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

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MUAR BAN LEE GROUP BERHAD
(Registration No. 200601033829 (753588-P))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED BONUS ISSUE OF 113,767,950 WARRANTS ("WARRANT(S)-B") ON THE BASIS OF 1 WARRANT-B FOR EVERY 2 EXISTING ORDINARY SHARES IN MBL ("MBL SHARE(S)") HELD BY THE SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED LATER; AND**
- (II) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED MBL SHARES (EXCLUDING ANY TREASURY SHARES) AT ANY POINT IN TIME DURING THE DURATION OF THE ESOS**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MALACCA SECURITIES SDN. BHD.

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Muar Ban Lee Group Berhad ("**MBL**" or "**Company**") will be held on a fully virtual basis through the online meeting platform in Malaysia at <https://agm.digerati.com.my/pasb-online> (Domain registration number: D1A119533). This circular together with the Notice of the EGM, Administrative Guide for the EGM and Form of Proxy are available on the Company's website at www.mbl.com.

You are entitled to attend, vote and speak at the EGM of MBL or to appoint a proxy or proxies to attend, vote and speak on your behalf. The Form of Proxy should be completed and returned in accordance with the instructions therein and should reach the registered office of our Company at No. 85, Muntri Street, 10200 Georgetown, Pulau Pinang, on or before the date and time indicated below:

Last date and time for lodging the Form of Proxy : Tuesday, 23 May 2023 at 12.30p.m.

Date and time of the EGM : Thursday, 25 May 2023 at 12.30p.m. or any adjournment thereof

This Circular is dated 9 May 2023

DEFINITIONS

In this Circular, the following terms and abbreviations shall have the following meanings unless otherwise stated:

| | |
|---------------------------|---|
| “Act” | : Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof |
| “Announcement LPD” | : 17 January 2023, being the latest practicable date prior to the announcement dated 20 January 2023 in relation to the Proposed Bonus Issue of Warrants-B |
| “Board” | : Board of Directors of MBL |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| “By-Laws” | : The by-laws governing the Proposed ESOS as may be modified, amended, varied or supplemented from time to time in accordance with the provisions of the By-Laws, which is set out in Appendix II of this Circular |
| “Circular” | : This circular dated 9 May 2023 in relation to the Proposals |
| “CMSA” | : Capital Markets and Services Act, 2007, as amended from time to time including any re-enactment thereof |
| “Date of Offer” | : The date of which an offer is made in writing by the ESOS Committee |
| “Dato’ Chua” | : Dato’ Chua Ah Ba @ Chua Eng Ka |
| “Director(s)” | : A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA |
| “Effective Date” | : The date on which the Proposed ESOS is implemented in accordance with the By-Laws |
| “EGM” | : Extraordinary General Meeting |
| “Eligible Participant(s)” | : Director(s) (including non-executive director(s)) and employee(s) of the MBL Group (excluding dormant subsidiaries, if any) who meet the criteria of eligibility for participation in the Proposed ESOS |
| “Entitlement Date” | : A date to be determined and announced later by the Board, on which the names of the shareholders of MBL must appear in the Record of Depositors of the Company, in order to be entitled to receive the Warrants-B |
| “Entitled Shareholder(s)” | : Shareholder(s) of MBL whose name(s) appear in the Record of Depositors of the Company on the Entitlement Date |
| “EPS” | : Earnings per share |
| “ESOS” | : Employees’ share option scheme |
| “ESOS Committee” | : The committee appointed and authorised from time to time by the Board, responsible for implementing and administering the Proposed ESOS |
| “ESOS Option(s)” | : Option(s) to be granted under the Proposed ESOS, comprising the right of an Eligible Participant to subscribe for new Shares at the Subscription Price |
| “Ex-Group Company” | : A company which subsequently ceases to be in the MBL Group |

DEFINITIONS (Cont'd)

| | |
|---|---|
| “FYE” | : Financial year ending/ended, as the case may be |
| “Grantee(s)” | : Eligible Participant(s) who has accepted an ESOS offer |
| “LPD” | : 26 April 2023, being the latest practicable date prior to the printing of this Circular |
| “Listing Requirements” | : Main Market Listing Requirements of Bursa Securities |
| “Malacca Securities” or “Principal Adviser” | : Malacca Securities Sdn. Bhd. (Registration No. 197301002760 (16121-H)) |
| “MBL” or “Company” | : Muar Ban Lee Group Berhad (Registration No. 200601033829 (753588-P)) |
| “MBL Group” or “Group” | : MBL and its subsidiaries, collectively |
| “MBL Share(s)” or “Share(s)” | : Ordinary share(s) in MBL |
| “MFRS 2” | : Malaysian Financial Reporting Standards 2 |
| “NA” | : Net assets |
| “Proposed Allocation of ESOS Options” | : Collectively, the proposed allocation of the ESOS Options to Directors, major shareholders or chief executive of MBL, and persons connected with them |
| “Proposed Bonus Issue of Warrants-B” | : Proposed bonus issue of 113,767,950 Warrants-B on the basis of 1 Warrants-B for every 2 existing MBL Shares held by the shareholders whose names appear in the Record of Depositors of the Company on an Entitlement Date |
| “Proposed ESOS” | : Proposed establishment of an ESOS of up to 15% of the total number of issued Shares at any point in time during the duration of the ESOS |
| “Proposals” | : Collectively, Proposed Bonus Issue of Warrants-B and Proposed ESOS |
| “RM” and “Sen” | : Ringgit Malaysia and sen, respectively |
| “Subscription Price” | : The price payable for MBL Share(s) upon the exercise of any ESOS Options under the Proposed ESOS |
| “Tan Sri Tan” | : Tan Sri Dato’ Seri Tan King Tai @ Tan Khoo Hai |
| “Termination Date” | : The effective date of termination, which shall be the date of the Board resolution approving the termination of the ESOS |
| “Warrants-B” | : 113,767,950 warrants to be issued pursuant to the Proposed Bonus Issue of Warrants-B |
| “5D-VWAP” | : Five (5)-day volume weighted average market price |

All references to “our Company” and “Company” in this Circular are to MBL. References to “Group” and “MBL Group” are to our Company and subsidiaries, collectively. Reference to “we”, “us”, “our”, and “ourselves” are to our Company and save where the context otherwise requires, shall include our subsidiaries.

DEFINITIONS (Cont'd)

All references to “you” or “your” in this Circular are to the shareholders of the Company who are entitled to attend and vote at the EGM.

Words denoting the singular number shall include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any provision of the statutes, rules, regulations or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations or rules of stock exchange (as the case may be) as modified by any written law and any amendments to the statutes, rules, regulations or rules of stock exchange for the time being in force or their respective re-enactment or amendment.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

| Key information | Description | Reference to Circular |
|--------------------------|---|-----------------------|
| Summary of the Proposals | <p>MBL proposes to undertake the following:</p> <ul style="list-style-type: none"> (i) proposed bonus issue of 113,767,950 Warrants-B on the basis of 1 Warrants-B for every 2 existing MBL Shares held by the Entitled Shareholders; and (ii) proposed establishment of an ESOS of up to 15% of the total number of issued Shares at any point in time during the duration of the ESOS. | Section 2 |
| Rationale | <p>The Proposed Bonus Issue of Warrants-B is intended to:</p> <ul style="list-style-type: none"> (i) enable the existing shareholders of MBL to participate in convertible securities which are tradable on the Official List of Bursa Securities, without incurring any cost; (ii) provide the existing shareholders of MBL with an opportunity to increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants-B; (iii) allow the existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants-B; and (iv) strengthen the capital base and shareholders' funds of the Company as well as potentially provide additional working capital for the Group as and when the Warrants-B are exercised. <p>The Proposed ESOS:</p> <ul style="list-style-type: none"> (i) is intended to attract, motivate, retain and reward the Eligible Participants, who would be given the opportunity to participate in the equity of the Company and thereby, relate directly to the performance of the MBL Group; (ii) is designed to provide incentives to Eligible Participants without adversely affecting the cash flow of the MBL Group whilst at the same time, contributing positively to its continuing growth through the intended stimulation of greater commitment, productivity and efforts on the part of the Eligible Participants towards the MBL Group; and (iii) seeks to recognise and value the contributions of non-executive directors who are involved in the deliberations and/or independent views in the decision-making process, as well as to maintain good corporate practices at any given time. | Section 3 |

EXECUTIVE SUMMARY (CONT'D)

| Key information | Description | Reference to Circular |
|--|---|-----------------------|
| Approvals required | <p>The Proposals are subject to approvals being obtained from the following:</p> <p>(a) Bursa Securities for the following:</p> <ul style="list-style-type: none"> (i) admission to the Official List of Bursa Securities and listing of and quotation for 113,767,950 Warrants-B to be issued pursuant to the Proposed Bonus Issue of Warrants; (ii) listing of and quotation for 113,767,950 new MBL Shares to be issued arising from the exercise of the Warrants-B; and (iii) listing of and quotation for such number of additional new MBL Shares representing up to 15% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the Proposed ESOS, <p>on the Main Market of Bursa Securities, which was obtained vide its letter dated 26 April 2023.</p> <p>(b) the approval of the shareholders of the Company at an EGM to be convened; and</p> <p>(c) the approvals/consents of any other relevant authorities/parties, if required.</p> | Section 8 |
| Directors' statements and recommendation | <p>The Board having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p> <p>In respect of the Proposed Allocation of ESOS Options, all the Directors have abstained from giving any opinion or recommendation on their respective entitlements and the entitlements to the person(s) connected with them, if any. Where the resolutions are not related to their respective allocations or to the person(s) connected with them, the Directors after having considered all aspects of the Proposed Allocation of ESOS Options, are of the view that the Proposed Allocation of ESOS Options is in the best interests of the Group and recommend that you vote in favour of the resolutions pertaining to the Proposed Allocation of ESOS Options to be tabled at the forthcoming EGM.</p> | Section 11 |



MUAR BAN LEE GROUP BERHAD

(Registration No. 200601033829 (753588-P))
(Incorporated in Malaysia)

Registered office:
No. 85, Muntri Street
10200 Georgetown
Pulau Pinang

9 May 2023

Board of Directors

Dato' Chua Ah Ba @ Chua Eng Ka (*Executive Chairman*)
Chua En Hom (*Deputy Executive Chairman*)
Dato' Chua Heok Wee (*Managing Director*)
Chua Kang Sing (*Executive Director*)
Tan Sri Dato' Seri Tan King Tai @ Tan Khoo Hai (*Executive Director/Finance Director*)
Lim Choo Hooi (*Independent Non-Executive Director*)
Tan Soo Mooi (*Independent Non-Executive Director*)
Datuk Rajendran A/L P Narayanasamy (*Independent Non-Executive Director*)
Ng Mei Wan (*Independent Non-Executive Director*)

To: The shareholders of MBL

Dear Sir/Madam,

- (I) **PROPOSED BONUS ISSUE OF WARRANTS-B**
- (II) **PROPOSED ESOS**

1. INTRODUCTION

On 20 January 2023, Malacca Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Bonus Issue of Warrants-B.

On 23 February 2023, Malacca Securities had, on behalf of the Board, announced that the Company proposes to establish the Proposed ESOS.

On 27 April 2023, Malacca Securities had, on behalf of the Board announced that Bursa Securities had vide its letter dated 26 April 2023 resolved to approve the following:

- (i) admission to the Official List of Bursa Securities and listing of and quotation for 113,767,950 Warrants-B to be issued pursuant to the Proposed Bonus Issue of Warrants;
- (ii) listing of and quotation for 113,767,950 new MBL Shares to be issued arising from the exercise of the Warrants-B; and
- (iii) listing of and quotation for such number of additional new MBL Shares representing up to 15% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the Proposed ESOS,

on the Main Market of Bursa Securities, subject to the conditions set out in Section 8 of this Circular.

Further details of the Proposals are set out in the ensuing sections of the Circular.

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

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

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue of Warrants-B

2.1.1 Basis and number of Warrants-B to be issued

As at the LPD, the issued share capital of MBL is RM75,535,317.30 comprising 227,535,900 MBL Shares (excluding 21,085,900 treasury shares). MBL does not have any outstanding issuance of warrants as at the LPD. MBL's warrants 2012/2022 which was listed on 3 December 2012 had expired on 25 November 2022. To facilitate the Proposed Bonus Issue of Warrants-B, the Company will not sell or purchase any treasury shares until the completion of the Proposed Bonus Issue of Warrants-B.

The Proposed Bonus Issue of Warrants-B entails the issuance of 113,767,950 Warrants-B on the basis of 1 Warrant-B for every 2 existing Shares held by the Entitled Shareholders.

Pursuant to the Act, the treasury shares held by the Company shall not be entitled to the Warrants-B. Based on the number of Shares in issue as at the LPD of 227,535,900 Shares after excluding treasury shares, the total number of Warrants-B to be issued will be 113,767,950 Warrants-B. Accordingly, the maximum number of new MBL Shares to be issued upon the full exercise of the Warrants-B will be 113,767,950.

The basis of Warrants-B to be issued were determined after taking into consideration, amongst others, the following:

- (i) the amount of proceeds that the Company could potentially raise as and when the Warrants-B are exercised during the tenure of the Warrants-B;
- (ii) dilutive effects arising from the full exercise of the Warrants-B on the consolidated EPS of the Company; and
- (iii) compliance with paragraph 6.50 of the Listing Requirements, which states that the number of Shares arising from the exercise or conversion of all outstanding convertible securities does not exceed 50% of the Company's total number of issued shares (excluding the treasury shares, if any and before the exercise of the convertible securities) at all times.

Fractional entitlements, arising from the Proposed Bonus Issue of Warrants-B, if any, shall be disregarded, and dealt with by the Board in such manner at its absolute discretion as it may deem fit and expedient and in the best interest of the Company.

The Entitlement Date will be determined and announced at a later date by the Board upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants-B. The Proposed Bonus Issue of Warrants-B is not intended to be implemented in stages over a period of time.

2.1.2 Salient terms of the Warrants-B

The Warrants-B shall have a tenure of 5 years at an exercise price of RM0.50. The Warrants-B will be issued in registered form and constituted by the provisions of a Deed Poll.

Please refer to Appendix I of this Circular for the salient terms of Warrants-B.

2.1.3 Basis and justification of the issue price and exercise price of the Warrants-B

The Warrants-B will be issued at no cost to the Entitled Shareholders. The Board has determined that the exercise price of the Warrants-B shall be fixed at RM0.50 each. The Board, in determining the exercise price of the Warrants-B has taken into consideration, amongst others, the following:

- (i) the 5D-VWAP of MBL Shares up to and including the Announcement LPD. The exercise price represents a discount of approximately 2.89% to the 5D-VWAP of MBL Shares up to and including the Announcement LPD of RM0.5149.

The Board opines that the exercise price is justifiable after taking into consideration the prospect of the Group as well as its future funding requirements, and thus the need to fix an exercise price at a discount to the 5D-VWAP of MBL Shares up to and including the Announcement LPD in order to encourage the Warrant-B holders to exercise their Warrants-B;

- (ii) the Warrants-B are exercisable at any time for a tenure of 5 years from the date of issuance, which may provide MBL's shareholders with an opportunity to participate in the equity of the Company and potentially realise a capital gain in the event of any share price appreciation.

The Board is of the view that the exercise of the Warrants-B may raise additional funds for the Group in the future, as well as improve the trading liquidity of MBL Shares with the increase in the number of MBL Shares in issue as and when the Warrants-B are exercised.

2.1.4 Ranking of the Warrants-B and the new Shares to be issued arising from the exercise of the Warrants-B

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

The new Shares to be issued arising from the exercise of the Warrants-B shall, upon allotment and issuance, rank equally in all respects with the existing MBL Shares. Save and except that such new Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, unless such new Shares were allotted and issued on or before the Entitlement Date of such dividends, rights, allotments and/or other distributions.

2.1.5 Listing of and quotation for the Warrants-B and new Shares to be issued pursuant to the exercise of the Warrants-B

Approval has been obtained from Bursa Securities vide its letter dated 26 April 2023 for the admission of the Warrants-B to the Official List of Bursa Securities as well as for the listing of and quotation for 113,767,950 Warrants-B to be issued pursuant to the Proposed Bonus Issue of Warrants-B and listing of and quotation for 113,767,950 new Shares to be issued arising from the exercise of Warrants-B on the Main Market of Bursa Securities, subject to the conditions set out in Section 8 of this Circular.

2.2 Proposed ESOS

The Proposed ESOS entails the granting of ESOS Options to Eligible Participants to subscribe for new Shares.

The Proposed ESOS will be administered in accordance with the By-Laws by the ESOS Committee. The ESOS Committee will comprise directors and/or management identified and appointed from time to time by the Board and will have the absolute discretion in administering the Proposed ESOS as it may deem fit, in accordance with the provisions set out in the By-Laws. The decision as to whether to stagger the allocation of the ESOS Options over the duration of the ESOS as well as for the granting of ESOS Options, shall be determined by the ESOS Committee at a later date.

The salient features of the Proposed ESOS are set out below.

2.2.1 Maximum number of new MBL Shares to be issued arising from the Proposed ESOS

The maximum number of new MBL Shares which may be allotted and issued arising from the Proposed ESOS shall not exceed in aggregate 15% of the total number of issued Shares of the Company (excluding any treasury shares) at any point in time during the duration of the Proposed ESOS as provided in the By-Laws.

2.2.2 Basis of allotment and maximum allowable allotment

The allocation of MBL Shares to an Eligible Participant shall be determined entirely at the discretion of the ESOS Committee and subject to the provision of the By-Laws after taking into consideration, amongst others, the designation, work performance, contribution, employment grade, seniority, length of service and his/her potential contribution to the success of the MBL Group.

Notwithstanding the foregoing, subject to any adjustments which may be made in accordance with the By-Laws, the aggregate number of Shares that may be allocated to an Eligible Participant shall be subject to the following:

- (i) not more than 60% of the total new MBL Shares to be issued under the Proposed ESOS shall be allocated to the Directors and/or management* of the MBL Group (excluding dormant subsidiaries) on the basis that they are key drivers and decision makers of the Group that contribute significantly to the performance of the Group; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total new MBL Shares to be issued under the Proposed ESOS shall be allocated to any Eligible Participant who, either singly or collectively through persons connected with them, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued MBL Shares (excluding treasury shares, if any).

Note:

* *Management are individuals who hold managerial positions and above in the MBL Group who have the day-to-day responsibilities of managing the MBL Group.*

In the event any Eligible Participant is a member of the ESOS Committee, such Eligible Participant shall not participate in the deliberation or discussion of the allocation or grant of ESOS Options to them or persons connected to them.

For the avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the ESOS Options are to be granted to the Eligible Participants via:

- (a) 1 single offer at a time determined by the ESOS Committee; or

- (b) several offers where the vesting of the ESOS Options comprised in those offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new MBL Shares in respect of the offers granted to any Eligible Participant shall not exceed the amount stipulated in Sections 2.2.1 and 2.2.2 (ii) above.

In the event the ESOS Committee decides that the vesting of the ESOS Options is to be staggered or made in several tranches, the number of ESOS Options to be granted pursuant to each vesting of the ESOS Options and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each vesting of the ESOS Options shall be separate and independent from the others.

2.2.3 Eligibility to participate in the Proposed ESOS

Subject to the sole discretion of the ESOS Committee, only the Eligible Participants who fulfil the following conditions will be eligible to participate in the Proposed ESOS.

In respect of an employee, the employee must fulfil the following criteria as at the Date of Offer:

- (i) the employee is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) is confirmed in writing as a full-time employee (and not on a contract basis) and is on the payroll of the Company or any company in the MBL Group which is not dormant and/or which is not an associated company, for a continuous period of at least 12 months (which shall include any probation period) or as may be otherwise determined by the ESOS Committee prior to and up to the Date of Offer and has not served a notice of resignation or received a notice of termination;
- (iii) his/her employment has been confirmed in writing by any company in the MBL Group and he/she is not under any probation;
- (iv) he/she is not participating or entitled to participate in any other employee share plan implemented by any other company in the MBL Group which is in force for the time being, save and except if the ESOS Committee determines otherwise;
- (v) he/she fulfils any other eligibility criteria (including variations to the eligibility criteria under By-Laws 4.1(b)(i) to (iv)) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding; and
- (vi) for the avoidance of doubt and without prejudice to the provisions under By-Law 17,
 - (a) an employee who attains the prescribed retirement age but is offered (and he/she has accepted) to continue to serve the Group on a full-time basis shall be treated as an employee of the Group;
 - (b) subject to the By-Laws and any applicable laws, where an employee has or had at any time (whether before or after the Effective Date) been seconded from any company in the MBL Group to a company which is not a company in the MBL Group, the ESOS Committee shall have the discretion to extend the benefit of the ESOS to such employee by deeming such employee as an Eligible Participant and such company as part of the MBL Group; and
 - (c) subject to the ESOS Committee's discretion, an employee of a corporation that is an Ex-Group Company whom is re-employed by another company in the MBL Group.

In respect of a director of MBL Group, the director must fulfil the following criteria as at the Date of Offer:

- (i) the director is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) has been appointed as a director of the Company or any company in the Group which is not dormant and/or which is not an associated company, and he/she is named in the Register of Directors of such company in the MBL Group for a continuous period of at least 12 months prior to the Date of Offer, or as may be otherwise determined by the ESOS Committee prior to and up to the Date of Offer and has not served a notice of resignation or received a notice of termination;
- (iii) he/she is not participating or entitled to participate in any other executive share plan implemented by any company in the MBL Group which is in force for the time being, save and except if the ESOS Committee determines otherwise; and
- (iv) he/she fulfils any other eligibility criteria (including variations to the eligibility criteria under By-Laws 4.1(b)(i) to (iv)) and/or falls within such category that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

In determining the eligibility and allocation of Eligible Participants to participate in the Proposed ESOS, the ESOS Committee may take into account, amongst other factors, the performance, contribution, employment grade, seniority and/or length of service to the relevant corporation within MBL Group, and such other factors that the ESOS Committee may in its sole and absolute discretion deem fit. Notwithstanding the above, the ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in By-Laws 4.1.

For avoidance of doubt, executive/non-executive and/or independent/non-independent Directors are eligible for the Proposed ESOS. The Proposed ESOS is also extended to non-executive Directors in recognition of their contributions and efforts to the Company and to enable them to participate in the Company's future growth. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive Directors. It also seeks to recognise and value the contributions of non-executive Directors who are involved in the deliberations and/or independent views in the decision-making process, as well as to maintain good corporate practices at any given time.

In compliance to paragraph 8.20 of the Listing Requirements, the non-executive Directors must not sell, transfer or assign shares obtained through the exercise of ESOS Options offered to them under the Proposed ESOS within one (1) year from the Date of Offer of such ESOS Options.

In accordance with the Listing Requirements, the participation by each of the directors, chief executive, major shareholders and/or persons connected with them who is an Eligible Participant, their specific allotments under the Proposed ESOS must be approved by the shareholders of MBL in a general meeting.

2.2.4 Duration of the Proposed ESOS

Subject to the By-Laws, the Proposed ESOS shall be in force for a period of five (5) years from the Effective Date, and provided always that on or before the expiry thereof, the Board shall have the discretion whether or not upon the recommendation of the ESOS Committee, to extend in writing the tenure of the Proposed ESOS for a further period of 5 years, or such shorter period as it deems fit immediately from the expiry of the first 5 years, and provided always that the initial ESOS period stipulated above and such extension of the Proposed ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date or such longer period as may be allowed by any other relevant authorities.

The Effective Date shall be at the date of the following approvals and conditions has been obtained and/or complied with:

- (i) approval of Bursa Securities for the listing of and quotation for the new MBL Shares to be issued pursuant to the exercise of the ESOS Options under the Proposed ESOS;
- (ii) approval of the shareholders of the Company at a general meeting;
- (iii) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (iv) approvals of any other relevant regulatory authorities, where applicable; and
- (v) fulfilment of all applicable conditions attached to the above approvals (if any).

The Proposed ESOS shall continue to be in force commencing on the date which the last of the approvals and/or conditions stipulated in the By-Laws has been obtained and/or complied with, or such longer period as may be allowed by the relevant authorities.

On expiry of the Proposed ESOS, any ESOS Options which have yet to be granted, vested or exercised (whether fully or partially) shall be deemed cancelled and be null and void.

2.2.5 Basis of determining the Subscription Price

Subject to any adjustments in accordance with By-Law 15 and pursuant to the Listing Requirements, the Subscription Price of each new MBL Share comprised in the ESOS will be determined by the ESOS Committee based on the 5D-VWAP of the MBL Shares as traded on the Main Market of Bursa Securities immediately preceding the Offer Date (or such basis as the relevant authorities may permit), and at the ESOS Committee's discretion with a discount of not more than 10% if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities and any other relevant authorities as amended from time to time throughout the duration of the ESOS.

The Subscription Price as determined by the ESOS Committee shall be conclusive and binding, and is subject to adjustments in accordance with the By-Laws.

2.2.6 Ranking of the ESOS Options and new MBL Shares to be issued arising from the exercise of the ESOS Options

The ESOS Options shall not carry any right to vote at any general meeting of the Company.

The new MBL Shares to be allotted and issued from the exercise of the ESOS Options will, upon allotment and issuance, rank equally in all respects with the existing MBL Shares, save and except that the new MBL Shares will not be entitled to any dividends, rights, allotments and/or any other form of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new MBL Shares.

2.2.7 Alteration of share capital

In the event of any alteration in the capital structure of the Company during the ESOS period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variations of capital or howsoever otherwise taking place, the Board shall, in compliance with, the Listing Requirements cause adjustments to be made to the Subscription Price, the number of ESOS Options granted and/or the number of MBL Shares comprised in an offer which is open for acceptance to ensure that the capital outlay to which an ESOS Option is entitled to prior to the alteration in the capital structure shall remain unaffected.

Save as provided for in the By-Laws, the external auditors of the Company or the Adviser (acting as an expert and not as an arbitrator) must confirm in writing that the adjustments are in their opinion fair and reasonable.

2.2.8 Modification, variation and/or amendment

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may from time to time recommend to the Board any modification, variation, and/or amendments of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities (within 5 market days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and Rules of Bursa Malaysia Depository pursuant to paragraph 2.12 of the Listing Requirements. The Eligible Participants shall be given written notice in the form prescribed by the ESOS Committee from time to time of any additions, amendments to and/or modifications of the By-Laws within five (5) market days of any of the foregoing taking effect.

The approval of the shareholders of the Company in a general meeting shall not be required in respect of additions or amendments to or deletions of the By-Laws provided that no additions, amendments or deletions shall be made to the By-Laws which would:

- (i) prejudice any rights of the shareholders of the Company;
- (ii) prejudice any rights which would have accrued to Grantee without his prior consent;
- (iii) increase the number of Shares available under the Proposed ESOS beyond the maximum imposed by the By-Laws; or
- (iv) alter to the advantage of any, all, or a group of Eligible Participants and/or Grantees in respect of any matters which are required to be contained in these By-Laws unless allowed by the provisions of the Listing Requirements,

unless shareholders' approval is obtained at a general meeting.

2.2.9 Termination

Subject to compliance with the Listing Requirements and any other relevant authorities, the Company or the ESOS Committee may terminate the continuation of this Proposed ESOS at any time before the expiry of the Proposed ESOS without obtaining the approvals from the Grantees or its shareholders **PROVIDED THAT** the Company makes an announcement released to Bursa Securities on the following:

- (a) the Termination Date;
- (b) the number of Options exercised or Shares vested; and
- (c) the reasons and justification for termination.

Thereafter:

- (ii) no further offer shall be made by the ESOS Committee from the Termination Date upon the Board's approval;
- (iii) all offers which have yet to be accepted by Eligible Participants shall automatically lapse on the Termination Date; and

- (iv) all outstanding Options which have yet to be exercised by Grantees shall be deemed cancelled, lapsed, or ceased on the Termination Date and be null and void.

2.2.10 Listing of and quotation for the new MBL Shares to be issued arising from the exercise of the ESOS Options

Approval has been obtained from Bursa Securities vide its letter dated 26 April 2023 for the listing of and quotation for the new Shares representing up to 15% of the issued Shares (excluding treasury shares, if any) of MBL to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities.

2.2.11 Proposed specific allocations

Pursuant to paragraph 6.06(1) of the Listing Requirements which states that the Company must not issue any shares to its Directors, major shareholders or chief executive or a person connected with them unless its shareholders in a general meeting have approved the specific allotment to be made to them. Accordingly, the Company will seek its shareholders' approval at the forthcoming EGM for the Proposed Allocation of ESOS Options to the following persons:

| Name | Designation |
|------------------------------------|-------------------------------------|
| Dato' Chua | Executive Chairman |
| Chua En Hom | Deputy Executive Chairman |
| Dato' Chua Heok Wee | Managing Director |
| Chua Kang Sing | Executive Director |
| Tan Sri Tan | Executive Director/Finance Director |
| Lim Choo Hooi | Independent Non-Executive Director |
| Tan Soo Moi | Independent Non-Executive Director |
| Datuk Rajendran A/L P Narayanasamy | Independent Non-Executive Director |
| Ng Mei Wan | Independent Non-Executive Director |

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Bonus Issue of Warrants-B

The Proposed Bonus Issue of Warrants-B is intended to:

- (i) enable the existing shareholders of MBL to participate in convertible securities which are tradable on the Official List of Bursa Securities, without incurring any cost;
- (ii) provide the existing shareholders of MBL with an opportunity to increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants-B;
- (iii) allow the existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants-B; and
- (iv) strengthen the capital base and shareholders' funds of the Company as well as potentially provide additional working capital for the Group as and when the Warrants-B are exercised.

3.2 Proposed ESOS

The Proposed ESOS:

- (i) is intended to attract, motivate, retain and reward the Eligible Participants, who would be given the opportunity to participate in the equity of the Company and thereby, relate directly to the performance of the MBL Group;

- (ii) is designed to provide incentives to Eligible Participants without adversely affecting the cash flow of the MBL Group whilst at the same time, contributing positively to its continuing growth through the intended stimulation of greater commitment, productivity and efforts on the part of the Eligible Participants towards the MBL Group; and
- (iii) seeks to recognise and value the contributions of non-executive directors who are involved in the deliberations and/or independent views in the decision-making process, as well as to maintain good corporate practices at any given time.

The Proposed ESOS is also extended to non-executive directors in recognition of their contributions and efforts to the Company and to enable them to participate in the Company's future growth. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive directors of the Company.

4. EQUITY FUND-RAISING EXERCISES UNDERTAKEN IN THE PAST 12 MONTHS

As at LPD, the Company has not undertaken any equity fund-raising exercises in the past 12 months before announcement of the Proposals.

5. UTILISATION OF PROCEEDS

5.1 Proposed Bonus Issue of Warrants-B

The issuance of Warrants-B is not expected to raise any funds immediately as the Warrants-B will be issued at no cost to the Company's shareholders. However, as and when the Warrants-B are exercised, the quantum of proceeds that may be raised by MBL will depend upon the actual number of Warrants-B exercised during the tenure of the Warrants-B. As such, the exact timeframe and the breakdown for the utilisation of the proceeds are not determinable at this juncture.

Assuming all 113,767,950 Warrants-B are exercised at the exercise price of RM0.50 each, the gross proceeds raised would amount to approximately RM56.88 million. For information purpose, on a best estimate basis, the Company intends to utilise the proceeds arising from the exercise of the Warrants-B for the Group's working capital based on the following percentage allocation:

| Proposed utilisation | % of the gross proceeds raised |
|------------------------------------|---------------------------------------|
| Purchase of raw materials | 60 |
| Payment of administrative expenses | 15 |
| Staff salaries | 15 |
| Overhead costs | 5 |
| Factory expenses | 5 |
| Total | 100 |

The allocation of the utilisation of proceeds raised as and when there are any exercise of Warrants-B over the tenure of the Warrants-B to be used for the Group's working capital is meant to supplement the existing working capital of the Group at any given point in time to contribute to the cash flow of the Group for the Group's operational needs and to serve as potential funds for the Company to embark on future business projects and/or investments, if any. Should there be a material change to the utilisation of proceeds, the Company is required to obtain shareholders' approval pursuant to paragraph 8.22 of the Listing Requirements.

Pending the utilisation, the proceeds will be placed in deposits with financial institutions and/or short-term money market financial instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as working capital for the Group.

5.2 Proposed ESOS

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the Subscription Price payable upon the exercise of the ESOS Options. As such, the actual amount of proceeds arising from the exercise of the ESOS Options as well as the timeframe for the utilisation of proceeds cannot be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the ESOS Options, if any, as working capital for the Group. The proceeds raised from the exercise of the ESOS Options will be utilised to finance the Group's day-to-day operations, including the purchase of raw materials, operational expenses including overhead, staff costs and capital expenditure. The actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds to be raised from the exercise of ESOS Options as well as the working capital requirements of the Group at the relevant time.

Pending the utilisation, the proceeds will be placed in deposits with financial institutions and/or short-term money market financial instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as working capital for the Group.

6. EFFECTS OF THE PROPOSALS

6.1 Share capital

The Proposals are not expected to have an immediate effect on the share capital of the Company until and unless the Warrants-B are exercised into new Shares pursuant to the Proposed Bonus Issue of Warrants-B and/or the ESOS Options are granted and exercised pursuant to the Proposed ESOS.

The issued share capital of MBL may increase progressively depending on the number of new MBL Shares which may be issued pursuant to the exercise of the Warrants-B and the ESOS Options.

For illustration purposes, the pro forma effects of the Proposals on the issued share capital of MBL as at LPD are as follows:

| | No. of MBL Shares | RM'000 |
|---|----------------------------|-----------------------|
| Share capital as at the LPD | 227,535,900 ⁽¹⁾ | 75,535 |
| Assuming full exercise of the Warrants-B | 113,767,950 | 56,884 ⁽²⁾ |
| Enlarged issued share capital after assuming full exercise of the Warrants-B | 341,303,850 | 132,419 |
| Assuming full granting and exercise of the ESOS options under the Proposed ESOS | 51,195,577 ⁽³⁾ | 23,724 ⁽⁴⁾ |
| Enlarged issued share capital after the Proposals | 392,499,427 | 156,143 |

Notes:

(1) Excluding 21,085,900 treasury shares as at the LPD.

(2) Assuming the Warrants-B are exercised at the exercise price of RM0.50 each.

(3) Calculated based on 15% of the total number of issued Shares of the Company after assuming full exercise of the Warrants-B.

(4) Based on the illustrative Subscription Price of RM0.4634, which is a discount of 9.98% to the 5-day VWAMP of MBL Shares up to and including the LPD of RM0.5148.

6.2 NA per share and gearing

6.2.1 Proposed Bonus Issue of Warrants-B

Based on the latest audited consolidated financial statements of MBL for the FYE 31 December 2022, the pro forma effects of the Proposed Bonus Issue of Warrants-B on the NA per MBL Share and gearing of the Group are as follows:

| | Audited as at 31 December 2022 (RM'000) | (I) After the Proposed Bonus Issue of Warrants-B (RM'000) | After (I) and assuming full exercise of Warrants-B (RM'000) |
|---|---|--|---|
| Share capital | 75,535 | 75,535 | 132,419 ⁽⁴⁾ |
| Treasury shares | (11,140) | (11,140) | (11,140) |
| Revaluation reserve | 12,931 | 12,931 | 12,931 |
| Discount on shares | - | (25,677) ⁽²⁾ | - |
| Warrant reserves | - | 25,677 ⁽²⁾ | - |
| Retained earnings | 130,774 | 130,374 ⁽³⁾ | 130,374 |
| Shareholders' funds/ NA | 208,100 | 207,700 | 264,584 |
| No. of MBL Shares ⁽¹⁾ ('000) | 227,536 | 227,536 | 341,304 |
| No. of Warrants-B ('000) | - | 113,768 | - |
| NA per MBL Share (RM) | 0.91 | 0.91 | 0.78 |
| Total borrowings (RM'000) | 12,265 | 12,265 | 12,265 |
| Gearing ratio (times) | 0.06 | 0.06 | 0.05 |

Notes:

- (1) Excluding treasury shares held by MBL.
- (2) The warrants reserve and discount on shares were calculated based on the fair value of Warrants-B of RM0.2257 per Warrant-B (based on the trinomial option pricing model as extracted from Bloomberg as at the LPD) multiplied by 113,767,950 Warrants-B to be issued pursuant to the Proposed Bonus Issue of Warrants-B.
- (3) After deducting estimated expenses of approximately RM0.40 million to be incurred in relation to the Proposed Bonus Issue of Warrants-B.
- (4) Assuming 113,767,950 Warrants-B are exercised at the exercise price of RM0.50 each.

6.2.2 Proposed ESOS

Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the ESOS Options granted under the Proposed ESOS and the Subscription Price of the ESOS Options.

Save for the potential impact of the MFRS 2, as elaborated in Section 6.3 of this Circular, the Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the ESOS Options granted under the Proposed ESOS are exercised.

For illustration purposes, upon exercise of the ESOS Options, the NA per Share is expected to:

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

at such point of exercise of the ESOS Options.

The estimated expenses for the Proposed ESOS amounting to approximately RM200,000 will be funded from internally generated funds of the MBL Group.

6.3 Earnings and EPS

The Proposed Bonus Issue of Warrants-B is not expected to have any material effect on the earnings of the Group. However, the EPS of MBL may be diluted pursuant to the issuance of new Shares arising from the exercise of Warrants-B.

Barring any unforeseen circumstances, the Proposed Bonus Issue of Warrants-B is expected to contribute positively to the Group's earnings through the utilisation of proceeds raised from the exercise of the Warrants-B.

The Proposed ESOS is not expected to have any immediate effect on the earnings and EPS of the Group until such time when the ESOS Options are granted and exercised. However, any potential effect on the EPS of the Group in the future would depend on the impact of the MFRS 2, the number of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, among others, the number of ESOS Options granted and vested and the Subscription Price of the ESOS Options, will need to be measured at the grant date and to be recognised as an expense over the vesting period. Therefore, this may affect the future earnings of the Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of the ESOS Options in the future.

However, the EPS of the Group will be diluted because of the Company's enlarged issued share capital arising from the issuance of the new MBL Shares if and when the ESOS Options are exercised in the future.

The effects of any exercise of the ESOS Options on the EPS of the Group would depend on the returns to be generated by the Group from utilisation of the proceeds from the exercise of the ESOS Options.

6.4 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Warrants-B will not have any immediate effect on the substantial shareholders' percentage of shareholding in the Company as the Warrants-B will be allotted on a pro-rata basis to all Entitled Shareholders. However, the number of MBL Shares held by each substantial shareholder will increase proportionately assuming full exercise of the Warrants-B.

The Proposed ESOS will not have any immediate effect on the substantial shareholders' percentage of shareholdings in the Company until such time when the ESOS Options are exercised into new MBL Shares. Any potential effect on the shareholdings of the substantial shareholders would depend on the number of new MBL Shares to be issued under the exercise of the ESOS Options at the relevant point in time.

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Tan Sri Tan, Dato' Chua, Chua En Hom, Dato' Chua Heok Wee and Chua Kang Sing are eligible to participate in the Proposed ESOS. As such, their shareholdings in the Company will increase proportionately if they exercise the ESOS Options that may be granted to them, if any.

For illustration purposes, the pro forma effects of the Proposals on the substantial shareholders' shareholdings of the Company are as follows:

| Name | As at the LPD | | | | (I) Assuming full exercise of Warrants-B | | | | After (I) and assuming full granting and exercise of the ESOS Options under the Proposed ESOS | | | |
|---------------------|-------------------|-------|---------------------------|-------|---|-------|----------------------------|-------|---|-------|----------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of MBL Shares | % | No. of MBL Shares | % | No. of MBL Shares | % | No. of MBL Shares | % | No. of MBL Shares | % | No. of MBL Shares | % |
| MBL Realty | 85,512,960 | 37.58 | - | - | 128,269,440 | 37.58 | - | - | 128,269,440 | 32.68 | - | - |
| Tan Sri Tan | 12,894,200 | 5.67 | 6,702,400 ⁽¹⁾ | 2.95 | 19,341,300 | 5.67 | 10,053,600 ⁽¹⁾ | 2.95 | 19,341,300 * | 4.93 | 10,053,600 ⁽¹⁾ | 2.56 |
| Dato' Chua | 1,732,000 | 0.76 | 85,812,960 ⁽²⁾ | 37.71 | 2,598,000 | 0.76 | 128,719,440 ⁽²⁾ | 37.71 | 2,598,000* | 0.66 | 128,719,440 ⁽²⁾ | 32.79 |
| Chua En Hom | 300,000 | 0.13 | 85,512,960 ⁽³⁾ | 37.58 | 450,000 | 0.13 | 128,269,440 ⁽³⁾ | 37.58 | 450,000* | 0.11 | 128,269,440 ⁽³⁾ | 32.68 |
| Dato' Chua Heok Wee | 300,000 | 0.13 | 85,512,960 ⁽³⁾ | 37.58 | 450,000 | 0.13 | 128,269,440 ⁽³⁾ | 37.58 | 450,000* | 0.11 | 128,269,440 ⁽³⁾ | 32.68 |
| Chua Kang Sing | - | - | 85,512,960 ⁽³⁾ | 37.58 | - | - | 128,269,440 ⁽³⁾ | 37.58 | -* | - | 128,269,440 ⁽³⁾ | 32.68 |

Notes:

* Assuming no provisions have been made for the allotment of ESOS Options to them as the Board has yet to decide on the quantum to be allocated to Eligible Directors.

- (1) Deemed interested under Section 59(11) of the Act by virtue of the Shares held by his spouse, Puan Sri Datin Seri Chan Mei Cheng, his son, Tan Kean Aik and his daughter, Tan Hui Lun.
- (2) Deemed interested under Section 8(4) of the Act by virtue of his interest in MBL Realty and under Section 59(11) of the Act by virtue of shares held by his son, Dato' Chua Heok Wee.
- (3) Deemed interested under Section 8(4) of the Act by virtue of his interest in MBL Realty.

6.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

7. OUTLOOK AND PROSPECTS

7.1 Overview of the Malaysian economy

The Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022 compared to 14.2% in the third quarter, as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

All economic sectors registered growth in the fourth quarter of 2022. The services sector expanded by 8.9% (3Q 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. The sector also benefitted from improvements in real estate and business services activities.

Domestic demand grew by 6.8% (3Q 2022: 13.1%), mainly supported by private sector expenditure.

Private consumption expanded by 7.4% (3Q 2022: 15.1%), supported by improving labour market conditions and policy measures. Spending was driven by consumption of necessities, particularly for transport as well as housing and utilities, and selected discretionary components such as recreational services and culture.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index ("CPI"), moderated to 3.9% during the quarter (3Q 2022: 4.5%). As expected, the lower headline inflation was largely due to the lapse in the base effect of electricity inflation. The moderation was also amid the easing of key global commodity prices which partly led to lower inflation in some CPI items, including fuel. Inflation for some key staple food items, such as fresh meat and eggs, also moderated during the quarter.

(Source: Developments in the Malaysian Economy, Quarterly Bulletin 4Q 2022, Bank Negara Malaysia)

7.2 Overview of the manufacturing industry

The manufacturing sector grew by 3.9% (3Q 2022: 13.2%). Despite experiencing slower global semiconductor sales, the electrical & engineering cluster remained in expansion amid fulfilment of existing backlog in orders. Meanwhile, the primary segment continued to grow driven by higher output at a major oil refinery in Johor which resumed operations in the previous quarter. Sustained production in the consumer segment was driven by the food and beverage segment ahead of the festive season, as well as the motor vehicle and transport equipment segment to meet backlog in orders.

(Source: Developments in the Malaysian Economy, Quarterly Bulletin 4Q 2022, Bank Negara Malaysia)

7.3 Overview of the palm oil industry

The agriculture sector grew by 1.1% (3Q 2022: 1.2%) underpinned by growth in oil palm output, as yields benefitted from higher rainfall earlier in 2022 amid easing labour shortages.

(Source: Developments in the Malaysian Economy, Quarterly Bulletin 4Q 2022, Bank Negara Malaysia)

During Jan-Nov 2022 period, Malaysian palm oil exports to the South Asian region registered a total of 3,543,561 metric tons ("MT") against 4,069,107 MT which was registered during the same period of last year, a decrease of 525,546 MT or by 12.92%. India holds the biggest market share of 73% being the largest importer of Malaysian palm oil in this region.

In terms of product breakdown, the main product exported to the region during Jan-Nov 2022 period is crude palm oil accounting for 61% of overall palm oil imports followed by refined, bleached & deodorised palm olein with 20%. These two palm oil products accounted for 81% of the total Malaysian palm oil exports to this region. Among the major importers of Malaysian crude palm oil are India and Pakistan and major destinations for Malaysian refined, bleached & deodorised palm olein are India, Pakistan and Bangladesh. Cooking oil exports have also increased from 265,201 MT to 418,053 MT with major destinations include Pakistan and Afghanistan.

(Source: Malaysian Palm Oil Export to South Asia Region (January-November 2022), Malaysian Palm Oil Council)

7.4 Overview of the automotive industry

Total industry volume for January 2023 was 35% lower than December 2022 (which was at 76,657 units). Sales volume for January 2023 was 19% higher than similar corresponding month in 2022 due to short working month due to Chinese New Year festive holidays and shortage of chips & components continued to affect certain makes.

Sales in February 2023 is expected to be better than January 2023 due to full working month and fulfilment of bookings made during the sales tax exemption period.

(Source: Press Release for January 2023, Malaysian Automotive Association)

7.5 Prospects of MBL

On 7 December 2022, the Group had completed its disposal of 51% equity interest in PT. Serdang Jaya Perdana for a net sale consideration of approximately RM11.0 million while on 13 December 2022, the Group had completed its disposal of a wholly-owned subsidiary, namely Theron Holdings Sdn Bhd which was a special purpose vehicle for holding ordinary shares in Symphony Life Berhad where, the disposal proceeds amounted to RM19.25 million. The Group intends to utilise the cash received from the aforementioned disposals as working capital for the Group to support the existing ongoing business operations of the Group. The extra working capital from the proceeds of the disposals will enable the Group to focus on its existing business segments and ease its cashflow.

Notwithstanding the above, the Group will continue to manage the challenges of uncertainties in the global economic environment, escalation of costs due to inflationary pressure, volatility of steel material prices and fluctuation of exchange rates to stay resilient in the business and minimise the adverse market conditions.

Despite being involved in various industries (i.e. palm oil, manufacturing and automotive industry), the Group will continue to focus on its core business, being the manufacturing segment which contributed 38.54% to the Group's total revenue in the FYE 31 December 2022.

Moving forward, the Group's focus will still be to grow its portfolio of products and services with focus on creating long-term value and maximising shareholders' return. Additionally, with the existing healthy customer orders in hand from the Group's various business segments, coupled with the Group's healthy financial position, the Board remains cautiously optimistic that the Group is expected to register satisfactory results for the FYE 2023 amidst the challenging global economic environment.

(Source: Management of the Company)

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to approvals being obtained from the following:

- (a) Bursa Securities for the following:
- (i) admission to the Official List of Bursa Securities and listing of and quotation for 113,767,950 Warrants-B to be issued pursuant to the Proposed Bonus Issue of Warrants;
 - (ii) listing of and quotation for 113,767,950 new MBL Shares to be issued arising from the exercise of the Warrants-B; and
 - (iii) listing of and quotation for such number of additional new MBL Shares representing up to 15% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the Proposed ESOS,

on the Main Market of Bursa Securities, which was obtained vide its letter dated 26 April 2023 and is subject to, amongst others, the following conditions:

| Conditions | Status of compliance |
|--|----------------------|
| (i) MBL and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals; | To be complied |
| (ii) Malacca Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants-B; | To be complied |
| (iii) Malacca Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants-B is completed; | To be complied |
| (iv) MBL is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of warrants under the Proposed Bonus Issue of Warrants-B and exercise of options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable; | To be complied |
| (v) Malacca Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following: | |
| (a) A certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and | To be complied |
| (b) Letter of compliance in relation to the By-Laws pursuant to paragraph 2.12 of the Listing Requirements together with a copy of the final By-Laws. | To be complied |

- (b) the shareholders of the Company at an EGM to be convened on the Proposals and the waiver of their pre-emptive rights under Section 85(1) of the Act read together with Clauses 7.1 and 15.2 of MBL's Constitution to be offered new Shares to be issued pursuant to the Proposed ESOS at the forthcoming EGM, which will result in a dilution of their shareholding percentage in the Company*; and
- (c) any other relevant authorities/parties, if required.

Note:

- * Pursuant to Section 85(1) of the Act read together with Clauses 7.1 and 15.2 of the Constitution of MBL, the shareholders of MBL have pre-emptive rights to be offered any new Shares which rank equally to the existing issued Shares or other convertible securities.

Section 85(1) of the Act provides as follows:

"85. Pre-emptive rights to new shares

- (1) Subject to the constitution, where a company issue 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 7.1 of MBL's Constitution provides as follows:

Pre-emptive rights to new shares

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities 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 likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 15.2 of MBL's Constitution provides as follows:

Pre-emptive rights to new shares

Subject to any direction to the contrary that may be given by the Company in a general meeting, all new shares or other convertible securities of whatever kind 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 also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.

Accordingly, in order for the Board to issue any new Shares under the Proposed ESOS without first offering the same to you, your pre-emptive rights under Section 85(1) of the Act and Clauses 7.1 and 15.2 of MBL's Constitution will need to be waived at the forthcoming EGM through the passing of the proposed Ordinary Resolution 2. The proposed Ordinary Resolution 2 if passed, will exclude your pre-emptive right to be offered options and/or any new Shares to be issued by our Company pursuant to the Proposed ESOS, which upon issue of new Shares may result in a dilution of your shareholding in the Company. Please refer to the Notice of EGM for the proposed Ordinary Resolution 2 which is enclosed in this Circular.

The Proposed Bonus Issue of Warrants-B and Proposed ESOS are not conditional upon each other nor upon any other corporate exercise/scheme or proposals undertaken or to be undertaken by the Company.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of MBL Shares as traded on Bursa Securities for the past twelve (12) months are set out below:

| | High RM | Low RM |
|--|------------|-----------|
| <u>2022</u> | | |
| May | 0.440 | 0.395 |
| June | 0.420 | 0.365 |
| July | 0.375 | 0.335 |
| August | 0.380 | 0.335 |
| September | 0.375 | 0.350 |
| October | 0.370 | 0.350 |
| November | 0.450 | 0.360 |
| December | 0.490 | 0.430 |
| <u>2023</u> | | |
| January | 0.555 | 0.450 |
| February | 0.545 | 0.495 |
| March | 0.540 | 0.490 |
| April | 0.535 | 0.505 |
| Last transacted market price on 19 January 2023, being the day prior to the announcement of the Proposed Bonus Issue of Warrants-B | | 0.510 |
| Last transacted market price of MBL Shares as at the LPD | | 0.505 |

(Source: Bloomberg)

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

10.1 Proposed Bonus Issue of Warrants-B

None of the Directors, major shareholders of the Company, chief executive of the Company and/or persons connected with them have any interest, either direct or indirect, in the Proposed Bonus Issue of Warrants-B, save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue of Warrants-B, which are also available to all other Entitled Shareholders.

10.2 Proposed ESOS

All the directors of the Company are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations as well as allocations to persons connected with them under the Proposed ESOS (“**Interested Directors**”). All Interested Directors will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to their respective allocations, and allocations to persons connected with them under the Proposed ESOS at the relevant Board meetings.

The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings of MBL, if any, on resolutions pertaining to their respective allocations and allocations to persons connected with them under the Proposed ESOS to be tabled at the forthcoming EGM.

The shareholdings of the Interested Directors as at the LPD are as follows:

| | Direct | | Indirect | |
|---------------------|---------------|------|---------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Dato' Chua | 1,732,000 | 0.76 | 85,812,960 ⁽¹⁾ | 37.71 |
| Chua En Hom | 300,000 | 0.13 | 85,512,960 ⁽²⁾ | 37.58 |
| Dato' Chua Heok Wee | 300,000 | 0.13 | 85,512,960 ⁽²⁾ | 37.58 |
| Chua Kang Sing | - | - | 85,512,960 ⁽²⁾ | 37.58 |
| Tan Sri Tan | 12,894,200 | 5.67 | 6,702,400 ⁽³⁾ | 2.95 |

Notes:

- (1) Deemed interested by virtue of his interest in MBL Realty Sdn Bhd pursuant to Section 8 of the Act and indirect interest held by his son, Dato' Chua Heok Wee pursuant to Section 59(11) of the Act.
- (2) Deemed interested by virtue of his interest in MBL Realty Sdn Bhd pursuant to Section 8 of the Act.
- (3) Indirect interest held by Puan Sri Datin Seri Chan Mei Cheng (spouse), Tan Hui Lun (daughter) and Tan Kean Aik (son) pursuant to Section 59 (11) of the Act.

The Interested Directors will also undertake to ensure that persons connected to them, if any, will abstain from voting on the resolutions pertaining to their respective allocations and the Proposed Allocation of ESOS Options to the persons connected to them under the Proposed ESOS to be tabled at the forthcoming EGM.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

In respect of the Proposed Allocation of ESOS Options, all the Directors have abstained from giving any opinion or recommendation on their respective entitlements and the entitlements to the person(s) connected with them, if any. Where the resolutions are not related to their respective allocations or to the person(s) connected with them, the Directors after having considered all aspects of the Proposed Allocation of ESOS Options, are of the view that the Proposed Allocation of ESOS Options is in the best interests of the Group and recommend that you vote in favour of the resolutions pertaining to the Proposed Allocation of ESOS Options to be tabled at the forthcoming EGM.

12. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposals, the Company does not have any outstanding proposals that have been announced but pending completion.

13. ESTIMATED TIMEFRAME FOR SUBMISSION AND IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Bonus Issue of Warrants-B to be completed and the Proposed ESOS to be implemented by the second quarter of calendar year 2023.

The tentative timetable for the implementation of the Proposals are as follows:

| Tentative timeline | Events |
|---------------------------|--|
| Mid-May 2023 | <ul style="list-style-type: none">• EGM• Announcement of Entitlement Date |
| End May 2023 | <ul style="list-style-type: none">• Admission of the Warrants-B to the Official List and the listing of and quotation for the Warrants-B on the Main Market• Completion of the Proposed Bonus Issue of Warrants-B |
| Early June 2023 | <ul style="list-style-type: none">• Implementation of Proposed ESOS |

14. EGM

The EGM, the notice of which is enclosed in this Circular together with the Form of Proxy, is scheduled to be held on a fully virtual basis via the online meeting platform in Malaysia at <https://agm.digerati.com.my/pasb-online> (Domain Registration number: D1A119533) provided by Digerati Technologies Sdn Bhd on Thursday, 25 May 2023 at 12.30p.m., for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the Company's registered office at No. 85, Muntri Street, 10200 Georgetown, Pulau Pinang, not less than forty-eight (48) hours before the stipulated time for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

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

Your faithfully,
For and on behalf of the Board of
MUAR BAN LEE GROUP BERHAD

DATO' CHUA HEOK WEE
Managing Director

SALIENT TERMS OF WARRANTS-B

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

| Terms | Details |
|--|--|
| Issue size | 113,767,950 Warrants-B |
| Form and constitution | The Warrants-B will be issued in registered form and constituted by the Deed Poll to be executed by the Company. |
| Tenure | 5 years commencing from and including of the date of issuance of the Warrants-B (" Issue Date ") |
| Expiry date | The day preceding the 5 th anniversary of the Issue Date and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day (" Expiry Date ") |
| Exercise price | The exercise price of the Warrants-B (" Exercise Price ") shall be fixed at RM0.50 per Warrants-B. The Exercise Price and/or the number of Warrants-B in issue during the exercise period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll. |
| Exercise period | <p>The period commencing on and including the Issue Date and ending at 5.00 p.m. on the Expiry Date ("Exercise Period").</p> <p>Any Warrant-B not exercised by the Expiry Date (as defined herein) will thereafter lapse and cease to be valid for any purpose.</p> |
| Mode of exercise | Warrant-B holder is required to lodge an exercise form with the Company's share registrar which is duly completed, signed and stamped together with payment by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia or through the online payment gateway facility available on the share registrar's online platform for the amount equal to the Exercise Price payable when exercising the rights attached to their Warrants-B to subscribe for new Shares (calculated by multiplying the Exercise Price by the aggregate number of new Shares in respect of which their rights are being exercised at the same time). The payment of such fee must be made in Ringgit Malaysia. |
| Exercise rights | Each Warrant-B shall entitle the Warrant-B holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll. |
| Board lot | For the purposes of trading on Bursa Securities, a board lot for the Warrants-B shall be 100 Warrants-B or such other denominations as permitted by any relevant authorities. |
| Adjustment in the exercise price and/or number of Warrants-B | The Exercise Price and/or number of Warrants-B may be adjusted by the Board in consultation with an approved adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants-B, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll. |

SALIENT TERMS OF WARRANTS-B (Cont'd)

| Terms | Details |
|--|---|
| Rights of the Warrant-B Holders in the event of winding-up, liquidation, compromise or arrangement | <p>Where a resolution has been passed for a members' voluntary winding-up of the Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:</p> <ul style="list-style-type: none"> (i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant-B holders, or some persons designated by them for such purposes by a special resolution of the Warrants-B holders, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant-B holders; and (ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions of Deed Poll, every Warrant-B holder shall thereupon be entitled to exercise his Warrants-B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant-B holder credited as fully paid subject to the prevailing laws, and such Warrant-B holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if the Warrant-B holder had on such date been the holder of the new Shares to which the Warrant-B holder would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose. |
| Modifications of rights of the Warrant-B holders | Subject to the provisions of the Deed Poll, no amendment or addition may be made to the provisions of Deed Poll without the sanction of a special resolution of the Warrants-B holders unless the amendments or additions are required to correct any manifest errors or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant-B holders. |
| Transferability | The Warrants-B shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd. |
| Listing | The Warrants-B will be listed on the Main Market of Bursa Securities. |
| Governing law | The laws and regulation of Malaysia. |

DRAFT BY-LAWS OF THE PROPOSED ESOS

MUAR BAN LEE GROUP BERHAD
(Registration No. 200601033829 (753588-P))
(Incorporated in Malaysia)

BY-LAWS OF MUAR BAN LEE GROUP BERHAD'S EMPLOYEES' SHARE OPTION SCHEME**1. NAME AND OBJECTIVE OF SCHEME**

This Scheme (as defined herein) shall be known as Muar Ban Lee Group Berhad's Employees' Share Option Scheme ("**Scheme**"). The objectives of the Scheme are as follows:

- (a) to attract, motivate, retain and reward the Eligible Participants, who would be given the opportunity to participate in the equity of the Company and thereby, relate directly to the performance of the MBL Group;
- (b) to provide incentives to Eligible Participants without adversely affecting the cash flow of the MBL Group whilst at the same time, contributing positively to its continuing growth through the intended stimulation of greater commitment, productivity and efforts on the part of the Eligible Participants towards the MBL Group; and
- (c) to recognise and value the contributions of non-executive directors who are involved in the deliberations and/or independent views in the decision-making process, and to enable them to participate in the Company's future growth, as well as to maintain good corporate practices at any one time. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive directors of the Company.

2. DEFINITIONS AND INTERPRETATION

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

| | |
|------------------|---|
| Act | : Companies Act 2016 |
| Audit Committee | : The Audit Committee of MBL |
| Board | : The Board of Directors of MBL |
| Bursa Depository | : Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)) |
| Bursa Securities | : Bursa Malaysia Securities Berhad (Registration No. 20030133577 (635998-W)) |
| By-Laws | : The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time) |
| CDS | : Central Depository System |

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

| | |
|--------------------------|--|
| CDS Account | : An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor |
| Central Depositories Act | : The Securities Industry (Central Depositories) Act, 1991 as amended from time to time including all regulations made thereunder and any re-enactment thereof |
| Constitution | : The Constitution of the Company, including any amendment thereto that may be made from time to time |
| Date of Acceptance | : The date whereupon the ESOS Committee shall receive the written notice from an Eligible Participant accepting an Offer |
| Date of Expiry | : Last day of the duration of the Scheme or last day of any extended period pursuant to By-Law 19.2 (as the case may be) |
| Director | : Director of MBL Group, within the meaning of Section 2(1) of the Capital Markets & Services Act 2007 |
| Disciplinary Proceedings | : means proceedings instituted by a company in the MBL Group against a Grantee for any alleged negligence, misconduct, fraud, financial misstatement, reputational damage, misbehaviour, misconduct and/or any other act of the Grantee deemed to be unacceptable by the company in the MBL Group in the course of that Grantee's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee |
| Duration of the Scheme | : A period of five (5) years or such as extended by the Board in accordance with By-Law 19.2 from the Effective Date (as the case may be) |
| Effective Date | : The date on which the Scheme comes into force as provided in By-Law 19.1 |
| EGM | : Extraordinary General Meeting |
| Eligible Participant(s) | : Any Employee(s) or Director(s) of MBL Group (excluding associate companies and/or subsidiaries which are dormant, if any) who meets the criteria of eligibility for participation in the Scheme as stipulated in By-Law 4 |
| Employee | : A natural person who is employed by and on the payroll of any company in MBL Group |
| Entitlement Date | : The date as at the close of business on which shareholders' names must appear on MBL's Record of Depositors maintained at Bursa Depository and/or Register of Members in order to be entitled to any dividends, rights, allotments and/or other distributions |
| ESOS Committee | : The committee appointed and authorised by the Board to implement and administer the Scheme in accordance with this By-Laws, comprising such persons appointed from time to time by the Board |
| Grantee | : Any Eligible Participant who has accepted an Offer in the manner provided in By-Law 7 |
| Listing Requirements | : The Main Market Listing Requirements of Bursa Securities including all amendments thereto and any Practice Notes issued in relation thereto, the provisions of which are applicable to MBL |
| Market Day(s) | : Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities |

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

| | |
|-----------------------------|--|
| Maximum ESOS Options | : The maximum number of Options that can be offered to an Eligible Participant under the Scheme in the manner provided in By-Law 5 |
| Offer(s) | : A written offer made by the ESOS Committee from time to time to an Eligible Participant to participate in the Scheme in the manner provided in By-Law 6 |
| Offer Date | : The date on which an Offer is made by the ESOS Committee in writing to an Eligible Participant in the manner provided in By-Law 6 |
| Offer Period | : A period of thirty (30) calendar days from the Offer Date, or the closing date as may be stipulated in the letter of Offer as determined by the ESOS Committee provided in By-Law 6.4 |
| Option Certificate | : The certificate issued by the ESOS Committee confirming the grant of the ESOS Option to an Eligible Participant and Subscription Price together with the number of Shares comprised in the Options |
| Option Period | : The period commencing from the Offer Date and expiring on the Date of Expiry or such other date as stipulated by the ESOS Committee in the letter of Offer or upon the date of termination of the Scheme as provided in By-Law 19, whichever is the earlier |
| Subscription Price | : The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 10 |
| Principal Adviser | : Any person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by the Securities Commission Malaysia, as amended from time to time |
| Representative | : A legal or personal representative(s) or heir(s) |
| RM and sen | : Ringgit Malaysia and sen respectively |
| Share(s) | : Ordinary share(s) in the Company |
| MBL or the Company | : Muar Ban Lee Group Berhad (Registration No. 200601033829 (753588-P)) |
| MBL Group or the Group | : The Company and its subsidiaries as defined in the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17 <i>*For the avoidance of doubt, the ESOS Committee shall have the discretion, at any time, to determine that a subsidiary of the Company (including those subsequently incorporated or acquired during the duration of this Scheme) shall be excluded from the expression "Subsidiary" for the purpose of this Scheme.</i> |
| Scheme or ESOS | : The scheme for the grant of ESOS Option(s) to Eligible Participants to subscribe for new Shares in accordance with the provisions of the By-Laws and such scheme shall be known as the "Muar Ban Lee Group Berhad's Employees' Share Option Scheme" |
| Option(s) or ESOS Option(s) | : The right of a Grantee to subscribe for new Shares pursuant to the acceptance of an Offer by an Eligible Participant in the manner provided in the By-Laws |

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

- Vesting Conditions : The conditions determined by the ESOS Committee which must be fulfilled for the ESOS Options to be vested in the Grantee
- 2.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.
- 2.3 Any reference to statutory provisions shall include:-
- (a) any subordinate legislation made from time to time under that provision and any Listing Requirements, policies, practice notes and/or guidelines of Bursa Securities and/or other relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies, practice notes and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities); and
 - (b) that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Option(s) offered and accepted prior to the Date of Expiry and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 2.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 2.5 Words importing the singular number shall include the plural number and vice versa.
- 2.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day PROVIDED ALWAYS if such date shall fall beyond the Date of Expiry, then the stipulated date shall be taken to be the preceding Market Day.
- 2.7 A “Day” or “Month” means a calendar day or a calendar month.
- 2.8 Any liberty or power which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee’s absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 2.9 Any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns.
- 2.10 “Person connected” shall have the meaning as defined in Rule 1.01 of the Listing Requirements.

3. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the Options shall not in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme as provided in By-Law 19.2.
- 3.2 Notwithstanding the provision of By-Law 3.1 and any other provision contained in these By-Laws, in the event the total number of new Shares that may be made available under the Scheme exceeds fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing, cancelling and/or reducing its Shares in accordance with the provisions of the Act or the Company undertaking any corporate proposal and thereby diminishing the total number of issued shares of the Company, then such Options granted prior to the adjustment of the issued share capital of the Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the ESOS Committee shall not make any further Offer until the aggregate number of Shares under the subsisting Options (or Options to be granted), falls below fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any).
- 3.3 Each ESOS Option shall be exercisable into one (1) new fully paid-up MBL Share, in accordance with the provision of these By-Laws.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**4. ELIGIBILITY**

- 4.1 Subject to the discretion of the ESOS Committee whose decision shall be final and binding, only Eligible Participants who fulfil the following conditions shall be eligible to participate in the Scheme. For the avoidance of doubt, the ESOS Committee shall have the right to determine any other eligibility criteria and/or waive or vary any of the eligibility criteria as set out in By-Laws 4.1 in its discretion at any time and from time to time:-
- (a) In respect of an Employee, the Employee must fulfil the following criteria as at the Offer Date:-
- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) is confirmed in writing as a full time employee (and not on a contract basis) and is on the payroll of the Company or any company in the MBL Group which is not dormant and/or which is not an associated company, for a continuous period of at least 12 months (which shall include any probation period) or as may be otherwise determined by the ESOS Committee prior to and up to the Offer Date and has not served a notice of resignation or received a notice of termination;
 - (iii) his/her employment has been confirmed in writing by any company in the MBL Group and he/she is not under any probation;
 - (iv) he/she is not participating or entitled to participate in any other employee share plan implemented by any other company in the MBL Group which is in force for the time being, save and except if the ESOS Committee determines otherwise;
 - (v) he/she fulfils any other eligibility criteria (including variations to the eligibility criteria under By-Laws 4.1(a)(i) to (iv) above) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding; and
 - (vi) For the avoidance of doubt and without prejudice to the provisions under By-Law 17,
 - (A) an Employee who attains the prescribed retirement age but is offered (and he/she has accepted) to continue to serve the Group on a full time basis shall be treated as an employee of the Group;
 - (B) subject to these By-Laws and any applicable laws, where an employee has or had at any time (whether before or after the Effective Date) been seconded from any company in the MBL Group to a company which is not a company in the MBL Group, the ESOS Committee shall have the discretion to extend the benefit of the Scheme to such employee by deeming such employee as an Eligible Participant and such company as a company in the MBL Group; and
 - (C) (subject to the ESOS Committee's discretion) an employee of a corporation that was a company in the MBL Group which subsequently ceases to be a company in the MBL Group ("Ex-Group Company") whom is re-employed by another company in the MBL Group.
- (b) In respect of a Director of the MBL Group, he/she must fulfil the following criteria as at the Offer Date:-
- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

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

- (ii) has been appointed as a Director of the Company or any company in the Group which is not dormant and/or which is not an associated company, and he/she is named in the Register of Directors of such company in the Group for a continuous period of at least 12 months prior to the Offer Date, or as may be otherwise determined by the ESOS Committee prior to and up to the Offer Date and has not served a notice of resignation or received a notice of termination;
- (iii) he/she is not participating or entitled to participate in any other executive share plan implemented by any company in the MBL Group which is in force for the time being, save and except if the ESOS Committee determines otherwise; and
- (iv) he/she fulfils any other eligibility criteria (including variations to the eligibility criteria under By-Laws 4.1(b)(i) to (iv) above) and/or falls within such category that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

In determining the eligibility of an Eligible Participant to participate in the Scheme, the ESOS Committee may take into account, amongst other factors, the performance, contribution, employment grade, seniority and/or length of service to the relevant corporation within MBL Group, and/or such other factors that the ESOS Committee may in its sole and absolute discretion deem fit.

Notwithstanding the above, the ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in this By-Law 4.1.

- 4.2 Save for By-Laws 4.1(a) and 4.1(b), there are no performance targets to be achieved by the Eligible Participants before the Options can be exercised. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on the performance targets, appraisals and assessments, as well as any other performance targets as may be set by the relevant companies within the MBL Group (excluding dormant subsidiaries) that may be determined by the ESOS Committee from time to time, at its absolute discretion.
- 4.3 Notwithstanding By-Law 4.1, the specific allotment to be made to any Eligible Participant, who is a Director, major shareholder or chief executive of the Company (as defined under the Listing Requirements) or person connected with such Director, major shareholder or chief executive, shall not be eligible to participate in the Scheme unless their entitlements under the Scheme have been approved by the shareholders of MBL in a general meeting prior to the specific allocation of the ESOS Options by the ESOS Committee to any of them and they shall not participate in the deliberation and discussion of their own allocation.
- 4.4 If any Eligible Participant who holds more than one (1) position within the MBL Group and by holding such positions, the Eligible Participant is in more than one category, he/she shall only be entitled to the Maximum ESOS Options of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 4.5 An Employee or Director of a dormant company within the Group and/or of an associated company is not eligible to participate in the Scheme.
- 4.6 An Employee or Director who during the Duration of the Scheme becomes an Eligible Participant may, at the discretion of the ESOS Committee, be eligible to participate in the Scheme, subject to the Maximum ESOS Options.
- 4.7 Eligibility under the Scheme does not confer upon the Eligible Participant a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Participant does not acquire or have any rights over or in connection with the Offer unless the Offer has been made by the ESOS Committee to the Eligible Participant and the Eligible Participant has accepted the Offer in accordance with By-Law 7 hereof.
- 4.8 Notwithstanding By-Law 4.1, the selection of the participation of the Eligible Participant(s) in the Scheme and number of shares comprised in the ESOS Option(s) to be offered to an Eligible Participant under the Scheme shall, at all times throughout the Duration, be at the sole discretion of the ESOS Committee, whose decision shall be final and binding.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT PURSUANT TO THE ESOS OPTIONS**

5.1 Subject to By-Law 3 and any adjustment which may be made under By-Law 15, the number of Options to be allocated to an Eligible Participant at any time in each Offer made pursuant to the Scheme shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the Eligible Participant's designation, length of service, work performance, contribution (including his/her potential contribution to the success of the MBL Group), employment grade, seniority, and/or such other factors as the ESOS Committee deems fit, and subject to the following conditions:-

- (a) the total number of Shares made available under the Scheme shall not exceed the amount stipulated in By-Law 3.1;
- (b) not more than 60% of the total new MBL Shares to be issued under the Scheme shall be allocated to the Directors and senior management of the MBL Group (excluding dormant subsidiaries);
- (c) not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of issued Shares made available under the Scheme shall be allocated to any Eligible Participant who, either singly or collectively through person(s) connected with the Eligible Participant, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares, if any); and
- (d) the Directors and senior management of MBL Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,

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

- 5.2 The ESOS Committee shall be entitled to determine the Maximum ESOS Options in relation to each class or grade of Employees and Directors and the aggregate maximum number of ESOS Options that can be offered to Directors and Employees under the Scheme from time to time, and the decision of the ESOS Committee shall be final and binding.
- 5.3 In the event that an Eligible Participant is promoted, the Maximum ESOS Options shall be the maximum number of Options corresponding to the new category of employee of which he/she then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 3.1.
- 5.4 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of Options which have been disclosed to the Employees and Directors of the Group.
- 5.5 The ESOS Committee has the sole and absolute discretion to determine whether to stagger the allocation of Options available over the Duration of the Scheme, whether there is any vesting period and whether to impose any Vesting Conditions for the Options granted under the Scheme.
- 5.6 In the event that any Eligible Participant is a member of the ESOS Committee, such Eligible Participant shall not participate in the deliberation or discussion of the allocation or grant of Options to them or persons connected to them.

6. OFFER

- 6.1 During the Duration of the Scheme, the ESOS Committee may at its sole and absolute discretion determine whether the Options are to be granted to the Eligible Participants via:
 - (a) one single offer at a time determined by the ESOS Committee; or

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

- (b) several offers where the vesting of the Options comprised in those offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new MBL Shares in respect of the Offers granted to any Eligible Participant at any time and from time to time, shall not exceed the amount stipulated in By-Law 3.1 and the Maximum ESOS Options in By-Law 5.1(c) above.

In the event the ESOS Committee decides that the vesting of the Options is to be staggered or made in several tranches, the number of Options to be granted pursuant to each vesting of the Options and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each vesting of the Options shall be separate and independent from the others.

6.2 The ESOS Committee shall state the following particulars in the letter of Offer:-

- (a) the number of Options that are being offered to the Eligible Participant;
- (b) the number of new Shares which the Eligible Participant shall be entitled to subscribe for upon the exercise of the Options being offered;
- (c) the Offer Date;
- (d) the Offer Period;
- (e) the closing date for acceptance of the Offer;
- (f) the Subscription Price;
- (g) the Option Period;
- (h) the Vesting Conditions of the Options as determined by the ESOS Committee, if any;
- (i) the manner and conditions of exercise of the Options; and
- (j) any other information deemed necessary by the ESOS Committee.

6.3 Without prejudice to By-Law 20, in the event the letter of Offer contains an error on the part of the Company in stating any of the particulars in By-Law 6.2 above, the following provisions shall apply:

- (a) as soon as possible but in any event no later than one (1) month after discovery of the error, the ESOS Committee shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 6.2;
- (b) in the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
- (c) in the event that the error relates to the Subscription Price, the Subscription Price in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

6.4 An Offer made by the ESOS Committee shall be valid for acceptance for a period of thirty (30) calendar days from the Offer Date or the closing date for acceptance of the Offer as stipulated in the letter of Offer as determined by the ESOS Committee on a case-by-case basis at its sole and absolute discretion.

6.5 Subject to By-Law 5, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Participant **PROVIDED THAT** the total aggregate number of Options offered to such Eligible Participant during the duration of the Scheme shall not exceed the Maximum ESOS Options of such Eligible Participant.

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

- 6.6 The actual number of Options that may be granted to an Eligible Participant shall be at the sole and absolute discretion of the ESOS Committee and subject to any adjustment that may be made under By-Law 15.

7. ACCEPTANCE

- 7.1 An Offer shall be accepted by an Eligible Participant within the Offer Period by written notice to the ESOS Committee in such form as may be prescribed by the ESOS Committee.
- 7.2 The written notice of acceptance shall be accompanied by a payment to the Company of a non-refundable cash consideration of Ringgit Malaysia One (RM1.00) only for the grant of the ESOS Options (regardless of the number of MBL Shares comprised therein).
- 7.3 The day of receipt of such written notice by the ESOS Committee shall constitute the Date of Acceptance.
- 7.4 If an Offer is not accepted in the manner aforesaid within the Offer Period or in the event of death or cessation of employment of the Eligible Participant, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Options comprised in such Offer may, at the discretion of the ESOS Committee, be re-offered to other Eligible Participant(s).
- 7.5 The Company shall within thirty (30) days of the acceptance of the Offer by the Eligible Participant, issue to the Eligible Participant an Option Certificate in such form as may be determined by the ESOS Committee.
- 7.6 Notwithstanding By-Law 6.4, in the event the Eligible Participant shall cease to be a Director or Employee within the MBL Group or become a bankrupt, as the case may be, prior to the acceptance of the Offer made to the Eligible Participant, such Offer shall automatically lapse and shall not be capable of acceptance. The Options comprised in such Offer may, at the discretion of the ESOS Committee, be re-offered to other Eligible Participant(s).
- 7.7 Without prejudice to the generality of the foregoing and subject to the ESOS Committee's discretion otherwise, any Offer made by the ESOS Committee shall become void, of no effect and cease to be capable of acceptance by the Grantee upon any of the following events occurring:
- (a) subject to By-Law 14.6 below, the death of the Grantee;
 - (b) the Grantee having received a letter of termination or ceasing to be an employee of any company in the MBL Group, for any reason whatsoever;
 - (c) the Grantee giving notice of his/her resignation from service/employment;
 - (d) (subject to the Grantee who was previously under the employment of an Ex-Group Company being re-employed by the company in the MBL Group under By-Law 4.1(a)(vi)(C) above) the corporation which employs the Grantee ceasing to be a company in the MBL Group, and thus, does not form part of the MBL Group.
- 7.8 The Company shall keep and maintain a register of Grantees at its expense and shall enter in that register the names and addresses of the Grantees and such information as may be prescribed by the ESOS Committee.

8. NON-TRANSFERABILITY

- 8.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 to 14.6, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.
- 8.2 An Option shall not be transferred, assigned or otherwise disposed of by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.6.

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

- 8.3 In the event the ESOS Option is granted to a non-executive Director and he/she exercises the ESOS Option accordingly, such non-executive Director(s) must not sell, transfer or assign shares obtained through the exercise of ESOS Option(s) offered to him/her pursuant to this Scheme within one year from the Offer Date.

9. VESTING CONDITIONS AND EXERCISE OF OPTIONS

- 9.1 Subject to the provisions of By-Laws 9.12, 14.1, 16 and 17, an Option granted to a Grantee under the Scheme is exercisable only by that Grantee during his lifetime and whilst he/she is in the employment or appointment of the Group and within the Option Period (subject always to By-Law 9.2 and 9.8). All unexercised Options shall become null and void after the Date of Expiry.
- 9.2 The ESOS Committee may with its power under By-Law 20, at any time and from time to time, before and after the Options are granted, limit the exercise of the Options to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the Options during such periods within the Option Period and impose other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion.
- 9.3 The ESOS Committee shall, as and when it deems necessary, review and determine at its own discretion the Vesting Conditions specified in respect of the Offer. A Grantee shall exercise the Options granted to him/her after the Vesting Conditions, if any, are fully and duly satisfied which includes amongst others, the following:
- (i) the Grantee must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the vesting date; and
 - (ii) any other conditions which are determined by the ESOS Committee.
- 9.4 If applicable, where the ESOS Committee has determined that the Vesting Conditions have been fully and duly satisfied, the ESOS Committee shall notify the Grantee the number of Options vested or which will be vested to him/her on the vesting date ("**Vesting Notice**").
- 9.5 Subject to By-Law 4.1, the ESOS Committee shall have sole and absolute discretion to decide whether there are any performance targets to be achieved by the Grantee before the Options can be exercised and the new Shares arising from the Scheme can be vested.
- 9.6 Where an Option is exercised only in part, the Option Certificate shall be endorsed by the ESOS Committee stating, *inter-alia*, the number of new Shares which remain capable of being exercised.
- 9.7 Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Option, if any, which he is entitled to subscribe under the Scheme.
- 9.8 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any Option which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.9 Subject to the discretion of the ESOS Committee, where a Grantee is serving under an employment contract, he/she may exercise any remaining unexercised Options within sixty (60) days before the expiry of the employment contract if the remaining duration of the employment contract from the date on which the Options are granted is less than the Option Period.
- 9.10 A Grantee shall exercise his/her Options by notice in writing to the Company in such form as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 9.11 Every Notice of Exercise shall state the number of new Shares a Grantee intends to subscribe and shall be accompanied by the relevant Option Certificate and the relevant evidence of remittance for the full amount of the subscription monies payable in respect thereof **PROVIDED THAT** the number of new Shares stated therein shall not exceed the amount exercisable by such Grantee.

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

- 9.12 The Grantee shall state his CDS Account in the Notice of Exercise. Within eight (8) Market Days (or such other period as may be prescribed by Bursa Securities and subject to the Constitution) after the receipt of the complete and valid Notice of Exercise together with the remittance from the Grantee and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository and the Constitution, the Company shall allot and/or issue the relevant number of Shares and despatch a notice of allotment to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee. No physical certificates will be issued. For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own expense before they can exercise their Options.
- 9.13 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the Grantee shall then be deemed not to have exercised his/her Option.
- 9.14 Notwithstanding anything contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect, to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise his/her Options pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise his/her Options having regard to the nature of the charges made or brought against such Grantee, **PROVIDED ALWAYS** that:-
- (a) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his/her Options;
 - (b) in the event the Disciplinary Proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
 - (c) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
 - (d) in the event that no decision is made or Disciplinary Proceedings are not concluded prior to the expiry of the Option Period, the Option of such Grantee shall immediately lapse on the expiry of the Option Period without notice,
- and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness or validity of such Disciplinary Proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under this By-Laws.
- 9.15 Every Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

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

- 9.16 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to the Grantee or his/her Representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by the Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any error in any Offer.

10. SUBSCRIPTION PRICE

10.1 Subject to any adjustments in accordance with By-Law 15 and pursuant to the Listing Requirements, the Subscription Price of each new MBL Share comprised in the Scheme will be determined by the ESOS Committee based on the five (5)-day volume weighted average market price of the MBL Shares as traded on the Main Market of Bursa Securities immediately preceding the Offer Date (or such basis as the relevant authorities may permit), and at the ESOS Committee's discretion with a discount of not more than 10% if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities and any other relevant authorities as amended from time to time throughout the Duration.

- 10.2 The Subscription Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees, and is subject to adjustments in accordance with the provisions of this By-Laws.

11. RIGHTS OF A GRANTEE

- 11.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 11.2 The new Shares, which are allotted and credited into the Grantee's CDS account upon the exercise of the ESOS Options, would carry rights to vote at any general meeting of the Company, if the Grantee is registered on the Register of Depositors on the entitlement date as at the close of business to be entitled to attend and vote at the general meeting.
- 11.3 A Grantee shall not be entitled to any dividends, rights and/or other distributions on his/her unexercised Options.

12. RANKING OF THE NEW SHARES

The new MBL Shares to be issued and allotted arising from the exercise of the Options will, upon issuance and allotment, rank *pari passu* in all respects with the then existing MBL Shares, save and except that the new Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions where the Entitlement Date precedes the date of allotment and issuance of the new MBL Shares.

The new Shares will be subject to the provisions of the Constitution relating to transfer, transmission and otherwise of the Shares. The Options shall not carry any rights to vote at any general meeting of MBL. The Eligible Participants who have duly accepted an Offer in accordance with this By-Laws shall not, in any event, be entitled to any dividends, rights, allotments and/or other distributions until and unless they exercise their Options into new MBL Shares and such new MBL Shares are credited into their respective CDS account.

13. RETENTION PERIOD

The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer as it sees fit. An Eligible Participant/Grantee should note that the MBL Shares are encouraged for him/her to hold as an investment rather than for any speculative purposes and/or the realisation of any immediate gain.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**14. TERMINATION OF OPTIONS**

14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-

- (a) termination or cessation of employment of the Grantee with the Group for any reason whatsoever (including pursuant to By-Law 9.12 above), in which event the Option shall be automatically terminated on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
 - (b) bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
 - (c) winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:-
 - (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
 - (d) termination of the Scheme pursuant to By-Law 19.5,
- whichever shall be applicable.

Upon the termination of the Options pursuant to By-Laws 14.1(a), (b), (c) or (d) above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

14.2 Notwithstanding By-Law 14.1 above, a Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any Option held by him/her upon termination of employment with the Group in the following circumstances:-

- (a) retirement upon or after attaining the age in accordance with the Company's retirement policy; or
- (b) retirement before the age specified under the above said retirement policy, with the consent of his/her employer; or
- (c) ill-health, injury, physical or mental disability; or
- (d) redundancy, retrenchment or voluntary separation scheme; or
- (e) any Director not being re-elected during a general meeting of the Company; or
- (f) transfer to any company outside the Group at the direction of the Company; or
- (g) any other circumstance as may be deemed as acceptable to the ESOS Committee.

14.3 Applications under By-Law 14.2 shall be made:-

- (a) in a case where By-Law 14.2(a), (b), (e) or (g) is applicable, before the Grantee's last day of employment/service. In the event that no application is received by the ESOS Committee before the Grantee's last day of employment/service, any Option held by the Grantee on his last day of employment shall be automatically terminated;

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

- (b) in a case where By-Law 14.2(c) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated;
 - (c) in a case where By-Law 14.2(d) is applicable, within one (1) month after the Grantee is notified that he/she will be retrenched or, where he/she is given an offer by his employer as to whether he/she wishes to accept retrenchment upon certain terms, within one (1) month after he/she accepts such offer. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated; and
 - (d) in a case where By-Law 14.2(f) is applicable, within one (1) month after the Grantee is notified that he/she will be transferred to a company outside the Group. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.4 The ESOS Committee shall consider applications under By-Law 14.2 on a case-by case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of By-Law 9. Any Options in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 14.3 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.5 In the event that the ESOS Committee receives an application under By-Law 14.2 after the expiry of the relevant period under By-Law 14.3, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under By-Law 14.4. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the unexercised Options which are the subject of approval to the Grantee and such Options offered, if accepted by the Grantee shall be exercisable:-
 - (a) only within the Option Period of those Options which were terminated due to the Grantee's delay in making the application;
 - (b) in accordance with the provisions of By-Law 9 as applicable in respect of such terminated Options; and
 - (c) at the Subscription Price applicable in respect of such terminated Options.
- 14.6 In the event a Grantee dies before the expiration of the Option Period and at the time of his/her death held unexercised Options, the following provisions shall apply:-
 - (a) such unexercised Options may be exercised by the Representative of the deceased Grantee:-
 - (i) within twelve (12) months after the Grantee's death ("**Permitted Period**") ; or
 - (ii) within the Option Period;
 whichever expires first.
 - (b) In the event that the Option Period expires before the Permitted Period, any Option which has not been exercised by the Representative at the expiry of the Option Period shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options.

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

- (c) In the event that the Permitted Period expires before the Option Period, the following provisions shall apply:-
- (i) the Representative may, at any time before the expiry of the Permitted Period, apply in writing to the ESOS Committee for an extension of the Permitted Period, stating the reasons as to why the extension is required. In the event that no application is received by the ESOS Committee before the expiry of the Permitted Period, any Option which has not been exercised by the Representative at the expiry of the Permitted Period shall be automatically terminated; and
 - (ii) ESOS Committee shall consider such applications on case-by-case basis and may in its discretion approve or reject an application in whole or in part without giving any reason thereof and may impose any term and condition in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Representative may exercise the Options which are the subject of the approval within such extension of the Permitted Period as is approved (which shall not exceed the Option Period) and in accordance to By-Law 9. Any Option in respect of which an application is rejected shall be automatically terminated at the expiry of the Permitted Period or on the date of the ESOS Committee's decision, whichever is the later.

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

15. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

- 15.1 Subject to By-Law 15.5 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or any other variation shall take place or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or specie) during the duration of the Scheme, the Company shall cause such adjustment to be made to:-

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

to ensure that the capital outlay by a Grantee in subscribing for the same proportion of Shares to which the Grantee was entitled prior to the event giving rise to such adjustments (not taking into account the ESOS Options already exercised) shall remain unaffected.

Any adjustment (other than an adjustment pursuant to a bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by the external auditors of the Company.

- 15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-
- (a) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen; and
 - (b) in determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.

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

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

(a) Consolidation or subdivision

If and whenever a Share by reason of any consolidation or subdivision, the Subscription Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in the following manner:-

(i)

$$\text{New Subscription Price} = \text{EP} \times \frac{\text{FT}}{\text{RT}}$$

(ii) For consolidation/subdivision of Shares

$$\begin{array}{l} \text{Additional} \\ \text{number of} \\ \text{Options} \end{array} = \text{T} \times \frac{\text{RT}}{\text{FT}} - \text{T}$$

Where:-

EP = Existing Subscription Price;

FT = Former number of total issued Shares;

RT = Revised number of total issued Shares; and

T = existing number of Options held.

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

(b) Capitalisation of profits/reserves

If and whenever the Company shall make any issue of new Shares to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

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

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

Where:-

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

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

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

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

(c) If and whenever the Company shall make:-

(i) **Capital Distribution**

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

(ii) **Rights issue of Shares**

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

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

any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

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

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

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

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

Where:-

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

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

D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 15.3(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 15.3(c)(iii) above, the value of rights attributable to one (1) existing Share (as defined below); or

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

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

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

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

Where:-

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

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

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

Where:-

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

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

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

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

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**(d) Capitalisation of profits/reserves and rights issue of Shares/convertible securities**

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

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

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

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

Where:-

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

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

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

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

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

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

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

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

Unless otherwise as may be prescribed by Bursa Securities, such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**(e) Rights issue of Shares and rights issue of convertible securities**

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

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

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

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

Where:-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Where:-

- B = B as in By-Law 15.3(b) above;
- C = C as in By-Law 15.3(c) above;
- G = G as in By-Law 15.3(d) above;
- H = H as in By-Law 15.3(d) above;
- H* = H* as in By-Law 15.3(d) above;
- I = I as in By-Law 15.3(d) above;
- I* = I* as in By-Law 15.3(d) above;
- J = J as in By-Law 15.3(e) above;
- K = K as in By-Law 15.3(e) above; and
- T = T as in By-Law 15.3(e) above.

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

- (g) For the purpose of By-Laws 15.3(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.
- (h) Such adjustments (other than adjustments due to a bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, **PROVIDED ALWAYS THAT:-**
 - (i) any adjustment to the Subscription 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 15 would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
 - (iii) upon any adjustment being made pursuant to this By-Law 15, the ESOS Committee shall, within thirty (30) calendar days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her Representative where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of Options to be issued; and
 - (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 15.

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

- 15.4 Save as expressly provided for herein, the external auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors shall be final, binding and conclusive.

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

- 15.5 The provisions of this By-Law 15 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
- (a) an issue of Shares pursuant to the exercise of Options under the Scheme; or
 - (b) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
 - (c) an issue of securities pursuant to a private placement; or
 - (d) an issue of securities pursuant to a special issue to Bumiputera parties or investors nominated by the Ministry of International Trade and Industry and/or other government authority to comply with the government's policy on Bumiputera capital participation; or
 - (e) a restricted issue of securities; or
 - (f) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible into new Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by the Company; or
 - (g) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to the Act; or
 - (h) an issue of further ESOS Options to Eligible Participants pursuant to adjustments made under By-Law 15; or
 - (i) an 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.
- 15.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.5.
- 15.7 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:-
- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (b) in the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on Bursa Securities thereafter), or such period as may be prescribed by Bursa Securities.
- Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his/her Representative, where applicable, to inform him/her of the adjustment and the event giving rise thereto.
- 15.8 Notwithstanding the provisions referred to in this By-Laws, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Subscription Price and/or the number of Options to be issued be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Subscription Price and/or the number of Options to be issued notwithstanding that no such adjustment formula has been explicitly set out in this By-Laws provided that the adjustment is in compliance with the Listing Requirements and Act (if any) and not detrimental to the Grantee.

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

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

16.1 In the event of:-

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

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

- 16.2 Notwithstanding the provisions of By-Law 9 and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under the Act or its amalgamation with any other company or companies under the Act or the Company decided to merge with other company or companies, the ESOS Committee may at its absolute discretion decide whether a Grantee may be entitled to exercise all or any part of his/her Options which remains unexercised at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period. Upon the compromise or arrangement becoming effective, all unexercised Options shall automatically lapse and shall become null and void and of no further force and effect.

17. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

- 17.1 If a Grantee is in the employment of a company within the Group and such company is subsequently divested, wholly or in part, from the Group:-

- (a) then the ESOS Committee will have the right to determine at its discretion whether or not the Grantee will be entitled to continue to hold and to exercise all the unexercised or partially exercised Options which were granted to him/her under the Scheme within a period which will be decided by the ESOS Committee, failing which the right of such Grantee to subscribe for that number of new Shares or any part thereof granted under such unexercised or partially exercised ESOS Option(s) shall automatically lapse and be null and void and of no further force and effect upon the expiry of the relevant period; and
- (b) the Grantee shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.

- 17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group or disposed off from the Group in the event that the effective interest of the Company in such company is reduced from above fifty percent (50%) to fifty percent (50%) or below so that such company would no longer be a subsidiary of the Company pursuant to the Act (other than pursuant to a takeover, scheme of arrangement, amalgamation, reconstruction, merger or otherwise as provided under the By-Law 16).

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

17.3 In the event that:-

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

(the first abovementioned company in (a) and (b) herein referred to as the “**Previous Company**”), such an employee of the Previous Company may be eligible to participate in this Scheme for the remaining Option Period, if the ESOS Committee so decides and that affected employee becomes an “Eligible Participant” within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the employees of such company on the date of such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of “Eligible Participant” under By-Law 4.1 and the provisions of the By-Laws shall apply.

18. WINDING UP

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

19. DURATION AND TERMINATION OF SCHEME

19.1 The Effective Date for the implementation of the Scheme shall be at the date on which the last of the following approvals and conditions, as well as all relevant requirements in the Listing Requirements has been obtained and/or complied with, including the following:-

- (a) approval of Bursa Securities for the listing of and quotation for the new MBL Shares to be issued pursuant to the exercise of the ESOS Options under the Scheme, the application of which, will be submitted by the Company;
- (b) approval of the shareholders of the Company at a general meeting;
- (c) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (d) approvals of any other relevant regulatory authorities, where applicable; and
- (e) fulfilment of all applicable conditions attached to the above approvals (if any).

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

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

- 19.2 The Scheme, when implemented, shall be in force for a period of five (5) years from the Effective Date provided always that on or before the expiry thereof, the Company may, if the Board deems fit whether or not upon the recommendation of the ESOS Committee, extend (in writing) the tenure of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years period ("**Date of Expiry**") provided always that the initial Duration stipulated above and such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date or such longer period as may be allowed by any other relevant authorities. Such extended Scheme shall be implemented in accordance with the terms of these By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within thirty (30) days prior to the Date of Expiry or such other period as may be stipulated by Bursa Securities.
- 19.3 Offer can only be made during the duration of the Scheme and before 5:00 p.m. on the Date of Expiry.
- 19.4 Notwithstanding anything to the contrary, all Options which have yet to be granted, vested or exercised (whether fully or partially) shall be deemed cancelled and be null and void, and shall lapse at 5:00 p.m. on the Date of Expiry.
- 19.5 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the ESOS Committee or the Company at any time before the Date of Expiry without obtaining the approvals from the Grantees or its shareholders **PROVIDED THAT** the Company makes an announcement is released to Bursa Securities on the following:-
- (f) the effective date of termination, which shall be the date of the Board resolution approving the termination ("**Termination Date**");
 - (g) the number of Options exercised or Shares vested; and
 - (h) the reasons and justification for termination.
- 19.6 In the event of termination as stipulated in By-Law 19.5 above, the following provisions shall apply:-
- (a) no further Offer shall be made by the ESOS Committee from the Termination Date upon the Board's approval;
 - (b) all Offers which have yet to be accepted by Eligible Participants shall automatically lapse on the Termination Date; and
 - (c) all outstanding Options which have yet to be exercised by Grantees shall be deemed cancelled, lapsed, or ceased on the Termination Date and be null and void.
- 19.7 Subject to the requirements under the Listing Requirements and any other relevant authorities, approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme.

20. ADMINISTRATION

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

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

- 20.2 Without limiting the generality of By-Law 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:-
- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 20.3 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee as it shall deem fit.

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

- 21.1 Subject to By-Law 21.2 and compliance with the Listing Requirements, the requirements of Bursa Securities and approvals of any other relevant authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments/variations to or deletions of these By-Laws as it shall at its sole discretion deem fit and the Board shall have the power at any time and from time to time by resolution, make any modification, variation/amendment and/or deletion of all or any of the terms in these By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within 5 market days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and Rules of Bursa Depository pursuant to Paragraph 2.12 of the Listing Requirements.
- 21.2 Subject to By-Law 21.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws (including any additions, modifications or amendments to or deletions of these By-Laws for purposes of complying with the Act) **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:-
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 3.1; or
 - (c) prejudice any rights of the shareholders of the Company; or
 - (d) alter to the advantage of any, all, or a group of Eligible Participant and/or Grantee(s) in respect of any matters which are required to be contained in these By-Laws unless allowed by the provisions of the Listing Requirements.
- 21.3 Upon amending or modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments, cause to be submitted to Bursa Securities the amended By-Laws and a confirmation letter that the said amendment or modification complies and does not contravene any of the provisions of the Listing Requirements.
- 21.4 The Eligible Participants/Grantees shall be given written notice in the form prescribed by the ESOS Committee from time to time of any additions, amendments to and/or modifications of the By-Laws within 5 market days of any of the foregoing taking effect.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**22. INSPECTION OF ACCOUNTS**

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

23. SCHEME NOT A TERM OF EMPLOYMENT

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

24. NO COMPENSATION FOR TERMINATION

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

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

25. DISPUTES

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

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

and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

- 25.2 Notwithstanding the foregoing provisions of By-Law 25.1 above, matters concerning adjustments made pursuant to By-Law 15 shall be referred to external auditors or the Principal Adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

26. COSTS AND EXPENSES

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

Any cost in relation to the loss of Option Certificate will be fully borne by the Grantee and such Grantee will have to sign a statutory declaration to declare the loss of the Option Certificate.

27. CONSTITUTION

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the provisions of the Constitution shall at all times prevail except where such provisions of these By-Laws are included pursuant to the Listing Requirements.

28. TAXES

All taxes (including income tax), if any, arising from the acceptance and/or exercise of any Options under the Scheme shall be borne by the Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

29. LISTING OF AND QUOTATION FOR SHARES

- 29.1 The Company shall apply to Bursa Securities for the listing of and quotation for such new Shares to be issued pursuant to the Offer.
- 29.2 The Company and the ESOS 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 Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

30. NOTICE

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

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

- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Participant or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

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

31. ERRORS AND OMISSIONS

- 31.1 If in consequence of an error or omission, the ESOS Committee discovers/determines that:

- (a) an Eligible Participant who was selected by the ESOS Committee/Company has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of Share allotted and issued and/or transferred to any Eligible Participant (including those allotted and issued and/or transferred pursuant to an exercise of Option) on any occasion is found to be incorrect;

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

32. SEVERABILITY

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

33. DISCLOSURES IN ANNUAL REPORT

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

34. SUBSEQUENT SHARE ISSUANCE SCHEME

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

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

35. GOVERNING LAW AND JURISDICTION

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

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

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

Malacca Securities has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposals.

3. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by the Group, which upon being enforced may materially and adversely affect the financial results or position of the Group.

4. CONTINGENT LIABILITIES

As at the LPD, there are no other contingent liabilities incurred or known to be incurred by the Group, which upon being enforced may materially and adversely affect the financial results or position of the Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, neither MBL nor any of its subsidiary companies are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Group and the Board has no knowledge of any proceedings, pending or threatened, against the Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of the Group:

(1) Penang High Court Civil Suit No. PA-22NCC-13-04/2022

Doa Huat Holdings Sdn Bhd (as "**plaintiff**") sought a declaration that the share sale agreement dated 1 April 2021 (the "**Agreement**") entered between the plaintiff and MBL Plantation Sdn Bhd (the "**defendant**") for the purchase of shares in Sokor Gemilang Ladang Sdn Bhd is void and demanded for a refund of RM23,900,000 previously paid by the plaintiff to the defendant.

- (a) The defendant's application for the disposal of the case by way of questions of law was allowed, and the plaintiff's claim was dismissed with costs of RM5,000, subject to allocator, payable by the plaintiff to the defendant;
- (b) The defendant's application for summary judgment for its counterclaim was allowed with costs of RM5,000, subject to allocator, payable by the plaintiff to the defendant, and with the following terms:
 - (i) a declaration that the plaintiff's attempt to terminate the Agreement via the plaintiff's letter of termination dated 7 February 2022 is not valid;

FURTHER INFORMATION (Cont'd)

- (ii) an order for specific performance of the Agreement whereby the plaintiff shall continue and fulfil all its obligations under the Agreement, including paying the balance purchase price of RM1,100,000 to the defendant within 14 days from the date of the judgment;
 - (iii) the plaintiff to provide full cooperation and to do all acts necessary to complete the Agreement within 14 days from the date the defendant receives payment of the balance purchase price of RM1,100,000; and
 - (iv) if the plaintiff fails to comply with sub-paragraph (iii) above, then the Registrar of the Court is authorised to execute all requisite documents to complete the transfer of 100% of the shares in Sokor Gemilang Ladang Sdn Bhd (742516-X) from the defendant to the plaintiff.
- (c) Following the decision of the Penang High Court on 29 July 2022 above (the “**High Court Judgment**”), the plaintiff filed an appeal to the Court of Appeal (Civil Appeal No.: P-02(IM)(NCC)-1545-08/2022) (“**Appeal**”), as well as an application for Stay of the High Court Judgment (“**Stay**”). On 11 January 2023, the plaintiff had filed a new Notice of Motion at the Court of Appeal to include/adduce fresh evidence for purposes of their appeal hearing, to include into the Record of Appeal, a letter dated 27 November 2022 issued by Ladang Rakyat Negeri Kelantan to Sokor Gemilang Ladang Sdn Bhd (“**Motion to Include Fresh Evidence**”).

Stay Application. On 6 January 2023, the Penang High Court Judge YA Tuan Quay Chew Soon delivered its decision wherein the Stay application was dismissed with costs of RM5,000.00, payable by the plaintiff to the defendant.

Motion to Include Fresh Evidence. The Court of Appeal has fixed the hearing date for both the motion to include fresh evidence and for a stay on 9 May 2023.

Appeal. The Appeal is fixed for hearing on 20 June 2023.

Based on the cause papers filed thus far, the solicitors are of the view that the defendant has a reasonable chance and prospect of success in the matter. However, this opinion may change depending on whether the fresh evidence is allowed to be introduced into the appeal. To the best of the solicitor’s knowledge, there should not be any determination of liability at the Court of Appeal as the Appeal is only against the Orders of the High Court dated 29 July 2022, and thus, there should not be any contingent liability save for court costs, ranging from RM10,000 to RM20,000 payable by the unsuccessful party to the successful party. The solicitor’s professional fees for conducting, handling, and resisting the Court of Appeal Proceedings is estimated to be in the range of RM30,000 to RM70,000 (excluding service tax and disbursements).

(2) Penang High Court Civil Suit No. PA-24NCvC-459-05/2022

Jingshi Holdings (M) Sdn Bhd filed an Originating Summons in the Penang High Court against MBL, amongst other things for leave to commence a statutory derivative action pursuant to Sections 347, 348, and 350 of the Act. A date for case management was fixed on 29 July 2022 and the solicitors have asked for leave to file an additional affidavit to incorporate the latest developments in respect of the matter and the most recent decision given by the High Court on 29 July 2022 in respect of Civil Suit No. PA-22NCC-13-04/2022, which is a related matter raised by the parties in this suit. The Court has given directions for the solicitors to file the additional affidavit on or before 12 August 2022, and Jingshi Holdings (M) Sdn Bhd is to file their affidavit in reply on or before 26 August 2022. During the case management on 29 August 2022, the Court has granted an extension of time for Jingshi Holdings (M) Sdn Bhd to file and serve the final affidavit in reply.

FURTHER INFORMATION (Cont'd)

On the subsequent case management on 7 September 2022, the Court gave further directions for the filing of affidavits by the parties, as well as dates for filing the written submissions. The hearing is fixed on 7 December 2022 via Zoom, before the Penang High Court Judge YA Tuan Quay Chew Soon (“**HC Judge**”). On 6 January 2023, the HC Judge delivered its decision wherein the Originating Summons had been dismissed with costs of RM10,000.00 to be paid to MBL. The last date for Jingshi Holdings (M) Sdn Bhd to file an appeal against the said decision to the Court of Appeal expires 30 days from 6 January 2023, and up until the expiry date, neither MBL nor its solicitors has been served with any Notice of Appeal.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at MBL’s registered office at No. 85, Muntri Street, 10200 Georgetown, Pulau Pinang during normal business hours (except public holidays) from the date of this Circular up to the time set for holding the EGM or at any adjournment thereof:

- (i) constitution of the Company;
- (ii) audited consolidated financial statements of MBL for the past 2 financial years up to 31 December 2022;
- (iii) the letter of consent and declaration of conflict of interest referred to in Section 2 above;
- (iv) relevant clause paper in respect of the material litigations referred to in Section 5 above;
- (v) draft Deed Poll referred to in Appendix I of this Circular; and
- (vi) draft By-Laws referred to in Appendix II of this Circular.

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MUAR BAN LEE GROUP BERHAD

(Registration No. 200601033829 (753588-P))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Muar Ban Lee Group Berhad (“**MBL**” or the “**Company**”) will be held on a fully virtual basis through the online meeting platform in Malaysia at <https://agm.digerati.com.my/pasb-online> (Domain registration number: D1A119533) provided by Digerati Technologies Sdn Bhd on Thursday, 25 May 2023 at 12.30.p.m, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF 113,767,950 WARRANTS-B IN MBL (“WARRANT-B”) ON THE BASIS OF ONE (1) WARRANT-B FOR EVERY TWO (2) EXISTING SHARES IN MBL (“MBL SHARE(S) OR “SHARE(S)”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE OF WARRANTS-B”)

“**THAT** subject to approvals of all relevant authorities being obtained, the Board of Directors of the Company (“**Board**”) be and is hereby authorised to issue 113,767,950 Warrants B to the shareholders of the Company whose names appear in the Record of Depositors of the Company on an Entitlement Date, on the basis of 1 Warrant-B for every 2 existing MBL Shares held;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new MBL Shares arising from the exercise of the Warrants-B by the holders of the Warrants-B in accordance with the provisions of a deed poll to be executed (“**Deed Poll**”);

THAT the new MBL Shares to be issued arising from the exercise of the Warrants-B shall, upon allotment and issuance, rank equally in all respects with the existing MBL Shares. Save and except that such new MBL Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, unless such new MBL Shares were allotted and issued on or before the entitlement date of such dividends, rights, allotments and/or other distributions;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Warrants-B, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the Warrants-B be constituted under the Deed Poll and the Board be and is hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendment to the exercise price, exercise period and/or number of Warrants-B as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deems fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Warrants-B with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants-B."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF MBL AT ANY POINT IN TIME DURING THE DURATION OF THE PROPOSED ESOS ("PROPOSED ESOS")

"THAT subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board of Directors of the Company to establish the ESOS involving up to 15% of the total number of issued shares of the Company from time to time for the benefit of eligible directors (including non-executive directors) and employees of MBL and its subsidiaries ("**MBL Group**" or "**Group**") (excluding dormant subsidiaries, if any) ("**Eligible Participants**"), and the Board be and is hereby authorised to:

- (i) Establish an ESOS committee to implement and administer the ESOS for the benefit of the Eligible Participants, in accordance with the by-laws governing the Proposed ESOS ("**By-Laws**"), which is set out in Appendix II of this Circular;
- (ii) Allot and issue from time to time such number of new Shares in to the Eligible Participants as may be required to be issued pursuant to the exercise of options granted under the Proposed ESOS ("**ESOS Options**"), **PROVIDED THAT** the total number of new Shares to be issued under the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued Shares at any point in time during the duration of the ESOS **AND THAT** the new Shares to be allotted and issued upon the exercise of any ESOS Options will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the new Shares will not be entitled to any dividends, rights, allotments, and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Shares;
- (iii) Do all things necessary and make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of such number of additional new Shares which may from time to time be allotted and issued arising from the exercise of the ESOS Options;
- (iv) Modify, vary and/or amend the By-Laws from time to time as may be required/permitted by the authorities or deemed necessary by the authorities or the Board **PROVIDED THAT** such modifications, variations and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications, variations and/or amendments; and to do all such acts and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed ESOS and the terms of the By-Laws; and
- (v) Extend the duration of the ESOS, if the Board deems fit, for up to a maximum period of an additional five (5) years ("**Extension**") upon the recommendation by the ESOS committee, **PROVIDED ALWAYS** that the initial ESOS period of five (5) years and such Extension made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities, and that the Board be and is hereby authorised to implement the Extension and do all such acts and things and to execute all necessary documents to give full effect to and complete the Extension with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities and to take all steps and actions as may be required by the relevant authorities and as the Board may deem necessary and/or expedient to finalise, implement and give full effect to and complete the Extension.

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute all such documents and enter into all such arrangements, agreements, deeds and/or undertakings with any parties as they may deem fit necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed ESOS and terms of the By-Laws with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Board may deem fit or necessary or expedient in the best interest of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clauses 7.1 and 15.2 of the Constitution of the Company, approval be hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered new MBL Shares ranking equally to the existing issued MBL Shares arising from any allotment and issuance of new Shares to the Eligible Participants pursuant to the Proposed ESOS.

AND THAT the draft By-Laws, as set out in Appendix II of this Circular, be and is hereby approved and adopted.”

ORDINARY RESOLUTION 3 TO 11

“**THAT** subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to authorise the ESOS committee, at any time and from time to time throughout the duration of the ESOS, to offer and grant to the following persons, ESOS Options to subscribe for new Shares under the Proposed ESOS:

- | | | |
|--------|--|-------------------------------|
| (i) | Dato' Chua Ah Ba @ Chua Eng Ka | Ordinary Resolution 3 |
| (ii) | Chua En Hom | Ordinary Resolution 4 |
| (iii) | Dato' Chua Heok Wee | Ordinary Resolution 5 |
| (iv) | Chua Kang Sing | Ordinary Resolution 6 |
| (v) | Tan Sri Dato' Seri Tan King Tai @ Tan Khoo Hai | Ordinary Resolution 7 |
| (vi) | Lim Choo Hooi | Ordinary Resolution 8 |
| (vii) | Tan Soo Moi | Ordinary Resolution 9 |
| (viii) | Datuk Rajendran A/L P Narayanasamy | Ordinary Resolution 10 |
| (ix) | Ng Mei Wan | Ordinary Resolution 11 |

Provided always that:

- (a) the abovementioned persons must not participate in the deliberation and/or discussion of their own respective allocation;
- (b) not more than 10% of the total number of new Shares to be issued under the Proposed ESOS would be allocated to any one of the abovementioned persons who, either singly or collectively through persons connected to them, holds 20% or more of the total number of issued shares of the Company; and
- (c) the allocation of ESOS Options to the abovementioned persons shall be 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 Main Market Listing Requirements of Bursa Securities, or any prevailing guideline issued by Bursa Securities, as amended from time to time.

THAT at any given time during the duration of the ESOS, not more than 60% of the total number of ESOS Options available under the ESOS could be allocated, in aggregate to the eligible directors and management of MBL Group (excluding dormant subsidiaries, if any) pursuant to the Proposed ESOS.

AND THAT the Board is also authorised to issue and allot the corresponding number of new Shares arising from the exercise of the ESOS Options that may be granted to them under the Proposed ESOS.”

BY ORDER OF THE BOARD

Tan Hui Lun (LS 0010066)
SSM PC No.: 201908003423
Company Secretary

Muar, Johor Darul Takzim
9 May 2023

Notes:

1. IMPORTANT NOTICE

- (a) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.*
- (b) *Shareholders will not be allowed to attend this EGM in person at the Broadcast Venue on the day of the meeting.*
- (c) *Members are to attend, speak (including posing questions to the Board in the form of real time submission of typed texts) and vote (collectively, “**participate**”) remotely at the EGM of the Company by using the Remote Participation and Voting Facilities (“**RPV**”) provided by Digerati Technologies Sdn Bhd (“**Digerati**”) at <https://agm.digerati.com.my/pasb-online>.*
- (d) *Please refer to the Procedures to Remote Participation and Voting via RPV in the Administrative Guide for the EGM in order to participate remotely via RPV.*

2. APPOINTMENT OF PROXY

- (a) *For the purpose of determining who shall be entitled to attend in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM via RPV.*
- (b) *A proxy may but need not be a member of the Company and the provisions of Section 334(1) of the Companies Act 2016 shall not apply to the Company.*
- (c) *Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
- (d) *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (“**Central Depositories Act**”), 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.*
- (e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
- (f) *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote:*

In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Company’s Register office at 85, Muntri Street, 10200 Georgetown, Pulau Pinang.

By electronic form

In the case of an appointment made via electronic mean, fill up the information to appoint proxy at <https://agm.digerati.com.my/pasb-online> (Kindly refer to the Administrative Guide for the EGM) or send the scanned copy of the Form of Proxy to pasb_helpdesk@digerati.com.my.

- (g) *Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.*
- (h) *It is important that you read the Administrative Guide for the conduct of this EGM.*
- (i) *Shareholders are advised to check the Company’s website at www.mbl.com and announcements from time to time for any changes to the administration of this EGM that may be necessitated by changes to the directive safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysia National Security Council, Securities Commission Malaysia and/or other relevant authorities.*



MUAR BAN LEE GROUP BERHAD
(Registration No. 200601033829 (753588-P))
(Incorporated in Malaysia)

FORM OF PROXY

| No. of Shares Held | CDS Account No. |
|--------------------|-----------------|
| | |

I/We _____ NRIC No. / Company No. _____
of _____
being member/members of Muar Ban Lee Group Berhad hereby appoint the following person(s):-

| Name of Proxy(ies) | NRIC | No. of shares to be presented by Proxy | Email Address | Contact Number |
|--------------------|------|--|---------------|----------------|
| 1. | | | | |
| 2. | | | | |

or failing him/her, the CHAIRMAN OF THIS MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis through the online meeting platform in Malaysia at <https://agm.digerati.com.my/pasb-online> (Domain registration number: D1A119533) on Thursday, 25 May 2023 at 12.30 p.m., and at any adjournment thereof.

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

| No. | Ordinary Resolution | For | Against |
|-----|---|-----|---------|
| 1 | Proposed Bonus Issue of Warrants-B | | |
| 2 | Proposed ESOS | | |
| 3 | Proposed allocation of ESOS Options to Dato' Chua Ah Ba @ Chua Eng Ka | | |
| 4 | Proposed allocation of ESOS Options to Chua En Hom | | |
| 5 | Proposed allocation of ESOS Options to Dato' Chua Heok Wee | | |
| 6 | Proposed allocation of ESOS Options to Chua Kang Sing | | |
| 7 | Proposed allocation of ESOS Options to Tan Sri Dato' Seri Tan King Tai @ Tan Khoo Hai | | |
| 8 | Proposed allocation of ESOS Options to Lim Choo Hooi | | |
| 9 | Proposed allocation of ESOS Options to Tan Soo Moi | | |
| 10 | Proposed allocation of ESOS Options to Datuk Rajendran A/L P Narayanasamy | | |
| 11 | Proposed allocation of ESOS Options to Ng Mei Wan | | |

* Strike out whichever not applicable

Signed this _____ Day of _____ 2023

Signature of Shareholder(s) or Common Seal



1. IMPORTANT NOTICE

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
MUAR BAN LEE GROUP BERHAD
No. 85, Muntri Street,
10200 Georgetown,
Pulau Pinang.

1st fold here

