

LEONG HUP INTERNATIONAL BERHAD (“LHI” OR THE “COMPANY”)

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO 5% OF THE TOTAL NUMBER OF THE ISSUED ORDINARY SHARES OF LEONG HUP INTERNATIONAL BERHAD (“LHI”) (“LHI SHARES”) (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE ESOS PERIOD OR EXTENDED ESOS PERIOD FOR THE ELIGIBLE PERSONS (AS DEFINED HEREIN)

This announcement is dated 19 April 2024 (“**Announcement**”).

1. INTRODUCTION

On behalf of the Board of LHI (“**Board**”), AmlInvestment Bank Berhad (“**AmlInvestment Bank**”) wishes to announce that the Company proposes to undertake the proposed establishment of an employees’ share option scheme (“**ESOS**”) of up to 5% of the total number of issued shares of LHI (excluding treasury shares, if any) at any point in time over the period of the Proposed ESOS as set out in the By-Laws (“**ESOS Period**”) for eligible Executive Directors and employees of LHI and its subsidiaries (“**LHI Group**” or “**Group**”) (excluding subsidiaries which are dormant) (“**Eligible Persons**”) (“**Proposed ESOS**”).

As at 1 April 2024, being the latest practicable date of this Announcement (“**LPD**”), LHI has 3,650,000,000 ordinary shares in LHI (“**LHI Shares**” or “**Shares**”) in issue.

2. DETAILS OF THE PROPOSED ESOS

2.1 Proposed ESOS

The Proposed ESOS will be implemented and administered by a committee appointed from time to time by the Board to administer the Proposed ESOS (“**ESOS Committee**”) and governed by the By-Laws. The ESOS Committee will have sole and absolute discretion in implementing and administering the Proposed ESOS as it may deem fit. The composition of the ESOS Committee has yet to be determined at this juncture.

The principal features of the Proposed ESOS are as follows:-

(i) ESOS

Subject to provisions of the By-Laws, the ESOS Committee may, at any time during the ESOS Period or the extended period of the Proposed ESOS where the Board shall have the sole discretion upon recommendation of the ESOS Committee (“**Extended ESOS Period**”) (as the case may be), make an offer in writing (“**Offer**”) to any Eligible Person selected by the ESOS Committee, which selection shall be at the sole and absolute discretion of the ESOS Committee.

The Offer shall be made in writing and shall stipulate inter alia, the number of options pursuant to the Proposed ESOS (“**Options**”) that are being offered to the Eligible Person, the number of LHI Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered, the Exercise Period, the exercise price at which he/she shall be entitled to subscribe for new LHI Shares by exercising his/her Options (“**Exercise Price**”), the period within which the Offer will be valid for acceptance, the conditions which are required to be fulfilled by an Eligible Person prior to such Options becoming vested onto the Eligible Person, and any other information deemed necessary by the ESOS Committee.

2.2 Trust

- (i) The Company intends to establish a trust to be administered by the Trustee for purposes of implementing the ESOS (“**Trust**”). The appointed Trustee shall administer the Trust in accordance with the trust deed constituting the Trust to be executed between the Trustee and the Company (“**Trust Deed**”), and shall in particular, be responsible for the administration of the ESOS.
- (ii) The Trustee shall open and maintain a trust account into which the Company and/or its subsidiaries shall inject monies for the purposes of the ESOS, in particular to enable the Trustee to use the same to subscribe for LHI shares and to pay for expenses in relation to the administration of the Trust in accordance with the By-laws.
- (iii) Upon the Trustee receiving a written instruction from the ESOS Committee that an Eligible Person who has accepted the Offer (“**Grantee**”) has elected to exercise his Options pursuant to the By-Laws, the Trustee shall utilise the monies in the trust account to subscribe for such number of new LHI Shares in respect of which the written instruction is given. The Grantee would not be required to make any payment in respect of the Options exercised as the funding of the Exercise Price is provided by the Company (via the Trustee) to the Trust.
- (iv) The Company shall allot and issue the said LHI Shares which will be placed into a CDS Account of the Trustee or its authorised nominee.
- (v) Subject to there being sufficient monies in the trust account, the Trustee or its authorised nominee shall be irrevocably authorised and instructed to assist with the sale and transfer of such number of LHI Shares in respect of which the instruction is given, and the proceeds from the sale of the LHI Shares shall be credited into the trust account.
- (vi) The net gains from the sale of the said LHI Shares after deducting the exercise cost and the related transaction costs, will be released to such Grantee.

2.3 Quantum

The maximum number of LHI Shares to be allotted and issued pursuant to the Proposed ESOS shall not at any point in time in aggregate exceed 5% of the total number of issued shares of the Company (excluding treasury shares) during the ESOS Period and Extended ESOS Period (as the case may be).

2.4 Eligibility

Subject to the provisions of the By-Laws, an employee or Executive Director may be eligible to participate in the Proposed ESOS if as at the date of Offer, he/she fulfils the following eligibility criteria:-

- (i) has attained the age of eighteen (18) years;
- (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (iii) must have been confirmed in service and have served at least six (6) months in the employment of LHI Group;

- (iv) where the employee or Executive Director is under an employment contract, the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of Offer; and
- (v) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.

Provided always that the selection of any Eligible Person for participation in the Proposed ESOS shall be at the sole discretion of the ESOS Committee and subject to the terms of the By-Laws.

For avoidance of doubt, the ESOS Committee may from time to time at its sole discretion determine any other eligibility criteria and/or waive any of the conditions of the eligibility as set out above, for the purposes of selecting an Eligible Person. In the event that the Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her own allocation and allocation to person connected to them of the Offers.

2.5 Maximum allowable allocation and basis of allocation

Subject to any adjustments as may be made under the By-Laws, the aggregate number of new LHI Shares that may be offered and allotted under the Proposed ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion, after taking into consideration, amongst others, the Eligible Person's position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-Laws or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to, amongst others, the following:-

- (i) the aggregate number of new LHI Shares to be issued pursuant to the exercise of the Options granted under the Proposed ESOS shall not exceed the maximum number of LHI Shares which may be allotted and issued pursuant to the Proposed ESOS, which shall not at any point in time in aggregate exceed 5% of the total number of issued shares of the Company (excluding treasury shares) during the ESOS Period and Extended ESOS Period (as the case may be) ("**Maximum ESOS Shares**") and the ESOS Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of Shares the Eligible Person is entitled to under the Proposed ESOS;
- (ii) any Offer, allocation of Options under the Proposed ESOS and the related allotment of Shares to any Executive Directors, major shareholders or the chief executive officer of the Company and any person connected with them, shall require prior approval of the shareholders of the Company in a general meeting. The Executive Directors, major shareholders or chief executive officer of the Company and persons connected with them shall not vote on the resolution approving the said offer, allocation and allotment;
- (iii) the Executive Directors and Senior Management shall not be allowed to participate in the deliberation or discussion of their respective allocation of Options and/or allocations of Options to persons connected with them under the Proposed ESOS;
- (iv) not more than 10% of the Shares available under the Proposed ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as the relevant authorities may permit) or more of the number of issued shares (excluding treasury shares, if any) of the Company;

- (v) not more than 50% (or such other percentage as the relevant authorities may permit) of the Options available under the Proposed ESOS shall be allocated, in aggregate to the Executive Directors and Senior Management; and
- (vi) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the Proposed ESOS or in one single grant. The ESOS Committee shall also have sole and absolute discretion in determining whether the Options granted are subject to any vesting period and if so the vesting conditions and whether such vesting conditions are subject to any performance targets. As at the LPD, the performance targets that must be achieved prior to the vesting of Options has yet to be ascertained.

The allocation of Options pursuant to the Proposed ESOS shall be verified by the Audit and Risk Committee of the Company, as being in compliance with the criteria set out in the By-Laws at the end of each financial year of the Company.

A Grantee who is promoted during the duration of the Proposed ESOS may be eligible for consideration of new additional Options under the Proposed ESOS at the sole and absolute discretion of the ESOS Committee up to the maximum allowable allocation to be determined by the ESOS Committee for the category to which he/she has been promoted to. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him/her before such demotion.

An employee or Executive Director who during the duration of the ESOS becomes an Eligible Person may be eligible to participate in the ESOS, the number of new Shares of which is to be decided by the ESOS Committee at its sole and absolute discretion subject to any maximum allowable allocation for the category to be determined by the ESOS Committee. Any Eligible Person holding more than 1 position in the Group and thereby falling within more than 1 category of employees in the Group shall only be entitled to the maximum allowable allocation of the higher category.

2.6 Duration of the Proposed ESOS

The Proposed ESOS shall come into force on the date which shall be the date of full compliance on which the last of the following approvals and/or conditions have been obtained and/or complied with ("**Effective Date**"):-

- (i) submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") of the final copy of the By-Laws together with a letter of compliance pursuant to Paragraph 6.42 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (ii) approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new LHI Shares to be issued under the Proposed ESOS;
- (iii) shareholders' approval for the Proposed ESOS at a general meeting;
- (iv) approval of any other relevant authorities for the Proposed ESOS, if applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

The Proposed ESOS, when implemented, shall be in force for a period of 5 years commencing from the Effective Date provided that on or before the expiry thereof, the Board shall have the discretion upon recommendation of the ESOS Committee, to extend in writing the tenure of the ESOS Period for another 5 years or such shorter period as it deems fit immediately from the expiry of the first 5 years, provided that the Proposed ESOS shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Proposed ESOS provided that the Company shall serve appropriate notices to each Grantee and make any announcements to Bursa Securities.

Offers can only be made during the duration of the ESOS. Notwithstanding anything to the contrary, on expiry of the Proposed ESOS, all unexercised Options shall lapse and be deemed cancelled and be null and void.

2.7 Pricing

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall in respect of any Offer, be based on the 5-day volume weighted average market price (“**VWAMP**”) of LHI Shares immediately preceding the date of Offer, with a discount not more than 10%, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the ESOS Period.

The Exercise Price as determined in the manner set out above shall be conclusive and binding on the Grantee.

2.8 Alteration of share capital and adjustment

In the event of any alteration in the capital structure of the Company during the ESOS Period or Extended ESOS Period (as the case may be) (whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of LHI Shares or reduction of capital or any other variation of capital, scheme of arrangement or reconstruction pursuant to Division 7 of the Companies Act, 2016 (“**Act**”)), the Company shall cause the following adjustments to be made:-

- (i) the number of Options granted to a Grantee (excluding Options already exercised);
- (ii) the Exercise Price;
- (iii) the number of Options and/or Exercise Price comprised in an Offer which is open for acceptance (but has yet to be accepted in accordance with the terms and conditions of the Offer and the ESOS),

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

In the event the Court sanctions a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 366 of the Act any Options should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangement is sanctioned by the Court and ending with the date upon which it becomes effective or within the ESOS Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

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

Any such adjustments shall be made in accordance with the provisions of the By-Laws and the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements).

2.9 Ranking of new LHI Shares pursuant to the Proposed ESOS

The new LHI Shares to be issued and allotted pursuant to the exercise of the Options shall, upon issuance and allotment rank *pari passu* in all respects with the then existing LHI Shares, and be entitled to all rights (including voting, dividend, allotment, distribution, transfer, and other rights, including those arising on a liquidation of the Company), attaching to the then existing LHI Shares, save and except that the new LHI Shares issued and allotted will not be entitled to any dividends, rights, allotments or other forms of distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment of such new LHI Shares.

Fractional entitlements (if any) will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion think expedient in the interest of the Company.

The new LHI Shares will be subject to all provisions of the Constitution of the Company as may thereafter be amended from time to time.

2.10 Retention period

The new LHI Shares to be allotted and issued to Grantees pursuant to the exercise of the Options under the Proposed ESOS may be dealt with or disposed of by such Grantees who will not be subject to any retention period.

2.11 Fees, costs and expenses

All fees, costs and expenses incurred in relation to the administration and management of the Proposed ESOS including but not limited to the fees, costs and expenses relating to the Trust and the allotment and issuance of new LHI Shares pursuant to the exercise of the Options shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs (including any taxes and stamp duty) and expenses incurred in relation to his/ her acceptance and exercise of the Options (including all brokerage fees, commission and such other incidental costs arising from the sale of the shares).

2.12 Amendment, variation and/or modification to the Proposed ESOS

Subject to the compliance with the Listing Requirements and any laws and/or regulations of other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend or delete all or any of the By-Laws upon such recommendation provided always that no additions or amendments to or deletions of the By-Laws shall be made which will:-

- (i) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
- (ii) increase the number of LHI Shares available under the ESOS beyond the Maximum ESOS Shares; or
- (iii) alter to the advantage of any Eligible Person in respect of any matters, without the prior approval of the shareholders of LHI ("**Shareholders**") in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

2.13 Termination of the Proposed ESOS

Subject to the compliance with the Listing Requirements and any laws and/or regulations of other relevant authorities, the ESOS may be terminated by the Company at its sole and absolute discretion without obtaining the approvals or consents from the Grantees and/or the Shareholders, by way of a board resolution upon the recommendation of the ESOS Committee at any time during the continuance of the ESOS whereupon such termination, (i) no further Offers shall be made by the ESOS Committee; (ii) all outstanding Options unexercised shall be automatically terminated; and (iii) all Offers made but not yet accepted by the Eligible Persons shall automatically lapse.

The Company shall immediately upon the termination of the ESOS before the date of expiry announce to Bursa Securities; (i) the effective date of termination; (ii) the number of Options exercised or shares vested; and (iii) the reasons for termination.

2.14 Listing of and quotation for the new LHI Shares to be issued pursuant to the Proposed ESOS

An application shall be made to Bursa Securities for the listing of and quotation for such number of new LHI Shares, representing up to 5% of the total number of issued LHI Shares (excluding treasury shares), to be issued pursuant to the Proposed ESOS on the Main Market of Bursa Securities.

2.15 Fund raising exercise in the past 12 months

For information purposes, there has been no fund raising exercise carried out by the Company in the past 12 months prior to the LPD.

2.16 Proposed Allocations

The specific allocation of Options granted under the Proposed ESOS to any of the Eligible Persons must have been approved by the Shareholders at a general meeting, unless such approval is no longer required under the Listing Requirements.

2.17 Utilisation of proceeds

Proceeds to be received by LHI pursuant to the exercise of Options will depend on, *inter-alia*, the number of Options granted and exercised at the relevant point in time and the Exercise Price, to be determined. Any proceeds from the exercise of Options are expected to be used for working capital requirements of the Group.

Pending the utilisation of proceeds raised as and when the Options are exercised by the Grantees, the Company will place such proceeds in deposits with financial institutions or short-term money market instruments as it deems fit.

3. RATIONALE

The previous Employees' Share Option Scheme of LHI, which took effect on 11 April 2019, had expired on 10 April 2024. LHI intends to continue rewarding its employees and realign their interest with the Group against the business growth of the Company by issuing more Options to the Eligible Persons. In this regard, the implementation of the Proposed ESOS primarily serves to align the interests of Eligible Persons to the performance of LHI Group. The Proposed ESOS is established to achieve the following objectives:-

- (i) to provide an incentive to the Eligible Persons to participate more actively in the operations of LHI Group and encourage them to contribute positively to the future growth of LHI Group;
- (ii) to motivate, reward and retain the Eligible Persons who, upon exercising their Options, would have the opportunity to participate in the equity of the Company and thereby relate their contribution directly to the performance of LHI Group whilst at the same time, giving the Eligible Persons a greater sense of ownership; and
- (iii) to make the employees' remuneration scheme of LHI Group more competitive to attract more skilled and experienced individuals to join LHI Group and contribute to its continued growth and profitability.

The objective of the Offer under the Proposed ESOS is to accord the Company flexibility in determining the mode/manner of rewarding its Executive Directors and employees of the Group at the relevant point in time which will take into account various factors, among others, the dilutive effect arising from the issuance of new LHI Shares to the earnings and funding requirements of the Group.

4. EFFECTS OF THE PROPOSED ESOS

4.1 Share capital

The Proposed ESOS is not expected to have any immediate effect on the existing share capital of LHI. However, the share capital of the Company will increase progressively depending on the number of new LHI Shares that may be issued or treasury shares are transferred, as the case may be, pursuant to the Proposed ESOS. Nevertheless, there will be no effect on the share capital of the Company if the Offers granted under the Proposed ESOS are satisfied via transfer of existing LHI Shares and/or settled in cash to the relevant Grantees.

For illustration purposes, the proforma effects of the Proposed ESOS on the share capital of LHI are shown in the table below:-

	No. of LHI Shares	RM
Issued shares as at the LPD	3,650,000,000	1,499,683,925
Maximum number of new LHI Shares to be issued under the Proposed ESOS (i.e. 5% of the total number of issued LHI Shares, excluding treasury shares) ⁽¹⁾	182,500,000	95,538,750
Enlarged issued share capital	3,832,500,000	1,595,222,675

Note:

(1) Assuming the Exercise Price are RM0.5235 which represents a discount of approximately 10.0% to the 5-day VWAMP of LHI Shares up to and including the LPD of RM0.5817 for each LHI Share.

4.2 Substantial shareholders' shareholdings

The Proposed ESOS will not have any effect on the shareholdings of LHI's substantial shareholders unless they are Grantees in the Proposed ESOS themselves and until and unless new LHI Shares are issued or the existing LHI Shares/treasury shares are transferred, as the case may be, to the Grantees. Any potential effects on their shareholdings will depend on the number of new LHI Shares to be issued, or existing LHI Shares/treasury shares to be transferred pursuant to the Offer at the relevant point in time.

In the event that the existing LHI Shares are transferred and/or equivalent cash value is paid to Grantees as a mode of settlement for the Offer, there will be no impact on the shareholdings of LHI's substantial shareholders.

4.3 Net assets ("NA") per LHI Share and gearing

Save for the potential impact of the MFRS 2 on "Share-Based Payment" issued by the Malaysian Accounting Standards Board ("**MFRS 2**"), the Proposed ESOS is not expected to have any immediate effect on the NA and NA per LHI Share of the Group until such time the new LHI Shares are issued and/or treasury shares are transferred, as the case may be, in connection with the exercise of Options. Any potential effects on the NA and NA per Share of LHI Group will depend on the actual number of LHI Shares to be issued arising from the exercise of Options, as well as the Exercise Price.

The Proposed ESOS is not expected to have any material effect on the LHI Group's gearing level.

4.4 Earnings and earnings per share ("EPS")

The Proposed ESOS is not expected to have any immediate material effect on the earnings and EPS of the LHI Group until such time when the Options are granted (as the case may be). In accordance with the MFRS 2, the Proposed ESOS will result in a change to the earnings of the Group over the period from the grant date to the vesting date of the Options.

Under the MFRS 2, the cost arising from the issuance of the Options, which is measured by the fair value of the Options, which is expected to vest at each date of Offer and is recognised as expense in the statements of profit or loss and other comprehensive income over the vesting period of the Options, thereby reducing the earnings of LHI Group. The fair value of the Options is determined after taking into account, amongst others, the historical volatility of the LHI Shares, the risk-free rate, the Exercise Price and time to maturity of the Options from the vesting date of the Options. Hence, the potential effect on the EPS of LHI Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

The Board has taken note of the potential effect of the Proposed ESOS on the earnings of the Group and will take proactive measures to manage the earnings impact in the granting of Options.

For information purposes, the estimated expenses for the Proposed ESOS amounts to approximately RM0.20 million which will be funded by internally generated funds of the Group.

4.5 Convertible Securities

As at the LPD, save for the Previous ESOS which had expired on 10 April 2024, the Company does not have any convertible securities in issue.

5. APPROVALS REQUIRED

The Proposed ESOS is conditional upon the following approvals being obtained from:-

- (i) Bursa Securities for the listing of and quotation for the new LHI Shares to be issued arising from the granting of Offers under the Proposed ESOS; and
- (ii) the shareholders of LHI at an extraordinary general meeting to be convened for the Proposed ESOS; and
- (iii) any other relevant authorities (where applicable).

The Proposed ESOS is not conditional upon any other corporate exercises undertaken or to be undertaken by LHI.

Compliance of Section 85 of the Act

Section 85(1) of the Act states that:

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

Clause 15 of the Constitution states that:

“Subject to any direction to the contrary that may be given in general meeting, all new shares or other convertible securities shall, before issue be offered to Members who 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 expiry 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 in such manner as they think most beneficial to the Company.”

By approving the issuance and allotment of the new LHI Shares in the Company pursuant to the Proposed ESOS which will rank equally with the existing issued shares in the Company, the Shareholders are waiving their pre-emptive rights pursuant to Section 85(1) of the Act and Clause 15 of the Constitution to be first offered the LHI Shares which will result in a dilution to their shareholding percentage in the Company.

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

None of the Directors, major Shareholders and/or chief executive of LHI and/or persons connected with them, has any interest, direct and/or indirect, in the Proposed ESOS. The Executive Directors are only deemed interested in the Proposed ESOS to the extent of their respective allocations, if any, as well as allocations to persons connected with them (if any) under the Proposed ESOS (“**Interested Directors**”).

Accordingly, all Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the specific allocation of the Offers to themselves as well as the specific allocations to any persons connected with them (if any) at the relevant Board meetings of the Company.

The Interested Directors will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in LHI on the resolutions pertaining to any specific allocations of the Offers to themselves, as well as the specific allocations to any persons connected with them under the Proposed Allocation (as defined herein) at the extraordinary general meeting to be convened.

Any proposed allocation of Offers to Interested Directors and/or persons connected to them (“**Proposed Allocation**”) is subject to the approval of the shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed ESOS (including but not limited to the rationale and the financial effects of the Proposed ESOS), is of the opinion that the Proposed ESOS is in the best interest of the Company.

Accordingly, the Board (save for the Interested Directors who have abstained from expressing any opinion and recommendation insofar on the Proposed ESOS and their specific allocations and specific allocations to any persons connected with them (if any) under the Proposed Allocation is concerned) recommends that you vote in favour of the resolutions pertaining to the Proposed ESOS to be tabled at the forthcoming extraordinary general meeting pursuant to the Proposed ESOS.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, LHI expects to implement the Proposed ESOS by second quarter of 2024.

9. APPLICATION TO RELEVANT AUTHORITIES

The application to Bursa Securities in respect of the Proposed ESOS is expected to be submitted within 1 week from the date of this Announcement.

10. ADVISER

AmInvestment Bank has been appointed as the Principal Adviser for the Proposed ESOS.