force for the time being; and/or
  - (e) the director or employee has fulfilled such other eligibility criteria and/or falls within such grade/category as may be determined by the SIS Committee from time to time.
- 3.2 Any directors or employees of the Group who represent the Government or Government institutions/agencies and Government employees in the public service as defined under Article 132 of the Federal Constitution are not eligible to participate in the Scheme.
- 3.3 The SIS Committee may at its sole and absolute discretion determine additional criteria on eligibility and allocation of SIS Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category/designation of employment as may be determined by the SIS Committee, whose decision shall be final and binding. Notwithstanding the above, the SIS Committee may, at its sole and absolute discretion, waive any of such conditions of eligibility.
- 3.4 If any Eligible Person, who is the director, major shareholder or chief executive officer of the Company ("**Interested Parties**") or a Person Connected with any of the Interested Parties, is eligible to participate in the Scheme, the specific allocation of SIS Options granted by the Company to such Interested Parties and Persons Connected with them under the Scheme must first be approved by the shareholders of the Company at a general meeting, provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving their respective allocation or allocation to Persons Connected with them.
- 3.5 Eligibility under the Scheme shall not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the SIS Options unless an Offer has been made in writing by the SIS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of these By-Laws.
- 3.6 The SIS Committee shall have the discretion to determine whether a director or employee participating in the Scheme shall at any one point in time participate or be eligible to participate in any other employees' share option scheme or employees' share issuance scheme implemented by any other company within the Group. Such participation shall be subject to the rules and regulations governing employees' share option schemes or employees' share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.
- 3.7 An employee who during the Duration of the Scheme becomes an Eligible Person may be eligible for SIS Options (to be decided by the SIS Committee), subject to the maximum allowable allotment for the category to which he/she has been admitted.
- 3.8 The allotment of SIS Options under By-Law 3.7 shall be from the balance of the SIS Options available under the Scheme, subject always to By-Law 2.1.

**DRAFT BY-LAWS (Cont'd)**

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

- 4.1 Subject to any adjustments, which may be made under By-Law 14, the aggregate maximum number of SIS Options that may be allocated to an Eligible Person at any time in each Offer made pursuant to the Scheme shall be determined by the SIS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority, length of service, performance, contribution and potential contribution to the continued success of the Group and/or such other factors that the SIS Committee may deem relevant, subject to the following:
- (a) the total number of new Shares to be issued under the Scheme shall not exceed the Maximum Limit;
  - (b) the Eligible Directors and senior management of the Group do not participate in the deliberation or discussion of their own allocation of SIS Options as well as allocation to Persons Connected with them;
  - (c) the allocation to an Eligible Person who, either singly or collectively through Persons Connected with him/her, holds twenty per centum (20%) or more of the total number of issued shares in the Company (excluding treasury shares, if any), shall not exceed ten per centum (10%) of the total number of new Shares to be issued under the Scheme;
  - (d) not more than eighty per centum (80%) of the SIS Options shall be allocated, in aggregate, to the Eligible Directors and senior management of the Group; and
  - (e) any performance target to be achieved before the SIS Options can be granted and/or exercised by an Eligible Director or employee of the Group shall be determined by the SIS Committee,

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

- 4.2 At the time the Offer is made in accordance with By-Law 5, the SIS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the maximum allowable allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than one (1) position within the Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum allowable allotment of any one (1) of those categories. The SIS Committee shall be entitled at its discretion to determine the applicable category.
- 4.4 In the event that an Eligible Person is promoted or redesignated to a higher category of employment, the maximum allowable allotment applicable to such Eligible Person shall be the maximum allowable allotment corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1 and the maximum allowable allotment as set out under By-Law 4.1. The SIS Committee has the sole and absolute discretion in deciding whether to grant the SIS Options or additional SIS Options, as the case may be, notwithstanding any such change in the employee's maximum allowable allocation.
- 4.5 In the event that an Eligible Person is demoted or redesignated to a lower category of employment for any reason whatsoever, the maximum allowable allotment applicable to such Eligible Person shall be the maximum allowable allotment corresponding to the category of employee of which he/she is then a party, unless an Offer has been made and accepted by him/her before such demotion or resignation and subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1 and the maximum allowable allotment as set out under By-Law 4.1. Where the demoted Eligible Person has accepted the Offer which exceeds the maximum allowable allotment applicable to the lower

**DRAFT BY-LAWS (Cont'd)**

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- category of employment, he/she shall not be entitled to any further allocation under such category.
- 4.6 The SIS Committee may from time to time at its sole and absolute discretion decide whether the allocation and granting of the SIS Options to the Eligible Person will be based on staggered granting during the Duration of the Scheme or in one (1) single grant and/or whether the SIS Options are subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting is subject to performance target, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the SIS Committee.
- 4.7 In the event any Eligible Person is a member of the SIS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the SIS Options as well as allocation of the SIS Options to Persons Connected with him/her.
- 4.8 The Company shall ensure that allocation of SIS Options pursuant to the Scheme is verified by the audit committee of MQ Tech at the end of each financial year as being in compliance with the criteria for allocation of SIS Options which have been disclosed to the Eligible Persons.
- 5. OFFER**
- 5.1 (a) Upon implementation of the Scheme, the SIS Committee may at its discretion at any time as it shall deem fit during the Duration of the Scheme make one (1) or more Offers to any Eligible Person, based on the criteria of allotment set out in By-Law 4, to subscribe for new Shares in accordance with the terms of the Scheme.
- (b) Notwithstanding By-Law 5.1(a) above, where it involves a grant of SIS Option to Eligible Persons who are members of the SIS Committee, such grant of SIS Options shall be decided by the Board subject to By-Law 3.
- 5.2 The actual number of SIS Options which may be offered to an Eligible Person shall be at the discretion of the SIS Committee and the number of new Shares so offered shall not be less than one hundred (100) Shares nor more than the maximum allowable allocation of such Eligible Person and shall be in multiples of one hundred (100) Shares.
- 5.3 Subject to By-Law 2, nothing herein shall prevent the SIS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first (1<sup>st</sup>) Offer provided always that the total aggregate number of new Shares to be offered to the Eligible Person (inclusive of Shares already offered under previous Offers, if any) shall not exceed the maximum allowable allotment as set out in By-Law 4.1.
- 5.4 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Offers may be granted to the Interested Parties or a Person Connected with the Interested Parties, unless the entitlement of that person under the Scheme has been approved by the shareholders of the Company in a general meeting and provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving his/her allocation.
- 5.5 The SIS Committee will in its offer letter ("**Offer Letter**") to a Grantee state, *inter alia*, the number of SIS Options that are being offered to the Grantee, the number of Shares that can be subscribed under the Offer, the Option Period, the Option Price determined in accordance with the provisions of By-Law 8, the closing date for acceptance of the Offer and the manner and conditions of exercise of the SIS Options.
- 5.6 The Offer shall automatically lapse and be null and void in the event of death of the Grantee or the Grantee ceases to be a director of or employed by the MQ Tech Group for any reason whatsoever prior to the acceptance of the Offer by the Grantee in the manner set out in By-Law 6.

**DRAFT BY-LAWS (Cont'd)**

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- 5.7 Any Offer made by the SIS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register:
- (a) the names of the Grantees;
  - (b) the addresses of the Grantees;
  - (c) the maximum allowable allotment;
  - (d) the number of SIS Options offered;
  - (e) the number of SIS Options accepted;
  - (f) the number of SIS Options exercised;
  - (g) the Date of Offer;
  - (h) the Option Price; and
  - (i) the Option Period.
- 5.9 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.5 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within fourteen (14) days of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter, except for SIS Options which have already been exercised as at the date of the revised Offer Letter.

**6. ACCEPTANCE OF THE OFFER**

- 6.1 An Offer made by the SIS Committee under By-Law 5 shall be valid for a period of fourteen (14) days from the Date of Offer or such longer period as may be determined or extended by the SIS Committee on a case-to-case basis at its discretion. Subject to By-Law 6.2 below, a Grantee to whom the Offer is made may accept the Offer within this prescribed period by written notice to the SIS Committee in the form prescribed by the SIS Committee. The written notice shall be accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the SIS Option, regardless of the number of SIS Options comprised therein. The date of receipt by the SIS Committee of such written notice shall constitute the date of acceptance.
- 6.2 If an Offer is not accepted in the manner set out in By-Law 6.1, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect.
- 6.3 Any SIS Option that has lapsed and become null and void pursuant to this By-Law 6, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the SIS Committee.
- 6.4 No option certificate will be issued to the Grantee by the SIS Committee for the grant of the SIS Option following due acceptance of the Offer in accordance with the provisions of these By-Laws.
- 6.5 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the SIS Options offered under the Scheme:

**DRAFT BY-LAWS (Cont'd)**

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- (a) Date of Offer;
- (b) Option Price;
- (c) number of SIS Options offered;
- (d) market price of its securities on the Date of Offer;
- (e) number of SIS Options offered to each Eligible Director, if any; and
- (f) vesting period of the SIS Options offered, if any.

**7. NON-ASSIGNABLE AND NON-TRANSFERABLE**

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

**8. OPTION PRICE**

- 8.1 Subject to any adjustment made in accordance with these By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer, with a discount of not more than ten per centum (10%) (or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time), as determined by the Board upon recommendation of the SIS Committee.
- 8.2 The Option Price as determined by the Board shall be conclusive and binding on the Grantees, subject to any adjustments in accordance with these By-Laws.

**9. EXERCISE OF SIS OPTIONS**

- 9.1 Subject to By-Law 18, a SIS Option granted to a Grantee under the Scheme is exercisable only by that Grantee (in accordance with the terms set out in the Offer Letter) while the Grantee is in the employment by or appointment in the Group within the Option Period.
- 9.2 Subject to any adjustments in accordance with By-Law 14, the SIS Committee may, at any time and from time to time before or after a SIS Option is granted pursuant to By-Law 6, limit the exercise of the SIS Option to a maximum number of new Shares and/or such percentage of the total new Shares relevant to the SIS Option during such periods (as determined by the SIS Committee) within the Option Period and impose any other terms and conditions deemed appropriate by the SIS Committee at its absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of By-Law 17.
- 9.3 All SIS Options to the extent that they have not been exercised upon the expiry of the Option Period or Duration of the Scheme (whichever the earlier) shall automatically lapse and become null and void and have no further effect.
- 9.4 The Grantee shall notify the SIS Committee in writing in the prescribed form of the Grantee's intention to exercise the SIS Option on any Market Day or such other period as may be stipulated by the SIS Committee. The SIS Option may be exercised in respect of such lesser number of Shares as the Grantee may so decide to exercise the SIS Option subject to By-Law 5.2. Such partial exercise of the SIS Option shall not preclude the Grantee from exercising the SIS Option as to the balance thereof at any time in the future but within the Option Period.

**DRAFT BY-LAWS (Cont'd)**

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- 9.5 In the event the balance of the SIS Options, when exercised by a Grantee, shall result in less than one hundred (100) Shares, the said balance, if exercised, shall be exercised in a single tranche.
- 9.6 Every such notice to exercise the SIS Option shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the SIS Committee for the full amount of the subscription monies in relation to the number of Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Shares to the Grantee in accordance with the provisions of the Constitution, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd, despatch the notice of allotment to the Grantee and make an application for the quotation of the new Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 9.7 The Grantee who exercises his/her SIS Option shall provide the SIS Committee with his/her CDS Account number in the notice referred to in By-Law 9.4. The new Shares to be issued pursuant to the exercise of a SIS Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.
- 9.8 For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own cost and expense before they can exercise their SIS Options.
- 9.9 Every SIS Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of a SIS Option if such issuance would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.10 The Company, the Board (including directors who have resigned but were on the Board during the Option Period) and the SIS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Shares allotted and issued to a Grantee pursuant to the exercise of the SIS Options by the Grantee;
  - (b) any delay in crediting the said new Shares into the CDS Account of the Grantee with the nominee; and/or
  - (c) any other matter or dealing which is outside the control of the Company.

**10. RIGHTS OF A GRANTEE**

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

**11. RANKING OF THE NEW SHARES**

- 11.1 The new Shares to be allotted and issued arising from the exercise of any SIS Options granted under the Scheme will be subject to the provisions of the Constitution and shall, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the holders of such new Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the Company's

**DRAFT BY-LAWS (Cont'd)**

shareholders where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new Shares.

- 11.2 The Grantees will not be entitled to any dividends, rights, allotments and/or other distributions until and unless such Grantees exercise their SIS Options into new Shares and such new Shares are credited into the Grantees' respective CDS Accounts.
- 11.3 The new Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the entitlement date at the close of business to be entitled to attend and vote at the general meeting.
- 11.4 The new Shares under the Scheme will be subject to all the provisions of the Constitution relating to transfer, transmission or otherwise of the Shares.

**12. RETENTION PERIOD**

- 12.1 The new Shares to be allotted and issued to a Grantee pursuant to the exercise of a SIS Option under the Scheme will not be subject to any retention period or restriction on transfer, disposal and/or assignment, unless otherwise stated in the Offer as may be determined by the SIS Committee from time to time at its discretion. However, Grantees are encouraged to hold the Shares as investment rather than for any speculative purposes and/or for the realisation of any immediate gain.
- 12.2 The SIS Committee shall be entitled to prescribe or impose, in relation to any Offers, any conditions relating to any retention period or restriction on transfer, disposal and/or assignment of the new Shares to be issued arising from the exercise of a SIS Option as it deems fit.
- 12.3 Notwithstanding the above, a Grantee who is a non-executive director of any company within the Group must not sell, transfer or assign his/her Shares obtained through the exercise of the SIS Options offered to him/her pursuant to the Scheme within one (1) year from the Date of Offer of such SIS Options (or such other period as may be prescribed by Bursa Securities).

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

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

**DRAFT BY-LAWS (Cont'd)**

compulsory acquisition is exercised or until the expiry of the Option Period, whichever is earlier; or

- (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any unexercised SIS Options may immediately be exercised by the Grantee or Grantee's legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the date prescribed by the SIS Committee within the Option Period,

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

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

13.2 In the event of:

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

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

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

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

**14. ALTERATION OF SHARE CAPITAL**

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

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

**DRAFT BY-LAWS (Cont'd)**

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

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

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

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

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

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

where:

*L* = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion;

*M* = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion;

*S* = existing Option Price; and

*T* = existing number of SIS Options held.

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

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

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

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

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

## DRAFT BY-LAWS (Cont'd)

where:

*A* = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights allotments and/or other forms of distributions) immediately before such bonus issue or capitalisation issue;

*B* = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable); and

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

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

(c) If and whenever the Company shall make:

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

(ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

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

then and in respect of each such case, the Option Price shall be adjusted by multiplying it by the following fraction:

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

and in respect of the case referred to in By-Law 14.1 (c)(ii) hereof, the additional number of SIS Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

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

where:

*T* = *T* in By-Law 14.1(a);

*C* = the Current Market Price (as defined in By-Law 14.1(g)) of each Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

*D* = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under By-Law 14.1(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or

## DRAFT BY-LAWS (Cont'd)

*subscribe for Shares under By-Law 14.1(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or*

- (bb) *in the case of any other transaction falling within By-Law 14.1(c), the fair market value, as determined (with the occurrence of the external auditors and/or the adviser), of that portion of the Capital Distribution attributable to one (1) Share.*

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

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

where:

- C = C in By-Law 14.1(c);*
- E = the exercise price for one (1) additional Share under the terms of such offer or invitation or subscribe for one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;*
- F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or with right to acquire or subscribe for Shares; and*
- D\* = the value of rights attributable to one (1) Share (as defined below).*

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

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

where:

- C = C in By-Law 14.1(c);*
- E\* = the exercise price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and*
- F\* = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.*

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

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

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

**DRAFT BY-LAWS (Cont'd)**

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

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

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

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

where:

- B* = *B* in By-Law 14.1(b);
- C* = *C* in By-Law 14.1(c);
- G* = the aggregate number of issued Shares on the entitlement date;
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H\** = the aggregate number of new Shares under the offer or invitation to acquire or subscribe for Shares by way of rights;
- I* = the exercise price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
- I\** = the exercise price of one (1) additional Share under the offer of invitation to acquire or subscribe for Shares; and
- T* = *T* in By-Law 14.1(a).

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.1(c)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

## DRAFT BY-LAWS (Cont'd)

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

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

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

where:

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

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

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

*H\** = *H\** in By-Law 14.1(d);

*I* = *I* in By-Law 14.1(d);

*I\** = *I\** in By-Law 14.1(d);

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

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

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

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided by in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

**DRAFT BY-LAWS (Cont'd)**

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where:

<i>B</i>	=	<i>B</i> in By-Law 14.1(b);
<i>C</i>	=	<i>C</i> in By-Law 14.1(c);
<i>G</i>	=	<i>G</i> in By-Law 14.1(d);
<i>H</i>	=	<i>H</i> in By-Law 14.1(d);
<i>H*</i>	=	<i>H*</i> in By-Law 14.1(d);
<i>I</i>	=	<i>I</i> in By-Law 14.1(d);
<i>I*</i>	=	<i>I*</i> in By-Law 14.1(d);
<i>J</i>	=	<i>J</i> in By-Law 14.1(e);
<i>K</i>	=	<i>K</i> in By-Law 14.1(e); and
<i>T</i>	=	<i>T</i> in By-Law 14.1(a).

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

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

Such adjustments (other than on a bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by either the external auditor or adviser, acting as an expert and not as arbitrator, by the SIS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (i) any adjustment to the Option Price shall be rounded up to the nearest one (1) Sen;
- (ii) in the event that a fraction of a new Share arising from the adjustment referred to in this By-Law 14.1 would otherwise be required to be issued, the Grantee’s entitlement shall be rounded down to the nearest whole number;
- (iii) upon any adjustment being made pursuant to this By-Law 14, the SIS Committee shall, within twenty-one (21) Market Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new SIS Options thereafter to be issued; and
- (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 14.

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

**DRAFT BY-LAWS (Cont'd)**

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

- 14.2 No adjustments shall be made to the Option Price and/or the number of new Shares comprised in the SIS Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:
- (a) an issue of new Shares upon the exercise of SIS Options pursuant to the Scheme;
  - (b) an issue of new Shares arising from the exercise of any conversions rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
  - (c) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the Group;
  - (d) private placement or restricted issue of new Shares by the Company;
  - (e) an issue of securities as a special issue of new Shares to Bumiputera parties or investors approved by the Ministry of International Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation;
  - (f) a purchase by the Company of its own Shares and the cancellation of all or a portion of the Shares pursuant to the relevant provisions of the Act;
  - (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
  - (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.
- 14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.2 is applicable.
- 14.4 Notwithstanding the provisions referred to in these By-Laws, the SIS Committee may exercise its discretion to determine whether any adjustments to the Option Price and/or the number of SIS Options should not be made or should be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of SIS Options notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws.
- 15. LISTING OF AND QUOTATION FOR THE NEW SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF SIS OPTIONS**
- 15.1 An application will be made to Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the SIS Options on the ACE Market of Bursa Securities.

**DRAFT BY-LAWS (Cont'd)**

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- 15.2 The Company, the Board and the SIS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares for which the Grantee is entitled to subscribe.

**16. ADMINISTRATION OF THE SCHEME**

- 16.1 The Scheme shall be administered by the SIS Committee consisting of such persons appointed by the Board from time to time. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person in the SIS Committee and appoint replacement members to the SIS Committee. The SIS Committee shall be vested with such powers and duties as are conferred upon it by the Board.
- 16.2 The SIS Committee may for the purpose of administering the Scheme do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the Scheme, which the SIS Committee may at its discretion consider to be necessary or desirable to give full effect to the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 16.3 The SIS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for a SIS Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.

**17. AMENDMENTS AND/OR MODIFICATIONS TO THE SCHEME**

- 17.1 The SIS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its absolute discretion think fit, and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of these By-Laws upon such recommendation PROVIDED ALWAYS THAT no such addition, amendment or modification and/or deletion shall be made which would either:
- (a) materially prejudice the rights then accrued to any Grantees without his/her prior consent; or
  - (b) alter to the advantage of any Grantee without the prior approval of the shareholders in a general meeting, the provisions set out in these By-Laws.
- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws save and except if such additions, modifications or amendments to or deletions would:
- (a) materially prejudice any rights which would have accrued to any Grantee without his/her prior consent;
  - (b) increase the number of new Shares beyond the maximum number of new Shares available under the Scheme; or
  - (c) alter any matter which are required to be contained in these By-Laws by virtue of the Listing Requirements to the advantage of any Eligible Person, group of Eligible Persons or all the Eligible Persons.

**DRAFT BY-LAWS (Cont'd)**

- 17.3 Subject to the compliance with the Listing Requirements and any other relevant rules and regulations, the prior approval of Bursa Securities and/or any other relevant authorities is not required for any subsequent amendment or modification to these By-Laws. However, a letter of compliance together with the amended new By-Laws shall be submitted to Bursa Securities within five (5) Market Days after the effective date of the amendments in the manner prescribed by the Listing Requirements, each time an amendment or modification is made, stating that the amendment or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Malaysia Depository Sdn Bhd as issued pursuant to the Securities Industry (Central Depositories) Act 1991.
- 17.4 For the purposes of By-Laws 17.1(a) and 17.2(a), the opinion of the Board as to whether any addition, amendment, modification or deletion would materially prejudice the rights then accrued to any Grantee shall be final, binding and conclusive.

**18. TERMINATION OF UNEXERCISED SIS OPTIONS AND SUSPENSION**

- 18.1 Subject to By-Laws 18.2 and 18.3, any unexercised SIS Option in respect of the Scheme shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable, as the case may be, without any claim against the Company, the Board and the SIS Committee upon occurrence of any one (1) or more of the following events:

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

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

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

the Grantee may apply in writing to the SIS Committee to be allowed to continue to hold and to exercise any unexercised SIS Option held by the Grantee ("**Request**") within thirty (30) days (or such other period as may be determined by the SIS Committee) upon occurrence of any one (1) or more of the above events subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the Option Period has not commenced; and/or

**DRAFT BY-LAWS (Cont'd)**

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- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

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

Any unexercised SIS Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after thirty (30) days (or such other period as may be determined by the SIS Committee) upon occurrence of the events above, as the case may be, without any liability to or right to claim against the Company, the Board and the SIS Committee. The Shares in respect of such SIS Option may be re-offered to other Eligible Persons at the discretion of the SIS Committee.

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

- 18.4 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service of such Grantee) the SIS Committee shall have the right, at its discretion, to suspend the Grantee's SIS Option pending the outcome of such disciplinary proceedings. The SIS Committee may impose such terms and conditions as the SIS Committee shall deem appropriate on the Grantee's right to exercise his/her SIS Options having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT:

- (a) in the event such Grantee shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the SIS Committee shall reinstate the right of such Grantee to exercise the Grantee's SIS Option as if such disciplinary proceeding had not been instituted in the first place;
- (b) in the event such Grantee is found guilty of the charge and the same results in the dismissal or termination of service of such Grantee, the SIS Options shall, immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such dismissal or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
- (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the SIS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise the Grantee's SIS Option or any part thereof and if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
- (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period, the SIS Option of such Grantee shall immediately lapse on the expiry of the Option Period without notice,

and nothing herein shall impose any obligation on the SIS Committee to enquire into or investigate the 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 these By-Laws.

- 18.5 In the event where a Grantee dies before the expiration of the Option Period and held unexercised SIS Options, at the time of his/her death such unexercised SIS Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his/her death provided that such exercise shall be no later than three (3) months thereafter unless otherwise approved by the SIS Committee PROVIDED ALWAYS THAT such exercise shall always be subject to any restriction in the Offer Letter and PROVIDED FURTHER THAT no

**DRAFT BY-LAWS (Cont'd)**

SIS Option shall be exercised after the expiry of the Option Period. All unexercised or partially exercised SIS Options of such Grantee shall become null and void after the expiry of the three (3) months period (or such other period as may be otherwise approved by the SIS Committee) or upon the expiry of the Option Period, whichever is earlier.

- 18.6 Any Offer which has been made by the SIS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6.1 arising from the Grantee's death, cessation or termination of employment with the Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 18.7 Any SIS Option that has lapsed and become null and void pursuant to this By-Law 18, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the SIS Committee.
- 18.8 The SIS Committee may, at its absolute discretion, change or waive any of the requirements and/or timing as set out in the By-Law 18.2.

**19. LIQUIDATION OR WINDING UP OF THE COMPANY**

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

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

**20. DURATION OF THE SCHEME**

- 20.1 The effective date for the implementation of the Scheme ("**Effective Date**") shall be the date of full compliance with all relevant requirements of the Listing Requirements, including the following:
- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance and a checklist showing compliance with the relevant requirements as may be prescribed by Bursa Securities (and/or such other documents as may be determined by Bursa Securities from time to time);
  - (b) receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of SIS Options granted under the Scheme;
  - (c) procurement of shareholders' approval for the Scheme in a general meeting;
  - (d) receipt of approval of any other relevant regulatory authorities, where applicable; and
  - (e) fulfilment of all conditions attached to the above approvals (if any).
- 20.2 The Scheme shall be in force for a period of five (5) years from the Effective Date. On or before the expiry of the above initial five (5)-year period, the Scheme may be extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation of the SIS Committee and without having to obtain approval from the shareholders of the Company, provided always that the initial period and such extension of the Scheme shall not in aggregate exceed a duration of ten (10) years from the Effective Date (or such other period as may be prescribed by Bursa Securities). In the event the Scheme is

**DRAFT BY-LAWS (Cont'd)**

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extended and implemented in accordance with the terms of these By-Laws, the SIS Committee shall inform the relevant parties of such extension, prior to the proposed extension of the Scheme.

- 20.3 The adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the effective date of implementation of the Scheme together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting approving the Scheme. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.
- 20.4 Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. For the avoidance of doubt, no further sanction, approval or authorisation of the Company's shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of these By-Laws, the SIS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities within thirty (30) days prior to the expiry of the Scheme.

**21. TERMINATION OF THE SCHEME**

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

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

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

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

**22. DISPUTES/DIFFERENCES**

22.1 In the event of any dispute or difference arising between the SIS Committee and an Eligible Person or Grantee, as the case may be, as to any matter of any nature arising under the Scheme, the SIS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, within fourteen (14) days of the receipt thereof by written notice to the SIS Committee (or such other period as may be determined by the SIS Committee), disputes the same in which case such dispute or difference shall be referred to the

**DRAFT BY-LAWS (Cont'd)**

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decision of the external auditors, for the time being of the Company, which the SIS Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the SIS Committee shall be borne by such party.

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

**23. COSTS AND EXPENSES**

- 23.1 Save as otherwise provided for in the Scheme and the Constitution, all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any SIS Option shall be borne by the Company.
- 23.2 All taxes (including income tax), if any, arising from the Offer granted and/or exercise of any SIS Option under the Scheme shall be borne by the Eligible Person.
- 23.3 Notwithstanding the above, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the SIS Options under the Scheme and any holding or dealing of Shares to be allotted and issued pursuant to the exercise of the SIS Options, including brokerage commissions and stamp duties.

**24. TRANSFER TO/FROM THE GROUP**

In the event that:

- (a) an employee or a director who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “**the Group**”) is subsequently transferred from such company to any company within the Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a member of the Group a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above,

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

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

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

**DRAFT BY-LAWS (Cont'd)**

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**25. DIVESTMENT FROM THE GROUP**

25.1 If a Grantee who was in the employment of a company in the Group which was subsequently divested from the Group resulting in that company ceasing to be a subsidiary, unless approved by the SIS Committee in writing, the SIS Options unexercised on the date of such company ceasing to be a subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further SIS Option under the Scheme.

25.2 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing employees' share option scheme or 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.

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

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

**26. SCHEME NOT A TERM OF EMPLOYMENT**

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

**27. COMPENSATION**

27.1 Notwithstanding any provisions of these By-Laws:

(a) the Scheme shall not form part of any contract of employment between any company of the Group and any employee or director of the Group and the rights of any Grantee under the terms of his/her office and employment with the Company or any company within the Group shall not be affected by his/her participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason; and

(b) the Scheme shall not confer on any person any legal or equitable rights (other than those constituting the SIS Option themselves) against the Company or any company of the Group directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group.

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

**DRAFT BY-LAWS (Cont'd)**

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**28. CONSTITUTION**

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

**29. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME OR EMPLOYEES' SHARE ISSUANCE SCHEME**

The Company may implement more than one (1) employees' share option scheme or employees' share issuance scheme provided that the aggregate number of Shares available under all the schemes implemented by the Company is not more than thirty per centum (30%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the Duration of the Scheme or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the Duration of the Scheme.

**30. DISCLAIMER OF LIABILITY**

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

**31. ERRORS AND OMISSIONS**

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

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

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

**32. SEVERABILITY**

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

**33. DECISION OF THE SIS COMMITTEE**

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

**DRAFT BY-LAWS (Cont'd)**

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**34. NOTICE**

- 34.1 Any notice under the Scheme required to be given to or served upon the SIS Committee by an Eligible Person or a Grantee or any correspondence to be made between an Eligible Person or Grantee to the SIS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the SIS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.
- 34.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee or any correspondence to be made with an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, or registered letter addressed to the Eligible Person or Grantee at the place of employment or at the last address known to the Company as being his/her correspondence address or by electronic mail. Any notice served by hand, electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by electronic mail, such notice shall be deemed to have been received by the recipient on the next day immediately following the day on which the electronic mail is sent and if by registered letter would be in the ordinary course of post be delivered.
- 34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by the Company or the SIS Committee under these By-Laws in relation to matters which may affect all the Eligible Persons or Grantees, as the case may be, the Company or SIS Committee may give through an announcement to all employees of the Group to be made in such manner deemed appropriate by the SIS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

**35. GOVERNING LAW**

The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

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**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND CONFLICT OF INTERESTS**

Mercury Securities, being the Principal Adviser to our Company for the Proposed SIS, 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.

Mercury Securities confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Principal Adviser to our Company for the Proposed SIS.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****3.1 Material commitments**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the profits and/or NA of our Group.

**3.2 Contingent liabilities**

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

**4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

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

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection at the registered office of our Company at Level 5, Tower 2, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, during normal business hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM to be convened:

- (i) the Constitution;
- (ii) the audited consolidated financial statements of our Company for the 18-month financial period ended (“FPE”) 30 June 2020, 15-month FPE 30 September 2021 and the latest unaudited consolidated financial statements of our Company for the 9-month FPE 30 June 2022;
- (iii) the draft By-Laws as set out in Appendix I of this Circular; and
- (iv) the letter of consent and declaration of conflict of interest referred to in Section 2 of this Appendix.



TECHNOLOGY BERHAD

**MQ TECHNOLOGY BERHAD**

(Registration No. 200301033383 (635804-H))  
(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of MQ Technology Berhad (“**MQ Tech**” or “**Company**”) will be held at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang on Friday, 25 November 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

**ORDINARY RESOLUTION 1**

**PROPOSED ESTABLISHMENT OF A NEW SHARE ISSUANCE SCHEME (“SIS”) OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES IN MQ TECH (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME DURING THE DURATION OF THE SIS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF MQ TECH AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED SIS”)**

“**THAT**, subject to all approvals of the relevant authorities and/or parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new ordinary shares in MQ Tech (“**MQ Tech Shares**”) to be issued pursuant to the exercise of the SIS Options (as defined herein) granted under the Proposed SIS having been obtained, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to establish the Proposed SIS from time to time for the eligible directors and employees of MQ Tech and its subsidiaries (“**Group**”) (excluding dormant subsidiaries, if any), who fulfil the criteria of eligibility for participation in the Proposed SIS (“**Eligible Person(s)**”) under which options will be granted to the Eligible Persons to subscribe for new MQ Tech Shares (“**SIS Options**”) in accordance with the draft by-laws governing the Proposed SIS as set out in Appendix I of the circular to the shareholders of the Company dated 8 November 2022 (“**By-Laws**”), and to adopt and approve the By-Laws, and the Board be and is hereby authorised to:

- (i) implement and administer the Proposed SIS in accordance with the By-Laws, and to give full effect to the Proposed SIS with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or required by the relevant authorities and/or parties or deemed necessary by the Board in the best interest of the Company;
- (ii) make the necessary applications, and to do all things necessary at the appropriate time or times, to Bursa Securities for the listing of and quotation for the new MQ Tech Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the SIS Options under the Proposed SIS;
- (iii) allot and issue from time to time such number of new MQ Tech Shares as may be required to be issued pursuant to the exercise of the SIS Options granted under the Proposed SIS, provided that the aggregate number of new MQ Tech Shares to be allotted and issued shall not exceed 30% of the total number of issued shares of MQ Tech (excluding treasury shares, if any) at any one time during the duration of the Proposed SIS and such new MQ Tech Shares shall, upon allotment and issuance, rank equally in all respects with the existing MQ Tech Shares, save and except that such new MQ Tech Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of such new MQ Tech Shares;

- (iv) amend and/or modify the Proposed SIS from time to time as may be required/permitted by the relevant authorities or deemed to be necessary by the Board, provided that such amendments and/or modifications are effected in accordance with the provisions of the By-Laws relating to amendments and/or modifications, and to do all such acts, deeds and things, and to execute all such documents and to enter into all such transactions, arrangements, agreements, deeds and undertakings with any party or parties as the Board may deem fit, necessary or expedient or appropriate and to impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed SIS and the provisions of the By-Laws; and
- (v) extend the duration of the Proposed SIS, provided always that the initial period and such extension of the Proposed SIS made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the effective date of the Proposed SIS as determined in accordance with the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) and the provisions of the By-Laws (or such other period as may be permitted by Bursa Securities or any other relevant 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 THAT** pursuant to Section 85 of the Companies Act 2016 read together with Clause 54 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered new MQ Tech Shares which rank equally to the existing MQ Tech Shares **AND THAT** the Board is exempted from the obligation to offer such new MQ Tech Shares first to the existing shareholders of the Company in respect of the allotment and issuance of new MQ Tech Shares to the Eligible Persons pursuant to the Proposed SIS.”

## **ORDINARY RESOLUTIONS 2 TO 8**

### **PROPOSED ALLOCATION OF SIS OPTIONS TO THE DIRECTORS OF THE COMPANY (“PROPOSED ALLOCATIONS”)**

“**THAT**, subject to the passing of Ordinary Resolution 1 above and all approvals from the relevant authorities and/or parties being obtained (if required), the Board (including the committee to be appointed and authorised by the Board to implement and administer the Proposed SIS) be and is hereby authorised, at any time and from time to time during the duration of the Proposed SIS, to offer and grant such number of SIS Options (as adjusted or modified from time to time pursuant to the By-Laws) under the Proposed SIS to each of the following Directors of the Company:

<b>DATO’ LIM CHAR BOO</b> <i>(Senior Independent Non-Executive Chairman)</i>	<b>ORDINARY RESOLUTION 2</b>
<b>DATO’ NURULHIDAYAH BINTI AHMAD ZAHID</b> <i>(Independent Non-Executive Vice Chairman)</i>	<b>ORDINARY RESOLUTION 3</b>
<b>TONG SIAN SHYEN</b> <i>(Managing Director)</i>	<b>ORDINARY RESOLUTION 4</b>
<b>TERENCE CHEAH EU LEE</b> <i>(Executive Director)</i>	<b>ORDINARY RESOLUTION 5</b>
<b>GERALD NICHOLAS TAN ENG HOE</b> <i>(Non-Independent Non-Executive Director)</i>	<b>ORDINARY RESOLUTION 6</b>
<b>PAULINUS MOJIUN</b> <i>(Independent Non-Executive Director)</i>	<b>ORDINARY RESOLUTION 7</b>
<b>DR. KOAY BOON HOOI</b> <i>(Independent Non-Executive Director)</i>	<b>ORDINARY RESOLUTION 8</b>

**PROVIDED ALWAYS THAT:**

- (i) the abovementioned Directors must not participate in the deliberation or discussion in respect of their own allocation of the SIS Options and the allocation(s) to any persons connected with them under the Proposed SIS;
- (ii) not more than 80% of the SIS Options shall be allocated, in aggregate, to the abovementioned Directors and senior management personnel of the Group (excluding dormant subsidiaries, if any); and
- (iii) not more than 10% of the total number of new MQ Tech Shares to be allotted or issued upon the exercise of the SIS Options under the Proposed SIS shall be allocated to any one of the abovementioned Directors who, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of MQ Tech Shares (excluding treasury shares, if any),

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

**THAT** pursuant to Section 85 of the Companies Act 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered new MQ Tech Shares which rank equally to the existing MQ Tech Shares **AND THAT** the Board is exempted from the obligation to offer such new MQ Tech Shares first to the existing shareholders of the Company in respect of the allotment and issuance of new MQ Tech Shares to the directors of the Company pursuant to the Proposed SIS.

**AND THAT** the Board be and is hereby authorised to allot and issue from time to time such number of new MQ Tech Shares to the abovementioned Directors as may be required pursuant to the exercise of the SIS Options at any one time during the duration of the Proposed SIS and to take such steps as are necessary or expedient to implement, finalise or give full effect to the Proposed Allocations, with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or required by the relevant authorities and/or parties or deemed necessary by the Board in the best interest of the Company, and to do all such acts, deeds and things, and to execute all such documents and to enter into all such transactions, arrangements, agreements, deeds and undertakings with any party or parties as the Board may deem fit, necessary or expedient or appropriate to give full effect to the Proposed Allocations."

**BY ORDER OF THE BOARD**

**Wong Youn Kim (MAICSA 7018778) (SSM PC No.: 201908000410)**

Company Secretary

Kuala Lumpur

8 November 2022

**Notes:**

- (i) *For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 18 November 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend the EGM or appoint a proxy to attend, speak or vote at the EGM on his/her behalf.*
- (ii) *A member entitled to attend and vote at the EGM is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.*
- (iii) *A member may appoint not more than two (2) proxies to attend the same EGM. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.*
- (iv) *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

- (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (vi) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- (vii) *The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Company’s registered office at Level 5, Tower 2, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time set for holding the EGM or at any adjournment thereof.*

### **Explanatory Notes to Ordinary Resolutions 1 to 8**

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 54 of the Company’s Constitution, the existing shareholders of the Company have a statutory pre-emptive right to be offered any new shares which rank equally to existing shares issued by the Company. By you voting in favour of the proposed Ordinary Resolutions 1 to 8, you will be waiving your statutory pre-emptive right and the proposed Ordinary Resolutions 1 to 8, if passed, will exclude your statutory pre-emptive right to be offered any new shares to be allotted and issued by the Company pursuant to the Proposed SIS, which will result in a dilution to your shareholding in the Company.

The details of the Proposed SIS are set out in the circular to shareholders dated 8 November 2022, which is available on the Company’s website at [www.mqtech.com.my](http://www.mqtech.com.my).

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**TECHNOLOGY BERHAD**

(Registration No. 200301033383 (635804-H))  
(Incorporated in Malaysia)

**FORM OF PROXY**

CDS Account No.	
No. of Shares held	

\*I/We \_\_\_\_\_ \*NRIC/ Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

Being \*a member / members of MQ TECHNOLOGY BERHAD (Registration No. 200301033383 (635804-H)) hereby appoint

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/her \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/ her, the Chairman of the Meeting as \*my/ our proxy to participate, speak and vote on \*my/ our behalf at the Extraordinary General Meeting of MQ Technology Berhad ("**Company**") to be held at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang on Friday, 25 November 2022 at 11.00 a.m.. or at any adjournment thereof to vote, in the manner indicated below:

\*My/ our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1	PROPOSED SIS		
2	PROPOSED ALLOCATION OF SIS OPTIONS TO DATO' LIM CHAR BOO		
3	PROPOSED ALLOCATION OF SIS OPTIONS TO DATO' NURULHIDAYAH BINTI AHMAD ZAHID		
4	PROPOSED ALLOCATION OF SIS OPTIONS TO TONG SIAN SHYEN		
5	PROPOSED ALLOCATION OF SIS OPTIONS TO TERENCE CHEAH EU LEE		
6	PROPOSED ALLOCATION OF SIS OPTIONS TO GERALD NICHOLAS TAN ENG HOE		
7	PROPOSED ALLOCATION OF SIS OPTIONS TO PAULINUS MOJIUN		
8	PROPOSED ALLOCATION OF SIS OPTIONS TO DR. KOAY BOON HOOI		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be casted. Unless voting instructions are indicated in the space above, the proxy will vote as he/ she thinks fit.)

\_\_\_\_\_  
Signature/ Common Seal of Member

Date:

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

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

Notes:

- (i) For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 18 November 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend the EGM or appoint a proxy to attend, speak or vote at the EGM on his/her behalf.
- (ii) A member entitled to attend and vote at the EGM is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- (iii) A member may appoint not more than two (2) proxies to attend the same EGM. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- (iv) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (vii) The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Company's registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than 24 hours before the time set for holding the EGM or at any adjournment thereof.

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**MQ TECHNOLOGY BERHAD**  
200301033383 (635804-H)  
C/O Acclime Corporate Services Sdn Bhd  
Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Malaysia

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