

THIS CIRCULAR TO SHAREHOLDERS OF LEONG HUP INTERNATIONAL BERHAD (“LHI” OR “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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.

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



LEONG HUP INTERNATIONAL BERHAD

Registration No. 201401022577 (1098663-D)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING:-

- (I) 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 (AS DEFINED HEREIN) OR EXTENDED ESOS PERIOD FOR THE ELIGIBLE PERSONS (AS DEFINED HEREIN) (“PROPOSED ESOS”); AND**
- (II) PROPOSED ALLOCATION OF OPTIONS (AS DEFINED HEREIN) TO EXECUTIVE DIRECTORS AND PERSONS CONNECTED TO THEM PURSUANT TO THE PROPOSED ESOS (“PROPOSED ALLOCATION”)**

(THE PROPOSED ESOS AND THE PROPOSED ALLOCATION ARE COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmlInvestment Bank Berhad

(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) of our Company which will be conducted fully virtual through live streaming from the online meeting platform via TIH Online at <https://tiih.online> on Friday, 31 May 2024 at 12.00 noon or immediately upon the conclusion or adjournment (as the case may be) of the 10th Annual General Meeting of the Company which has been scheduled to be held in the same manner on the same day at 11.00 a.m. or any adjournment thereof, for the purpose of considering the above Proposals, together with the Form of Proxy are enclosed in this Circular.

The Form of Proxy must be completed and lodged at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 48 hours before the time and date fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	: Wednesday, 29 May 2024 at 12.00 noon
Date and time of the EGM	: Friday, 31 May 2024 at 12.00 noon or immediately upon the conclusion or adjournment (as the case may be) of the 10 th Annual General Meeting of the Company which has been scheduled to be held in the same manner on the same day at 11.00 a.m.

This Circular is dated 16 May 2024

DEFINITIONS

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

Act	:	Companies Act, 2016, and any amendments made thereto from time to time and includes any re-enactment thereof
AmBank Group	:	AMMB Holdings Berhad (Registration No. 199101012723 (223035-V)) and its group of companies
AmInvestment Bank or Principal Adviser	:	AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
Board	:	The board of directors of LHI, as may be constituted from time to time
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	:	The rules, terms and conditions of the Proposed ESOS and shall include any amendments or variations made thereto from time to time, the draft of which is set out in Appendix I of this Circular
CDS Account	:	The account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and dealings in such securities by that depositor
Circular	:	This circular to shareholders dated 16 May 2024 in relation to the Proposals
Constitution	:	The constitution of LHI, including any amendments thereto that may be made from time to time
Date of Offer	:	The date on which an Offer is made by the ESOS Committee to an Eligible Person from time to time during the Option Period to participate in the Proposed ESOS
Director(s)	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, within the meaning of Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
Effective Date	:	The date on which the last of the approvals and/or conditions as been stipulated in the By-Laws have been obtained and/or complied with
Eligible Person(s)	:	Executive Directors and/or Employees of the companies within LHI Group who fulfills the conditions of eligibility as stipulated in By-Laws
Employee	:	A natural person who is employed by and is on the payroll of any company in the LHI Group
EPS	:	Earnings per share

DEFINITIONS (CONT'D)

- ESOS Committee** : The committee appointed from time to time by the Board to administer the Proposed ESOS in accordance with the By-Laws
- ESOS Period** : The period of the Proposed ESOS as set out in the By-Laws which when implemented, shall be in force for a period of 5 years from the Effective Date
- Executive Director** : A natural person who is a Director in an executive capacity in LHI Group and is involved in the day-to-day management of any company within the LHI Group and excluding non-executive and alternate directors in the Company or any company within the LHI Group
- Exercise Price** : The price at which a Grantee shall be entitled to subscribe for new LHI Shares by exercising his/her Option as determined in accordance with the By-Laws
- Extended ESOS Period** : The extended period of the Proposed ESOS where the Board shall have the sole discretion upon recommendation of the ESOS Committee, without the Company's shareholders' approval in a general meeting being required, to extend in writing the tenure of the ESOS Period of up to another 5 years and shall not in aggregate exceed 10 years from Effective Date or such longer period as may be permitted by Bursa Securities and/or any other relevant authorities
- Grantee** : Any Eligible Person who has accepted the Offer by the Company in accordance with the terms stipulated in the By-Laws
- LHI or Company** : Leong Hup International Berhad (Registration No 201401022577 (1098663-D))
- LHI Group or Group** : Collectively, LHI and its subsidiaries
- LHI Share(s)** : Ordinary share(s) in LHI
- Listing Application** : The additional listing application to Bursa Securities in relation to the Proposed ESOS
- Listing Requirements** : Main Market Listing Requirements of Bursa Securities and any Guidance Notes issued including any amendments thereto that may be made from time to time
- LPD** : 2 May 2024, being the latest practicable date prior to the printing of this Circular
- Major Shareholder(s)** : A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:-
- (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, "**interest**" shall have the meaning of "**interest in shares**" given in Section 8 of the Act

DEFINITIONS (CONT'D)

Maximum ESOS Shares	:	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)
NA	:	Net assets
Offer	:	An offer made in writing by the ESOS Committee to an Eligible Person in the manner indicated in the By-Laws
Option	:	Right of a Grantee to subscribe for new LHI Shares at the Exercise Price pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer in manner indicated in the By-Laws
Previous ESOS	:	The expired previous Employees' Share Option Scheme of LHI which took effect on 11 April 2019 and expired on 10 April 2024
Proposals	:	Collectively, the Proposed ESOS and Proposed Allocation
Proposed Allocation	:	Proposed allocation of Options to Executive Directors of the Company and persons connected with them within LHI Group pursuant to the Proposed ESOS
Proposed ESOS	:	Proposed establishment of an employees' share option scheme 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 ESOS Period or Extended ESOS Period (as the case may be) for the Eligible Persons
RM and sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
Shareholder(s)	:	Shareholder(s) of LHI
Termination Date	:	The effective date of termination of the Proposed ESOS
Trust	:	The trust to be established to facilitate the implementation of the ESOS
Trust Deed	:	The trust deed(s) constituting the Trust to be executed between the Trustee and the Company
Trustee	:	The trustee(s) who may be appointed by LHI for the administration of the Trust from time to time
VWAMP	:	Volume weighted average market price

DEFINITIONS (CONT'D)

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

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

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) in Malaysia as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

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

(The rest of this page has been intentionally left blank)

TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS	
1 INTRODUCTION	1
2 DETAILS OF THE PROPOSALS	2
3 RATIONALE FOR THE PROPOSED ESOS	10
4 EFFECTS OF THE PROPOSED ESOS	11
5 APPROVALS REQUIRED AND CONDITIONALITY	13
6 OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION	14
7 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	15
8 DIRECTORS' STATEMENT AND RECOMMENDATION	17
9 ESTIMATED TIME FRAME FOR COMPLETION	17
10 EGM	17
11 FURTHER INFORMATION	17
APPENDIX	
I DRAFT BY-LAWS	18
II SALIENT TERMS OF THE TRUST DEED	50
II FURTHER INFORMATION	54
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED



LEONG HUP INTERNATIONAL BERHAD

Registration No. 201401022577 (1098663-D)
(Incorporated in Malaysia)

Registered Office

Unit 30-01, Level 30,
Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

16 May 2024

Board of Directors

Lau Chia Nguang (*Non-Independent Executive Chairman*)
Tan Sri Dato' Lau Eng Guang (*Non-Independent Executive Director*)
Tan Sri Lau Tuang Nguang (*Non-Independent Executive Director / Group Chief Executive Officer*)
Datuk Lau Joo Hong (*Non-Independent Executive Director / Group Chief Operating Officer*)
Lau Joo Han (*Non-Independent Executive Director*)
Lau Joo Keat (*Non-Independent Executive Director*)
Low Han Kee (*Senior Independent Non-Executive Director*)
Datin Paduka Rashidah Binti Ramli (*Independent Non-Executive Director*)
Chu Nyet Kim (*Independent Non-Executive Director*)
Goh Wen Ling (*Independent Non-Executive Director*)
Tay Tong Poh (*Independent Non-Executive Director*)

To: The Shareholders

Dear Sir/Madam,

- (I) PROPOSED ESOS; AND
- (II) PROPOSED ALLOCATION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 19 April 2024, AmlInvestment Bank, had on behalf of the Board, announced that the Company proposed to establish an 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 ESOS Period or Extended ESOS Period (as the case may be) for the Eligible Persons. Pursuant to the Proposed ESOS, the Company is also undertaking the Proposed Allocation.

On 23 April 2024, AmlInvestment Bank, on behalf of the Board, announced that the Listing Application in relation to the Proposed ESOS had been submitted to Bursa Securities on 22 April 2024.

Subsequently, on 13 May 2024, AmInvestment Bank had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 13 May 2024, resolved to approve the listing and quotation of such number of new LHI Shares, representing up to 5% of the total number of issued LHI Shares (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS. The approval of Bursa Securities is subject to the conditions as set out in Section 5 of the Circular.

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

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed ESOS

The Proposed ESOS will be implemented and administered by the 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 Extended ESOS Period (as the case may be), make Offers 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 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, 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 Option 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. The appointed Trustee shall administer the Trust in accordance with the 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.

Note: As at the LPD, LHI will not be able to determine the quantum of monies to be injected for purposes of the ESOS as it will be dependent on, amongst others, allocation to the Eligible Persons as well as the Exercise Price to be determined.

- (iii) Upon the Trustee receiving a written instruction from the ESOS Committee that a Grantee has elected to exercise his Option(s) 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 Option(s) 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.

Note: If there are insufficient monies in the trust account, the Trustee shall immediately notify the Company of the shortfall sum and LHI and/or its subsidiaries shall inject monies within 3 working days into the trust account for the purposes of the ESOS.

- (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. The balance of the proceeds will remain in the Trust Account and may be used by the Trustee towards subsequent subscription of shares and administration expenses.

The ESOS Committee may provide written instructions to the Trustee to transfer the balance of the proceeds to the Company's account.

- (vii) The Trustee's obligation to effect or cause to be effected the sale and transfer of the LHI Shares is subject to the market price for the LHI Shares being the same or higher than the Exercise Price. In the event of any unsuccessful match of sale of the LHI Shares, the Trustee shall continue to hold such LHI Shares on trust for and behalf of the Grantee ("**Unmatched LHI Shares**"), and is authorised to automatically sell the Unmatched LHI Shares when the market price of the Unmatched LHI Shares exceed the Exercise Price plus any incidental costs, subject always to the following conditions:

- (a) The Exercise Price for the Unmatched LHI Shares shall remain as an advance to the Grantee by the Company;
- (b) The Trustee may hold the Unmatched LHI Shares until the occurrence of the following events;-
 - (1) the termination or expiry of the Trust; or
 - (2) the termination of the employment of the Grantee;
 - (3) the resignation of the Grantee; or
 - (4) the death of the Grantee;

and upon the occurrence of the events above, the Grantee and/or his estate shall immediately settle any outstanding advances in connection to the Unmatched LHI Shares to the Trustee within seven (7) days from the occurrence of such event, failing which the Trustee shall immediately sell the Unmatched LHI Shares at the prevailing market price, and the Grantee (including his estate) shall be liable for any losses arising from such sale and shall indemnify the Trustee and/or Company against any losses, damages and/or cost as may be suffered or incurred arising from such sale.

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 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 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 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 Effective 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:-

- (i) submission to Bursa Securities of the final copy of the By-Laws together with a letter of compliance pursuant to Paragraph 6.42 of the 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 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 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 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. The approval of Bursa Securities is subject to the conditions as set out in Section 5 of this Circular.

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

Pursuant to the Proposed ESOS, approval from the Shareholders are also sought in accordance with the Listing Requirements, for the Board at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to each of the Executive Directors and persons connected with them as named below and to allot and issue and/or deliver such number of Options as stated below, provided always that 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 LHI, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Law:-

Name / Designation	Number of Options to be allocated
Directors	
Lau Chia Nguang (<i>Non-Independent Executive Chairman</i>)	1,530,000
Tan Sri Dato' Lau Eng Guang (<i>Non-Independent Executive Director</i>)	1,530,000
Tan Sri Lau Tuang Nguang (<i>Non-Independent Executive Director / Group Chief Executive Officer</i>)	1,530,000
Datuk Lau Joo Hong (<i>Non-Independent Executive Director / Group Chief Operating Officer</i>)	1,350,000
Lau Joo Han (<i>Non-Independent Executive Director</i>)	1,275,000
Lau Joo Keat (<i>Non-Independent Executive Director</i>)	1,275,000
Persons connected to them	
Lau Joo Kiang (<i>General Manager, Operations (Indonesia operations)</i>)	263,000
Lau Joo Ping (<i>Costing Manager (Malaysia operations)</i>)	13,000
Lau Joo Hau (<i>General Manager, Operations (Vietnam operations)</i>)	282,000
Lau Jui Peng (<i>Group Breeder Chief Executive Officer</i>)	1,275,000
Lau Joo Heng (<i>Chief Executive Officer of the Philippines operations</i>)	1,275,000
Lau Joo Hwa (<i>Chief Executive Officer of Singapore operations</i>)	1,275,000

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. They shall not participate in the deliberation or discussion of their own allocation and allocation to persons connected to them and shall also abstain from voting on resolutions pertaining to their own Offers and Offers to persons connected to them at Board meetings and/or general meetings of the Company (where applicable).

Any further offer, allocation or allotment under the Proposed ESOS to any of the eligible Executive Directors, Employees and any person connected with them other than as stated above shall require the prior approval of the shareholders of our Company in a general meeting.

2.17 Utilisation of proceeds

As mentioned in Section 2.2 above, the Trust/LHI will receive the proceeds (*after deducting the net gains from the sale of the new LHI Shares which will be released to such Grantee*) upon sale of the new LHI Shares after the exercised of the Option by the Grantee.

The proceeds to be received by Trust/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 subscription of new LHI Shares and administrative expenses of the Trust as stated in Section 2.2 and/or working capital requirements of the Group in the event the proceeds are released to the Company.

Pending the utilisation of proceeds raised as and when the Options are exercised by the Grantees, the trustee/Company (where relevant) will place such proceeds in fixed-deposits and/or interest bearing accounts with financial institutions or deal with the proceeds in such manner as the ESOS Committee may prescribe.

3. RATIONALE FOR THE PROPOSED ESOS

The Previous ESOS had expired on 10 April 2024. LHI intends to continue rewarding its Executive Directors and/or 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 pursuant to the Proposed ESOS.

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	93,713,750
Enlarged issued share capital	3,832,500,000	1,593,397,675

Note:

(1) Assuming the Exercise Price are RM0.5135 which represents a discount of approximately 10.0% to the 5-day VWAMP of LHI Shares up to and including the LPD of RM0.5706 for each LHI Share.

(The rest of this page has been intentionally left blank)

4.2 Substantial shareholders' shareholdings

Any potential effects on shareholdings of LHI's substantial shareholders will depend on the number of new LHI Shares to be issued pursuant to the Offer at the relevant point in time.

For illustration purposes, assuming the maximum ESOS under the Proposed ESOS are granted based on the existing number of shares in issue as at the LPD of 3,650,000,000 Shares, the pro forma effects of the Proposed ESOS on the substantial shareholders' shareholdings at the point of issuance of the LHI Shares and prior to the sale of such LHI Shares by the Trustee are as follows:-

Substantial shareholders	As at the LPD				After the Proposed ESOS and Proposed Allocation			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Emerging Glory Sdn Bhd	1,927,201,000	52.80	-	-	1,927,201,000	50.29	-	-
CW Lau & Sons Sdn Bhd	-	-	1,927,201,000 ⁽⁴⁾	52.80	-	-	1,927,201,000 ⁽³⁾	50.29
Datuk Lau Joo Hong	27,670,543	0.76	1,927,201,000 ⁽⁵⁾	52.80	29,020,543	0.76	1,927,201,000 ⁽⁴⁾	50.29
Lau Jui Peng	24,583,822	0.67	1,927,201,000 ⁽⁵⁾	52.80	25,858,822	0.67	1,927,201,000 ⁽⁴⁾	50.29
Lau Joo Heng	24,583,822	0.67	1,927,201,000 ⁽⁵⁾	52.80	25,858,822	0.67	1,927,201,000 ⁽⁴⁾	50.29
Lau Joo Han	97,099,132	2.66	1,927,201,000 ⁽⁴⁾	52.80	98,374,132	2.57	1,927,201,000 ⁽³⁾	50.29

Notes:

- (1) Computed based on 3,650,000,000 Shares as at as at the LPD.
- (2) Computed based on 3,832,500,000 Shares following the issuance of new Shares pursuant to the Proposed ESOS.
- (3) Deemed interested by virtue of its/his shareholdings in Emerging Glory Sdn Bhd pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholdings in Emerging Glory Sdn Bhd through his shareholdings held in CW Lau & Sons Sdn Bhd pursuant to Section 8(4) of the Act.

(The rest of this page has been intentionally left blank)

4.3 NA 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 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 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 will be funded by internally generated funds of the LHI 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 AND CONDITIONALITY

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

- (i) 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 to be issued pursuant to the Proposed ESOS, which was obtained vide its letter dated on 13 May 2024, subject to inter-alia, the following conditions:-

No.	Condition	Status of Compliance
(a)	LHI 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;	To be complied

No.	Condition	Status of Compliance
(b)	AmInvestment Bank is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and	To be complied
(c)	LHI is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of listing fees payable	To be complied

- (ii) the approval of the Shareholders at the forthcoming EGM to be convened for the Proposed ESOS.

The Proposed Allocation is conditional upon the Proposed ESOS and not vice versa.

The Proposals are not conditional upon any other corporate exercise of the Company.

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. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

As at the LPD, there are no other outstanding corporate exercises which have been announced by the Company but pending completion.

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

None of the Directors, major Shareholders and/or chief executive of the Company and/or persons connected with them, has any interest, direct and/or indirect, in the Proposed ESOS.

The Directors are only 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 Allocation.

Therefore, Lau Chia Nguang (*Non-Independent Executive Chairman*), Tan Sri Dato' Lau Eng Guang (*Non-Independent Executive Director*), Tan Sri Lau Tuang Nguang (*Non-Independent Executive Director / Group Chief Executive Officer*), Lau Joo Keat (*Non-Independent Executive Director*), Datuk Lau Joo Hong (*Non-Independent Executive Director / Group Chief Operating Officer and major shareholder of LHI*) and Lau Joo Han (*Non-Independent Executive Director and major shareholder of LHI*), are deemed interested in the Proposed Allocation to the extent of their respective allocations as well as allocations to persons connected with them under the Proposed ESOS.

Lau Chia Nguang, Tan Sri Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Lau Joo Keat, Datuk Lau Joo Hong and Lau Joo Han shall be referred to as "**Interested Directors**".

Emerging Glory Sdn Bhd is a company controlled by Lau Joo Han and CW Lau & Sons Sdn Bhd, and CW Lau & Sons Sdn Bhd is a company controlled by Datuk Lau Joo Hong, Lau Jui Peng and Lau Joo Heng and as such Emerging Glory Sdn Bhd and CW Lau & Sons Sdn Bhd are also deemed interested in the Proposed Allocation to the extent of the respective allocations to the Interested Directors as well as allocations to persons connected with them under the Proposed ESOS.

Datuk Lau Joo Hong, Lau Joo Han, Lau Jui Peng, Lau Joo Heng, Emerging Glory Sdn Bhd and CW Lau & Sons Sdn Bhd shall be referred to as "**Interested Major Shareholders**".

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 the Company 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 Proposals at the EGM to be convened.

The Interested Major Shareholders will also abstain from voting and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company 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 Proposals at the EGM to be convened.

(The rest of this page has been intentionally left blank)

The Interested Directors, Interested Major Shareholders and/or chief executive and their shareholdings in LHI as at the LPD as follows:-

	Direct Interest		Indirect Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Interested Directors</u>				
Lau Chia Nguang	-	-	58,935,607	1.61 ⁽²⁾
Tan Sri Dato' Lau Eng Guang	75,247,007	2.06	28,515,200	0.78 ⁽³⁾
Tan Sri Lau Tuang Nguang	-	-	62,721,960	1.72 ⁽⁴⁾
Lau Joo Keat	-	-	58,633,207	1.61 ⁽⁵⁾
<u>Interested Major Shareholders</u>				
Emerging Glory Sdn Bhd	1,927,201,000	52.80	-	-
CW Lau & Sons Sdn Bhd	-	-	1,927,201,000 ⁽⁶⁾	52.80
Lau Jui Peng	24,583,822	0.67	1,927,201,000 ⁽⁷⁾	52.80
Lau Joo Heng	24,583,822	0.67	1,927,201,000 ⁽⁷⁾	52.80
<u>Interested Directors and Interested Major Shareholders</u>				
Datuk Lau Joo Hong	27,670,543	0.76	1,927,201,000 ⁽⁷⁾	52.80
Lau Joo Han	97,099,132	2.66	1,927,201,000 ⁽⁶⁾	52.80

Notes:

- (1) Computed based on 3,650,000,000 Shares as at the LPD.
(2) Deemed interested by virtue of his shareholdings in CN Lau Holdings Sdn Bhd pursuant to Section 8(4) of the Act.
(3) Deemed interested by virtue of his children's (Lau Joo Kien Brian & Lau Joo Yong) shareholdings in LHI pursuant to Section 59(11)(c) of the Act.
(4) Deemed interested by virtue of his shareholdings in TN Lau Holdings Sdn Bhd pursuant to Section 8(4) of the Act.
(5) Deemed interested by virtue of his shareholdings in HN Lau & Sons Sdn Bhd pursuant to Section 8(4) of the Act.
(6) Deemed interested by virtue of its/his shareholdings in Emerging Glory Sdn Bhd pursuant to Section 8(4) of the Act.
(7) Deemed interested by virtue of his shareholdings in Emerging Glory Sdn Bhd through his shareholdings held in CW Lau & Sons Sdn Bhd pursuant to Section 8(4) of the Act.

As such, the Interested Directors have abstained and will continue to abstain from deliberating and voting on their respective allocations and the allocations of any persons connected with them under the Proposed ESOS at the relevant Board meetings.

The Interested Directors and Interested Major Shareholders will also abstain from voting 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 their respective allocations as well as allocations to persons connected with them (if any) under the Proposed Allocation at the EGM to be convened.

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

The Proposed Allocation of Offers to the Interested Directors and/or persons connected with them is subject to the approval of the shareholders of LHI.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

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 recommends that you vote in favour of the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

The Board (*save for the Interested Directors in relation to their respective allocations and allocations to persons connected to them pursuant to the Proposed Allocation*), having considered all aspects of the Proposed Allocation, is of the opinion that the Proposed Allocation is in the best interest of the Company. Accordingly, the Board (*save for the Interested Directors in relation to their respective allocations and allocations to persons connected to them pursuant to the Proposed Allocation*) recommends that you vote in favour of the ordinary resolutions in relation to the Proposed Allocation to be tabled at the Company's forthcoming EGM.

9. ESTIMATED TIME FRAME 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.

10. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted fully virtual through live streaming from the online meeting platform via TIIH Online at <https://tiih.online> on Friday, 31 May 2024 at 12.00 noon or immediately upon the conclusion or adjournment (as the case may be) of the 10th Annual General Meeting of the Company which has been scheduled to be held in the same manner on the same day at 11.00 a.m., or at any adjournment thereof, to consider and, if thought fit, to pass the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, please complete the Form of Proxy, which is attached in this Circular. The Form of Proxy should be lodged at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 48 hours before the time and date fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude a shareholder from attending and voting in person at the EGM should our shareholder subsequently wish to do so.

11. FURTHER INFORMATION

You are requested to refer to the enclosed appendices in this Circular for further information.

Yours faithfully
For and on behalf of the Board of
LEONG HUP INTERNATIONAL BERHAD

Tan Sri Lau Tuang Nguang
Non-Independent Executive Director / Group Chief Executive Officer

**LEONG HUP INTERNATIONAL BERHAD (“LHI”)
EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”)**

1. NAME OF SCHEME

This ESOS will be called the “LHI’s Employees’ Share Option Scheme”.

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of Eligible Persons to the performance of LHI Group. As such, the ESOS is established to achieve the objectives as set out below:

- (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.

3. DEFINITIONS AND INTERPRETATIONS

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

Act	: The Companies Act 2016, as amended from time to time including any re-enactment thereof;
Adviser	: Any person who is eligible to act as a principal adviser as defined in the Securities Commission Malaysia’s Principal Adviser Guidelines;
Authorised Nominee	: A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of Bursa Depository;
Available Balance	: The unissued Shares of the Company which is available for offer of Options subject to the maximum limit as set out in By-Law 4.2 hereof and after deducting all Shares under Options which have been granted;
Board	: The Board of Directors of LHI, as may be constituted from time to time;
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W));
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W));

APPENDIX I – DRAFT BY-LAWS (CONT'D)

By-Laws	: The rules, terms and conditions of the ESOS as set out herein, and shall include any amendments, variations or supplements made thereto from time to time;
CDS	: Central Depository System;
CDS Account	: The account established by Bursa Depository for a Depositor for the recording of deposits and withdrawal of securities and dealings in such securities by the Depositors;
Central Depositories Act	: The Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof;
Court	: The High Court of Malaya;
Date of Expiry	: The last day of the duration of the ESOS or any extended period pursuant to By-Law 5.3 hereof;
Date of Offer	: The date on which an Offer is made by the ESOS Committee to an Eligible Person from time to time during the Option Period to participate in the ESOS;
Depositor	: A holder of a CDS Account;
Director(s)	: A natural person who holds a directorship in LHI and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007;
Effective Date	: The date the last of the approvals and/or conditions referred to in By-Law 5.1 hereof have been obtained and/or complied with;
Eligible Person(s)	: An Executive Director and/or Employee who fulfils the conditions as set out in By-Law 7 hereof, for eligibility to participate in the ESOS;
Employee(s)	: A natural person who is employed by and is on the payroll of any company in the LHI Group;
Entitlement Date	: The date as at the close of business on which the names of the shareholders of LHI must appear on LHI's record of depositors in order to be entitled to participate in any dividends, rights, allotments or other forms of distribution;
ESOS or Scheme	: The employees' share option scheme for the grant of Options to Eligible Persons to subscribe for new LHI Shares upon the terms as set out herein and such scheme shall be known as the LHI Employees' Share Option Scheme;
ESOS Committee	: The committee appointed from time to time by the Board pursuant to By-Law 18 hereof to administer the ESOS;
Executive Director(s)	: A natural person who holds a directorship in an executive capacity in LHI Group on the Date of Offer and is involved in the day-to-day management of any company within the LHI Group and excluding non-executive and alternate directors in the Company or any company within the LHI Group;
Exercise Period	: The specific period or periods within an Option Period during which Options may be exercised by Grantees, as determined by the ESOS Committee subject to By-Law 5 hereof;

APPENDIX I – DRAFT BY-LAWS (CONT'D)

Exercise Price	:	The price at which the Grantee shall be entitled to subscribe for every new LHI Share by exercising his Option as determined in accordance with By-Law 10 hereof;
Grantee(s)	:	Any Eligible Person who has accepted the Offer by the Company in accordance with the provisions of By-Law 9 hereof;
LHI or Company	:	Leong Hup International Berhad (Registration No 201401022577 1098663-D);
LHI Group or Group	:	Collectively, LHI and its Subsidiaries;
LHI Share(s) or Share(s)	:	Ordinary share(s) in LHI;
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time;
Market Day(s)	:	A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
Maximum Allowable Allocation	:	The maximum number of new Shares that can be offered and allotted to an Eligible Person to be determined by the ESOS Committee in accordance with the provisions of By-Law 8 hereof;
Maximum Limit	:	The maximum number of new LHI Shares which may be issued and allotted pursuant to the ESOS, which shall not exceed five percent (5%) 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 ESOS;
Offer	:	An offer made in writing by the ESOS Committee to an Eligible Person in the manner indicated in By-Law 6 hereof;
Option(s)	:	The right of a Grantee to subscribe for new LHI Share(s) at the Exercise Price pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer in the manner indicated in By-Law 9 hereof;
Option Period	:	A period commencing from the date an Offer is accepted in accordance with By-Law 9 hereof and expiring on the last day of the period referred to in By-Law 5 hereof or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 5 hereof, provided that no Option Period shall extend beyond the period referred to in By-Law 5 hereof;
RM and sen	:	Ringgit Malaysia and sen, respectively;
Rules of Bursa Depository	:	The rules of Bursa Depository, as issued pursuant to the Central Depositories Act;
Senior Management	:	An Employee of LHI Group who falls within such grading as determined by the ESOS Committee at its sole and absolute discretion from time to time;

APPENDIX I – DRAFT BY-LAWS (CONT'D)

Subsidiaries	: Subsidiaries of LHI falling within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)), which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the ESOS but exclude such subsidiaries which have been divested in the manner provided for in By-Law 26 hereof;
Surprise Holiday	: a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year;
Trust Deed	: The trust deed(s) constituting the Trust to be executed between the Trustee and the Company;
Trust	: The trust to be established to facilitate the implementation of the ESOS;
Trustee	: The trustee(s) who may be appointed by LHI for the administration of the Trust from time to time;
Vesting Conditions	: The conditions which are required to be fulfilled by an Eligible Person before the Option(s) is/are capable of being vested onto the Eligible Person, to be communicated in an Offer pursuant to By-Law 6.3 (vii);
VWAMP	: Volume weighted average market price.

In these By-Laws:

- (i) headings are for ease of reference only and do not affect the meaning of these By-Laws;
- (ii) any reference to a statutory provision or applicable law shall include any subordinate legislation made from time to time under the provision or law and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);
- (iii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the ESOS and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iv) words denoting the singular shall include the plural and references to any gender shall include all genders whether male, female or neuter;
- (v) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's discretion; and

- (vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day **PROVIDED ALWAYS** if such date shall fall beyond the duration of the ESOS, then the stipulated day shall be taken to be the preceding Market Day.

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

- 4.1 Each Option shall be exercisable into one (1) new LHI Share, in accordance with the provisions of these By-Laws.
- 4.2 The total number of new LHI Shares which may be made available under the ESOS shall not exceed in aggregate five percent (5%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS as provided in By-Law 5.3 hereof.
- 4.3 Notwithstanding the provision of By-Law 4.2 hereof or any other provisions contained herein, in the event the maximum number of new LHI Shares comprised in the Options granted under the ESOS exceeds the aggregate of five percent (5%) of the number of issued shares (excluding treasury shares, if any) of LHI as a result of LHI purchasing its own Shares pursuant to Section 127 of the Act or LHI undertaking any other corporate proposal and thereby diminishing its number of issued shares, no further Options shall be offered until the total number of new LHI Shares to be issued under the ESOS falls below five percent (5%) of the Company's total number of issued shares (excluding treasury shares, if any). Any Options granted prior to the adjustment of the number of issued shares of LHI shall remain valid and exercisable in accordance with the provisions of these By-Laws.

5. DURATION, EXTENSION AND TERMINATION OF THE SCHEME

- 5.1 The ESOS shall come into force on the Effective 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:
 - (i) submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance pursuant to paragraph 6.42 of the 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 ESOS;
 - (iii) shareholders' approval for the ESOS at a general meeting;
 - (iv) approval of any other relevant authorities for the ESOS, if applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- 5.2 The Company shall through its Adviser submit no later than five (5) Market Days after the Effective Date, a confirmation letter to Bursa Securities of the full compliance of By-Law 5.1 hereof stating the Effective Date of the ESOS, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the ESOS.

- 5.3 The ESOS shall be in force for a period of five (5) years commencing from the Effective Date **PROVIDED ALWAYS THAT** on or before the expiry thereof, the Board shall have the sole and absolute discretion upon recommendation of the ESOS Committee, without the Company's shareholders' approval in a general meeting being required, to extend in writing the tenure of the ESOS for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years, **PROVIDED ALWAYS THAT** the ESOS shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. Such renewed ESOS shall be implemented in accordance with the terms of these By-Laws set out herein, save for any amendments and/or changes to the relevant statutes and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices to each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original ESOS.
- 5.4 Offers can only be made during the duration of the ESOS before the Date of Expiry, which date shall be at the end of the five (5) years from the Effective Date, or if the ESOS shall be extended, at the end of such extended term.
- 5.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse after 5.00 p.m. on the Date of Expiry.
- 5.6 Notwithstanding the provision of By-Law 5.3 hereof and subject to compliance with the requirements of Bursa Securities and any other relevant regulatory 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.
- 5.7 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.
- 5.8 Subject to the relevant approvals being obtained, the Company may implement a new employees' share option scheme after the expiration or termination of the ESOS pursuant to By-Law 5.6 hereof.

6. OFFER

- 6.1 The ESOS Committee may, at any time during the duration of the ESOS as defined in By-Law 5 hereof, make Offers in writing to any Eligible Person selected by the ESOS Committee which selection shall be at the sole and absolute discretion of the ESOS Committee.
- 6.2 The actual number of new LHI Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to the Maximum Allowable Allotment as set out in By-Law 8 hereof and any adjustments that may be made under By-Law 15 hereof, shall not be less than one hundred (100) LHI Shares and shall always be in multiples of one hundred (100) LHI Shares.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 6.3 The ESOS Committee shall state the following particulars in the letter of Offer:
- (i) the number of Options that are being offered to the Eligible Person;
 - (ii) the number of LHI Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (iii) the Option Period;
 - (iv) the Exercise Period;
 - (v) the Exercise Price;
 - (vi) the Offer Period as defined in By-Law 9.1 hereof;
 - (vii) the conditions which are required to be fulfilled by an Eligible Person prior to such Option becoming vested onto the Eligible Person including but not limited to service and/or performance criteria and number of Options exercisable for each year of continued service as set out in By-Law 11.1 (“**Vesting Conditions**”); and
 - (viii) any other information deemed necessary by the ESOS Committee.
- 6.4 No Offer shall be made to any Director in an executive capacity in LHI or major shareholder of LHI or persons connected with them unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in a general meeting.
- For the purpose of these By-Laws, “persons connected” with the Director in an executive capacity in LHI or major shareholder of LHI shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in paragraph 1.01 of the Listing Requirements.
- 6.5 Without prejudice to By-Law 18 hereof, in the event of an error or omission on the part of the Company or the ESOS Committee in stating any of the particulars referred to in By-Law 6.3 hereof, the Company or the ESOS Committee shall, within one (1) month after discovery of the error or omission, do all such things and acts to rectify such error or omission and if necessary, issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 6.3 hereof.
- 6.6 Subject to By-Laws 4 and 8.3 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate Options offered to each Eligible Person (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Eligible Person at the time the subsequent Offer (if any) is made.
- 6.7 The ESOS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of Available Balance.
- 6.8 The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by LHI Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 9 hereof.
- 6.9 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.

- 6.10 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 15.1 and 15.2 hereof and the Company informing the Grantee of such adjustment pursuant to By-Law 15.6 hereof, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or the Exercise Price.
- 6.11 The Company shall keep and maintain at its expense, a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Exercise Price.

7. ELIGIBILITY

- 7.1 An Employee or Executive Director who as at the Date of Offer, fulfils the following conditions shall be eligible to participate in the ESOS:
- (i) has attained eighteen (18) years of age;
 - (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 ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of the eligibility conditions set out above.

The eligibility does not confer on an Eligible Person, a claim or right to participate or a right to claim or any rights whatsoever in the ESOS unless the ESOS Committee has made an Offer to the Eligible Person, the Eligible Person has accepted the Offer, and the Eligible Person has fulfilled the Vesting Conditions, in accordance with the terms of the Offer and these By-Laws.

- 7.2 Subject to the provisions of By-Law 25 hereof, no Eligible Person shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the LHI Group during the duration of the ESOS.
- 7.3 Subject to By-Law 4.2 hereof, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.

8. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

8.1 Subject to any adjustments as may be made under these By-Laws, the aggregate number of new LHI Shares that may be offered and allotted under the 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 By-Law 7 hereof 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 ESOS shall not exceed the Maximum Limit 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 ESOS;
- (ii) any Offer, allocation of Options under the 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 ESOS;
- (iv) not more than ten percent (10%) of the Shares available under the ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (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 fifty percent (50%) (or such other percentage as the relevant authorities may permit) of the Options available under the 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 ESOS or in one (1) 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.

For the purpose of these By-Laws, "persons connected" with the Eligible Person shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in paragraph 1.01 of the Listing Requirements.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 8.2 The allocation of Options pursuant to the ESOS shall be verified by the Audit Committee of the Company, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.
- 8.3 A Grantee who is promoted during the duration of the ESOS may be eligible for consideration of new additional Shares under the 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.
- 8.4 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 one (1) position in the Group and thereby falling within more than one (1) category of Employees in the Group shall only be entitled to the Maximum Allowable Allocation of the higher category.

9. ACCEPTANCE OF THE OFFER

- 9.1 An Offer shall be valid for a period of thirty (30) calendar days from the Date of Offer or such longer period as the ESOS Committee at its sole and absolute discretion, determines on a case to case basis (“**Offer Period**”). Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of Shares comprised therein).
- 9.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in By-Law 9.1 hereof within the Offer Period and in the manner aforesaid, the Offer shall be deemed to have lapsed. The Options comprised in such Offer may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

10. EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the Exercise Price shall in respect of any Offer, be based on the five (5)-day VWAMP of LHI Shares immediately preceding the Date of Offer, with a discount, if any, **PROVIDED ALWAYS THAT** such discount is not more than ten per cent (10%), if deemed appropriate, 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 Option Period.

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

11. EXERCISE OF OPTIONS

11.1 Subject to By-Law 11.6 hereof and the terms and conditions of an Offer as mentioned in By-Law 6.9 hereof, the Options under the Offer can be exercised by the Grantee by written notice in the prescribed form to the Company during the Exercise Period in respect of all or any part of the LHI Shares comprised in the Options under the Offer, such part being in multiples of one hundred (100) LHI Shares. In the event that the balance of LHI Shares comprised in the Options of any Grantee is less than one hundred (100) LHI Shares, the said balance of the Options shall if exercised, be exercised in a single tranche. All the written notice given by the Grantees to exercise the Option is irrevocable unless it is rejected by the ESOS Committee.

11.2 Except where it is decided otherwise and announced by the ESOS Committee, an Option is exercisable by the Grantee only on a Market Day during the Option Period and while the Grantee remains an Eligible Person.

Except where it is decided otherwise and announced by the ESOS Committee:

- (i) The aggregate number of Shares which a Grantee can subscribe under his/her Options in a particular year of the Scheme (the first year to be calculated from the Effective Date and expiring 12 months after the Effective Date, and subsequent years shall be successive 12-month periods thereafter), shall at all times be subject to a maximum of **twenty-five per cent (25%)** of the total number of Shares comprising the Options held by such Grantee, as follows:

Year of Scheme	Maximum percentage
Year 1	25%
Year 2	25%
Year 3	25%
Year 4	25%

- (ii) A Grantee may, in any one year, exercise his Option according to the maximum percentage stipulated in the table above. Subject to By-Law 11.7 hereof, if any Grantee does not wholly exercise his/her Options up to the maximum percentage allowed in a particular year, the remaining unexercised Options for any particular year will be accumulated to the said Grantee’s entitlement in the following year.

11.3 Trust

- (i) The Company intends to establish a Trust to be administered by the Trustee for purposes of implementing the ESOS. The appointed Trustee shall administer the Trust in accordance with the 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 these By-laws.
- (iii) Upon the Trustee receiving a written instruction from the ESOS Committee that a Grantee has elected to exercise his Option(s) pursuant to By-law 11.1, 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 Option(s) exercised as the funding of the Exercise Price is provided by the Company (via the Trustee) to the Trust.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (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 i.e. Exercise Price x number of LHI Shares (in respect of which the written instruction is given) and the related transaction costs, will be released to such Grantee. The balance of the proceeds will remain in the Trust Account and may be used by the Trustee towards subsequent subscription of shares and administration expenses. For purposes of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and condition or delegate part of its power relating to the administration of the Trust as the ESOS Committee may in its discretion direct for the implementation and administration of the Trust. The ESOS Committee may provide written instructions to the Trustee to transfer the balance of the proceeds to the Company's account.
- (vii) The Trustee's obligation to effect or cause to be effected the sale and transfer of the LHI Shares is subject to the market price for the LHI Shares being the same or higher than the Exercise Price. In the event of any unsuccessful match of sale of the LHI Shares, the Trustee shall continue to hold such LHI Shares on trust for and behalf of the Grantee ("**Unmatched LHI Shares**"), and is authorised to automatically sell the Unmatched LHI Shares when the market price of the Unmatched LHI Shares exceed the Exercise Price plus any incidental costs, subject always to the following conditions:
 - (a) The Exercise Price for the Unmatched LHI Shares shall remain as an advance to the Grantee by the Company;
 - (b) The Trustee may hold the Unmatched LHI Shares until the occurrence of the following events:-
 - (1) the termination or expiry of the Trust; or
 - (2) The termination of the employment of the Grantee;
 - (3) The resignation of the Grantee; or
 - (4) the death of the Grantee;

and upon the occurrence of the events above, the Grantee and/or his estate shall immediately settle any outstanding advances in connection to the Unmatched LHI Shares to the Trustee within seven (7) days from the occurrence of such event, failing which the Trustee shall immediately sell the Unmatched LHI Shares at the prevailing market price, and the Grantee (including his estate) shall be liable for any losses arising from such sale and shall indemnify the Trustee and/or Company against any losses, damages and/or cost as may be suffered or incurred arising from such sale.

 - (a) The Board shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

11.4 The ESOS Committee shall ensure that there is sufficient monies in the Trust Account at all times to cater for the exercise of Options by the Grantees in accordance with these By-Laws.

11.5 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service or are found to have had no basis or justification), the ESOS Committee shall have the right to suspend the Grantee's 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 having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:**

- (i) in the event that such Grantee shall subsequently be found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Options;
- (ii) 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;
- (iii) 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 sole and absolute discretion whether or not the Grantee may continue to exercise his Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (iv) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice,

and nothing herein shall impose any obligation of the ESOS Committee to enquire into or investigate the substantiveness and/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 these By-Laws.

11.6 All Options to the extent unexercised on the expiry of the Exercise Period applicable thereto shall lapse.

11.7 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company, the ESOS Committee and/or the Trustee in the notice to exercise shall result in the notice to 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 not have deemed to have exercised his/her Options.

11.8 The Company, the Board, the ESOS Committee and the Trustee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the relevant authorities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

- 11.9 Every Option shall be subjected to the condition that no new LHI Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

12. RIGHTS ATTACHING TO THE NEW LHI SHARES

The new LHI Shares to be issued and allotted pursuant to the exercise of the Options in accordance with By-law 11 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 so 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.

13. NON-TRANSFERABILITY

- 13.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.1, 14.2, 14.3 and 14.5 hereof, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment in any company in the LHI Group.
- 13.2 An Option so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.5 hereof. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

14. TERMINATION OF THE OPTION

- 14.1 In the event a Grantee ceases to be in the employment of LHI Group for whatever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its sole and absolute discretion, by notice in writing, permit such Options to remain exercisable during the Exercise Period if such cessation occurs by reason of:
- (i) retirement on or after attaining the normal retirement age; or
 - (ii) retirement before attaining the normal retirement age but with the consent of the relevant employer company within the LHI Group; or
 - (iii) transfer to any company outside the LHI Group at the direction of the Company subject to the approval and/or ratification by the Board; or
 - (iv) retrenchment; or
 - (v) ill-health, injury, physical or mental disability; or

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (vi) any separation scheme implemented by the Company, provided that the affected Eligible Person shall exercise the Options prior to expiry of three (3) months from the date of the separation scheme; or
- (vii) any Director not being re-appointed during a general meeting of the Company, that Director shall exercise the Options prior to expiry of three (3) months from the date he/she ceased to be a Director; or
- (viii) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS 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 Unless otherwise agreed in writing by the ESOS Committee at its sole and absolute discretion, upon the resignation/cessation of the Grantee from his employment or directorship with the LHI Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his resignation. Any Option which lapses upon the resignation/cessation of the Grantee from his employment or directorship with the LHI Group (as the case may be), shall become available to be offered to other Eligible Persons, at the discretion of the ESOS Committee.
- 14.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 14.4 In the event of the liquidation of the Company, all unexercised Options shall lapse.
- 14.5 Where a Grantee dies before the expiry of the Exercise Period, the whole or any part of the Options held by the Grantee that are unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Exercise Period.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 15.1 Subject to By-Law 15.3 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 LHI Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustments to be made to:
 - (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 (i.e not taking into account Options already exercised) shall remain unaffected.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1 hereof:
- (i) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen; and
 - (ii) in determining a Grantee's entitlement to subscribe for new LHI Shares, any fractional entitlements will be disregarded.
- 15.3 By-Law 15.1 hereof shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of new LHI Shares or other securities convertible into LHI Shares or rights to acquire or subscribe for LHI Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (ii) a special issue of new LHI Shares approved by the relevant governmental authorities;
 - (iii) a private placement/restricted issue of new LHI Shares by the Company;
 - (iv) an issue of new LHI Shares arising from the exercise of any conversion rights attached to securities convertible to LHI Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
 - (v) an issue of new LHI Shares upon the exercise of Options pursuant to the ESOS;
 - (vi) an issue of further Options to Eligible Persons under these By-Laws; and
 - (vii) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act. In this event, the following provisions shall apply:
 - (a) if the number of LHI Shares in respect of the Options granted by the Company as at the date of designation of the LHI Shares so purchased as treasury shares or cancellation of such Shares is greater than fifteen percent (15%) of the total number of issued shares of the Company after such designation or cancellation, the ESOS Committee shall not make any further Offers; and
 - (b) if the number of LHI Shares in respect of the Options granted by the Company as at the date of designation of the LHI Shares so purchased as treasury shares or cancellation of such Shares is less than fifteen percent (15%) of the total number of issued shares of the Company after such designation or cancellation, the ESOS Committee may make further Offers only until the total number of Options granted by the Company is equivalent to fifteen percent (15%) of the total number of issued shares of the Company after such designation or cancellation.
- 15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7 of the Act, By-Law 15.1 hereof 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 hereof is applicable, but By-Law 15.1 hereof 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 hereof is not applicable as described in By-Law 15.3 hereof.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 15.5 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 Exercise 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.
- 15.6 An adjustment pursuant to By-Law 15.1 hereof shall be made according to the following terms, unless otherwise specified by any relevant authorities:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of LHI Shares or reduction of capital, on the Market Day immediately following the date such consolidation, subdivision or reduction shall become effective.

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

All adjustments other than a bonus issue must be confirmed in writing by an approved company auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his/her opinion fair and reasonable. For the purpose of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Act.

- 15.7 All adjustments made pursuant to By-Law 15 shall be final and binding.
- 15.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 15.9 hereof.
- 15.9 In addition to By-Law 15.1 hereof and not in derogation thereof, the Exercise Price and the number of Options so far unexercised shall from time to time be adjusted, calculated or determined by the ESOS Committee and certified by an approved company auditor of the Company or such other persons as allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditor:
- (i) If and whenever a consolidation or subdivision or conversion of LHI Share occurs, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determine in accordance with the following manner:

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

$$\text{Number of additional Options} = T \times \left[\frac{B}{A} \right] - T$$

Where:

S = existing Exercise Price;

A = the aggregate number of issued LHI Shares immediately before such consolidation, subdivision or conversion;

B = the aggregate number of new LHI Shares after such consolidation, subdivision or conversion; and

T = existing number of Options held.

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

- (ii) If and whenever the Company shall make any issue of LHI Shares to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Exercise Price shall be adjusted in the following manner:

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

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

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

Where:

A = the aggregate number of issued LHI Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new LHI 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 share premium account and capital redemption reserve fund);

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

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

- (iii) If and whenever the Company shall make:
- (a) 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
 - (b) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for LHI Shares by way of rights; or
 - (c) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into LHI Shares or securities with rights to acquire or subscribe for LHI Shares,

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

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

and in respect of the case referred to in By-Law 15.9(iii)(b) and (iii)(c) hereof, the number of additional Options to be issued shall be calculated as follows:

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

Where:

S = as S in By-Law 15.9(i) hereof;

T = as T in By-Law 15.9(i) hereof;

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

D = (A) in the case of an offer or invitation to acquire or subscribe for LHI Shares by way of rights under By-Law 15.9(iii)(b) hereof or for securities convertible into LHI Shares or securities with rights to acquire or subscribe for LHI Shares under By-Law 15.9(iii)(c) hereof, the value of rights attributable to one (1) LHI Share (as defined below); or

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (B) in the case of any other transaction falling within By-Law 15.9(iii) hereof, the fair market value, as determined by an auditor of the Company, of that portion of the Capital Distribution attributable to one (1) LHI Share.

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

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

Where:

- C = as C in By-Law 15.9(iii) hereof;
- E = the subscription price for one (1) additional LHI Share under the terms of such offer or invitation or subscription price for one (1) additional LHI Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) LHI Share under the offer or invitation; and
- F = the number of LHI Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional LHI Share or security convertible into rights to acquire or subscribe for one (1) additional LHI Share.
- D* = the value of rights attributable to one (1) LHI Share (as defined below).

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

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

Where:

- C = as C in By-Law 15.9(iii) hereof;
- E* = the subscription price for one (1) additional LHI Share under the terms of such offer or invitation to acquire or subscribe for LHI Shares; and
- F* = the number of LHI Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional LHI Share.

For the purpose of By-Law 15.9(iii) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends exercised pursuant to the paragraph below) or by way of issue of LHI Shares (not falling under By-Law 15.9(ii) hereof) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund) other than an issue of LHI Shares to the shareholders who elect to receive LHI Shares in lieu of cash or other dividend exercised pursuant to the paragraph below.

Any dividend or distribution charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of LHI as shown in the audited statement of comprehensive income of the Company or dividend paid out from retained earnings as shown in audited statement of changes in equity of the Company.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

- (iv) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) or (c) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

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

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof 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 in the following manner:

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

B = as B in By-Law 15.9(ii) hereof;

C = as C in By-Law 15.9(iii) hereof;

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

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

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

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

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

APPENDIX I – DRAFT BY-LAWS (CONT'D)

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

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

- (v) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for LHI Shares as provided in By-Law 15.9(iii)(b) hereof together with an offer or invitation to acquire or subscribe for securities convertible into LHI Shares or rights to acquire or subscribe for LHI Shares as provided in By-Law 15.9(iii)(c) hereof, the Exercise Price shall be adjusted in the following manner:

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

and the number of additional Options to be issued shall be calculated in the following manner:

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

Where:

C = as C in By-Law 15.9(iii) hereof;

G = as G in By-Law 15.9(iv) hereof;

H = as H in By-Law 15.9(iv) hereof;

H* = as H* in By-Law 15.9(iv) hereof;

I = as I in By-Law 15.9(iv) hereof;

I* = as I* in By-Law 15.9(iv) hereof;

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

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

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

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (vi) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to acquire or subscribe for LHI Shares to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof, together with rights to acquire or subscribe for securities convertible into LHI Shares or with rights to acquire or subscribe for LHI Shares as provided in By-Law 15.9(iii)(c) hereof, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

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

and the number of additional Options to be issued shall be calculated in the following manner:

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

Where:

B = as B in By-Law 15.9(ii) hereof;

C = as C in By-Law 15.9(iii) hereof;

G = as G in By-Law 15.9(iv) hereof;

H = as H in By-Law 15.9(iv) hereof;

H* = as H* in By-Law 15.9(iv) hereof;

I = as I in By-Law 15.9(iv) hereof;

I* = as I* in By-Law 15.9(iv) hereof;

J = as J in By-Law 15.9(v) hereof;

K = as K in By-Law 15.9(v) hereof;

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

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

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- (vii) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of LHI and requiring an adjustment under By-Laws 15.9(iii)(b), (iii)(c), (iv), (v) or (vi) hereof), the Company shall issue either any LHI Shares or any securities convertible into LHI Shares or any rights to acquire or subscribe for LHI Shares, and in any such case, the Total Effective Consideration per LHI Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the LHI Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted in the following manner:

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

Where:

- L = the number of LHI Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of LHI Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses);
- N = the aggregate number of LHI Shares so issued or, in the case of securities convertible into LHI Shares or rights to acquire or subscribe for LHI Shares, the maximum number (assuming no adjustment of such rights) of LHI Shares issuable upon full conversion of such securities or the exercise in full of such rights; and
- S = as S in By-Law 15.9(i) hereof.

For the purpose of By-Law 15.9(vii), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

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

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

For the purpose of By-Law 15.9(vii), the Average Price of a LHI Share shall be the average price of one (1) LHI Share as derived from the last dealt prices for one (1) or more board lots of LHI Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such LHI Shares is determined.

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

For the purposes of By-Law 15.9(iii), (iv), (v) and (vi) the current market price in relation to one (1) existing LHI Shares for any relevant day shall be the VWAMP 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.

- (viii) The foregoing provisions on adjustment of the Exercise Price shall be subject to the following:
- (a) On any such adjustment the resultant Exercise Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Exercise Price or reduce the number of Options so far as unexercised to which the Grantee is already entitled to;
 - (b) No adjustment shall be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of “would be less than one (1) sen” or the number of Options so far as unexercised is less than one (1) Option and any adjustment that would otherwise be required then to be made will not be carried forward;
 - (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 15.1 hereof (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall made in such manner as the Directors of the Company and the external auditor of the Company may agree;

- (d) If for any reason an event giving rise to an adjustment to the Exercise Price and/or the number of Options so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor of the Company may agree;
- (e) In any circumstances where the Board considers that adjustments to the Exercise Price and/or the number of Options so far as unexercised as provided for hereunder should be made or should not be made or should be calculated on a different basis or different date, the Company may appoint the external auditors of the Company or Adviser to consider whether for any reasons whatsoever (to the extent permissible by the Listing Requirements or any other relevant regulations) the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such external auditor or Adviser shall consider the adjustment calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such external auditors or Adviser to be appropriate;
- (f) If the Board and the external auditors of the Company or Adviser are unable to agree upon any adjustment required under these provisions, the Boards shall refer the adjustment to the decision of another external auditor or Adviser; and
- (g) In making adjustments hereunder, the other external auditor or Adviser (as the case may be) shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.

16. LISTING OF AND QUOTATION FOR NEW SHARES

The Company shall make an application to Bursa Securities within eight (8) Market Days after the receipt of the notice of exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities, for the listing of and quotation for such new LHI Shares and use its best endeavours to obtain such approval unless a blanket approval for the listing of and quotation for the new LHI Shares arising from the ESOS has been obtained.

17. RETENTION PERIOD

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

The expression “retention period” referred to herein shall mean the period in which the new LHI Shares allotted and issued and/or transferred pursuant to ESOS must not be sold, transferred, assigned or otherwise disposed of by the Grantee.

18. ADMINISTRATION

- 18.1 This ESOS shall be administered by the ESOS Committee comprising such number of Directors and/or Senior Management personnel as shall be appointed by the Board from time to time. The ESOS Committee shall, subject to these By-Laws administer the ESOS and regulate the ESOS Committee's own proceedings in such manner as it shall think fit.
- 18.2 Without limiting the generality of By-Law 18.1 hereof, the ESOS Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in its Offers, recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.
- 18.3 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 and amend, modify or vary the terms of reference of the ESOS Committee as it shall deem fit and may appoint replacement members to the ESOS Committee.
- 18.4 The Board shall have the power to determine all matters pertaining to the ESOS Committee, including without limitation setting the terms of reference for the ESOS Committee, composition, duties, powers and limitations. The Board is entitled at any time and from time to time to change the terms of reference of the ESOS Committee.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 19.1 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 these 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 these By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these 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; or
 - (ii) increase the number of LHI Shares available under the ESOS beyond the maximum imposed by By-Law 4.2 hereof; or
 - (iii) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.
- 19.2 Any amendments/modifications to these By-Laws shall not contravene any of the provisions of the guidelines on employees' share option schemes as stipulated under the Listing Requirements and/or by any other relevant regulatory authority in relation to ESOS.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

19.3 Upon amending and/or modifying all or any of the provisions of the ESOS, the Company shall within five (5) Market Days, submit a confirmation letter to Bursa Securities for the amendments made, that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements pertaining to ESOS pursuant to paragraph 2.12 of the Listing Requirements. In such event, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make all necessary announcements to Bursa Securities in respect of such amendments and/or modifications.

20. DISPUTES

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or a Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED ALWAYS THAT** where the dispute or difference 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. The said decision shall be final and binding on the parties unless the Eligible Person or the Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects.

21. SCHEME NOT A TERM OF EMPLOYMENT

The ESOS shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the LHI Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the 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).

23. CONSTITUTION

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times.

24. INSPECTION OF AUDITED FINANCIAL STATEMENTS

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

25. TRANSFER FROM OTHER COMPANIES TO THE LHI GROUP

In the event that:

- (i) an executive director or employee who was employed in a company related to but not within the LHI Group and is subsequently transferred from such company to any company within the LHI Group; or
- (ii) an executive director or employee who was in the employment of a company which subsequently becomes a company within the LHI Group as a result of a restructuring exercise or otherwise involving LHI and/or any company within the LHI Group;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the “**Previous Company**”), such an executive director or employee of the Previous Company (“**the Affected Director/Employee**”), subject to By-Law 7 hereof, will:

- (i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company’s employees’ share option scheme (“**Previous Company’s ESOS**”) in accordance with the by-laws of the Previous Company’s ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company’s ESOS; and/or
- (ii) be eligible to participate in the ESOS only for the remaining duration of the ESOS, subject to the ESOS Committee’s approval; and/or
- (iii) if the Affected Director/Employee had participated in the Previous Company’s ESOS, the number of new LHI Shares to be offered to such Affected Director/Employee under the ESOS shall be subject to the sole and absolute discretion of the ESOS Committee.

26. DIVESTMENT FROM THE LHI GROUP

If a Grantee who was in the employment of a company in the LHI Group, which was subsequently divested wholly, or in part, from the LHI Group, resulting in such company no longer be a subsidiary of LHI pursuant to Section 4 of the Act, then such Grantee:

- (i) notwithstanding such divestment and subject to the provisions of By-Laws 11 and 14.2 hereof will be entitled to continue to exercise all such unexercised Options which were granted to him under the ESOS within a period of three (3) months from the date of completion of such divestment or within the Exercise Period, whichever ends earlier, failing which the right of such Grantee to subscribe for that number of the new LHI Shares or any part thereof granted under such unexercised Options shall automatically lapse and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Options under the ESOS.

For the avoidance of doubt, where the Grantee was in the employment of a company in the LHI Group and that company was subsequently partially divested but remained as a subsidiary of LHI pursuant to Section 4 of the Act, then such Grantee shall continue to be entitled to all his/her rights in relation to the unexercised Options and he/she shall be eligible for further participation of the Options under the ESOS.

27. TAKE-OVER AND MERGERS

Notwithstanding By-Law 11 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company, under the Rules on Take-overs, Mergers and Compulsory Acquisitions, 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 offer (“**Offeror**”) or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Exercise Period applicable thereto; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new LHI Shares under the provisions of the Capital Markets and Services Act, 2007 (or other legislation applicable at the point of time), and gives notice to the Company and Grantee that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise any unexercised Options from the date of service of the said notice until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

28. SUBSEQUENT EMPLOYEES’ SHARE OPTION SCHEMES

28.1 Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees’ share option scheme after the Date of Expiry if the ESOS is not renewed or after termination of the ESOS pursuant to By-Law 5.6 hereof. Where the ESOS has been renewed (in accordance with By-Law 5.3 hereof), a new employees’ share option scheme may be established upon expiry of the renewed ESOS, if any.

28.2 The Company may establish more than one (1) employees’ share option scheme during the duration of the ESOS as provided in By-Law 5.3 hereof provided always that the aggregate number of Shares available under all the employees’ share option schemes does not exceed fifteen percent (15%), or any other percentage as may be allowed by Bursa Securities, of the total number of issued shares of the Company (excluding treasury shares) at any point in time.

29. NO COMPENSATION

29.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

29.2 No Eligible Person or Grantee or legal personal representatives shall bring any claim, action or proceeding against the Company or the Board, the ESOS Committee, the Trustee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with By-Law 19 hereof or termination of the ESOS in accordance with By-Law 5 hereof.

30. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the ESOS shall be borne by the Grantee.

31. WINDING UP

In the event of a members' voluntary winding-up and a resolution is passed for the winding-up or liquidation of the Company, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the members' resolution for such winding-up or liquidation of the Company.

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. If a court order winding-up the Company pursuant to the petition for winding-up is made, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the court order. Conversely, if the petition for winding-up is dismissed by the Court, the right to exercise the Options shall accordingly be unsuspending.

32. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Options.

33. SEVERABILITY

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

34. GOVERNING LAW AND JURISDICTION

34.1 The ESOS shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with these By-Laws and terms of the ESOS, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

34.2 In order to facilitate the making of any Offer under the ESOS, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the ESOS as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the ESOS as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the ESOS. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the ESOS, as then in effect, unless the ESOS has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the ESOS shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

APPENDIX I – DRAFT BY-LAWS (CONT'D)

- 34.3 Any Grantee to whom the Offer is offered, is required to ensure that he/she complies with all applicable laws and regulations in each country or jurisdiction in or from which he/she accepts the Offer. By his/her acceptance of the Offer, each Grantee represents, warrants and agrees that he/she has and will continue to observe all applicable laws and regulations in the jurisdiction in which he/she accepts the Offer.

35. NOTICE

- 35.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:
- (i) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting; or
 - (ii) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
 - (iii) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

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

APPENDIX II – SALIENT TERMS OF TRUST DEED

1. ESTABLISHMENT AND PURPOSE OF THE TRUST

- (a) The Trustee is hereby appointed by LHI and agrees to act as Trustee of the Trust on the terms of this Deed.
- (b) The Trust comes into operation on the date of this Deed.
- (c) The purpose of the Trust is to facilitate the implementation and administration of the ESOS.
- (d) The Trustee shall:
 - (i) hold the capital and income of the trust assets for the purposes of the ESOS, to be dealt with in accordance to the terms hereof and the By-Laws; and
 - (ii) at the instruction of the ESOS Committee, from time to time, subject to there being sufficient monies in the Trust Account:
 - a. utilise the monies in the Trust Account to subscribe for new LHI Shares which will be placed into the CDS Account of the Trustee or its authorised nominee;
 - b. assist with the sale and transfer of such number of LHI Shares in respect of which the instruction is given, whereby the proceeds from the sale of the LHI Shares shall be credited into the Trust Account; and
 - c. release the Net Gains (as defined below) to the relevant Grantee(s).

2. POWERS AND DUTIES OF TRUSTEE

For the purpose of facilitating the implementation and administration of the Trust, the Trustee shall have the following powers, obligations and duties and unless inconsistent with the powers contained herein or with any written directions of the ESOS Committee, shall also have all the powers conferred on a trustee by the Trustee Act, 1949:

- (a) to enter into any transaction or arrangement and execute all agreements, contracts, deeds and documents and to do all acts or things which is/are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by this Deed;
- (b) subject to the prior written approval of LHI (which shall not be unreasonably withheld), to appoint, remove and/or suspend custodians, trustees, managers and other agents, determine the powers and duties to be delegated to them, pay such remuneration to them and any person so employed or engaged is deemed for the purpose of this Deed to be employed or engaged by the Trustee and the Trustee shall be solely responsible for all the acts and omissions of any such person as if the same were acts and omissions of the Trustee;
- (c) to subscribe for, acquire, transfer, dispose of or otherwise deal with the LHI Shares in order to be able to perform its obligations under this Deed; and
- (d) to generally do all acts and things which the Trustee considers necessary or expedient for the administration maintenance and preservation of the Trust and in performing its obligations under this Deed.

Save for the administrative matter of the Trust, the aforesaid powers and duties of the Trustee shall only be exercised and performed by the Trustee at such time and in such manner and to such extent as may be directed and/or instructed and/or approved by the ESOS Committee in writing.

3. SUBSCRIPTION, SALE AND TRANSFER OF THE LHI SHARES BY THE TRUSTEE

- (a) The ESOS Committee shall by way of a written instruction inform the Trustee of the number of LHI Shares to be subscribed by the Trustee and shall provide such information by the Trustee and shall do all necessary acts including procuring the issuance and allotment of new shares to the Trustee in order for the Trustee to receive the same in its CDS Account.
- (b) Subject to there being sufficient monies in the Trust Account, the Trustee shall upon receiving written instruction from the ESOS Committee, if such instruction is received before 12.00pm, on the same day, and if received after 12.00pm, then on the next Market Day subscribe for such number of new LHI Shares as the ESOS Committee may specify in its written instruction and hold the same in its CDS Account, on trust, for the purposes of the ESOS.
- (c) The Trustee shall within five (5) Market Days from the date the LHI Shares are credited into its CDS Account, effect or cause to be effected the sale and transfer of the said LHI Shares and procure the proceeds from such sale shall be credited into the Trust Account.

For the avoidance of doubt, the Trustee's obligation to effect or cause to be effected the sale and transfer of the said LHI Shares is subject to the market price for the LHI Shares being the same or higher than the exercise price. In the event of any unsuccessful match of sale of the LHI Shares, the Trustee shall continue to hold such LHI Shares on trust for and behalf of the Grantee ("**Unmatched LHI Shares**"), and is authorised to automatically sell the Unmatched LHI Shares when the market price of the Unmatched LHI Shares exceed the Exercise Price plus any incidental costs, subject always to the following conditions:

- (i) The exercise price for the Unmatched LHI Shares shall remain as an advance to the Grantee by the Company;
- (ii) The Trustee may hold the Unmatched LHI Shares until the occurrence of the following events:-
 - (1) the termination or expiry of the Trust; or
 - (2) The termination of the employment of the Grantee;
 - (3) The resignation of the Grantee; or
 - (4) the death of the Grantee;

and upon the occurrence of the events above, the Grantee and/or his estate shall immediately settle any outstanding advances in connection to the Unmatched LHI Shares to the Trustee within seven (7) days from the occurrence of such event, failing which the Trustee shall immediately sell the Unmatched LHI Shares at the prevailing market price, and the Grantee (including his estate) shall be liable for any losses arising from such sale and shall indemnify the Trustee and/or Company against any losses, damages and/or cost as may be suffered or incurred arising from such sale.

- (d) Thereafter, the Trustee shall within three (3) Market Days, in the case of Grantees having a banking account in Malaysia and five (5) Market Days, in the case of Grantees having a banking account outside Malaysia from the date the proceeds of sale are credited into the Trust Account, release to the relevant Grantee(s), the net gains from the sale of the LHI Shares, which is calculated as follows:

Proceeds of Sale - (exercise price x number of LHI Shares) – related transaction costs

("Net Gains").

For the purpose of this clause, "related transaction costs" shall refer to costs associated with the general transaction of selling the LHI Shares and crediting the Net Gains to the Grantee, and which shall *inter alia*, include brokerage fees, stamp duties, clearing fees, banking transactions & disbursement charges, which related transaction costs shall be reasonably incurred by the Trustee after due consultation with LHI.

APPENDIX II – SALIENT TERMS OF TRUST DEED (CONT'D)

For the avoidance of doubt, the Trustee shall not be liable for any delay or non-remittance in the payment of the Net Gains to the Grantee due to insufficient information or incorrect information provided by LHI, the Grantee or the ESOS Committee or additional information required by any financial institution for the purposes of remitting the payment of the Net Gains to the Grantee.

- (e) LHI and/or its subsidiaries shall transfer funds into the trust account to enable the Trustee to subscribe for new LHI Shares for the purposes herein and to pay expenses in relation to the administration of the Trust, the Trustee will to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise from LHI and/or its Subsidiaries upon such terms and conditions as LHI and the Trustee may agree.
- (f) The Trustee shall not in any circumstances communicate with, take or act on any instructions and/or directions from any Eligible Persons, Employees or Grantees in relation to matters affecting this Deed, their eligibility and entitlement in the ESOS otherwise in respect of the ESOS.

4. PAYMENTS

At the direction of the ESOS Committee, the Trustee shall utilise any:

- (a) proceeds from the sale of the LHI Shares which do not form part of the Net Gains and/are not required to be transferred;
- (b) dividends or distributions in respect of the LHI Shares (if any);
- (c) amount standing to the credit of the Trust Accounts; or
- (d) any other Trust Assets,

in such manner as the ESOS Committee may stipulate in its written directions for the purpose of the ESOS.

5. TERMINATION OF THE TRUST

- (a) The Trust shall terminate upon the Trustee receiving a written notice from LHI or the ESOS Committee on:
 - (i) the termination of the ESOS; or
 - (ii) the expiry of the ESOS.
- (b) Immediately upon termination or expiry of the Trust, the Trustee shall:
 - (i) sell all remaining LHI Shares in its CDS Accounts in accordance with the written instruction of the ESOS Committee; and
 - (ii) convert such other Trust Assets into money to be dealt with in the following manner:
 - (1) firstly, to apply a sum to be agreed by the Trustee and LHI as a fee for the services of the Trustee under this Deed to the extent it is unpaid; and
 - (2) lastly, to deal with the remaining Trust Assets in accordance with the instructions in writing of LHI,

APPENDIX II – SALIENT TERMS OF TRUST DEED (CONT'D)

and to provide LHI and/or the ESOS Committee with the relevant information and/or all necessary documents to evidence items (i) to (ii) abovementioned. Without prejudice to the aforesaid, in the event of the termination of the Trust, the Trustee shall do all other acts and things which are necessary or expedient and reasonable to wind up the Trust.

- (c) If after dealing with the Trust in the manner stipulate in Clause 6(b) above, the Trustee has insufficient funds to meet its obligations hereunder, LHI will as soon as is reasonably practicable pay to the Trustee a sum equivalent to the shortfall.

6. DELEGATION BY TRUSTEE

The Trustee, with the consent of LHI, may be entitled to delegate the function of trustee or custody of the trust assets under this Deed to another person, firm or corporation provided that the Trustee shall take all reasonable care in selecting and appointing such person, firm or corporation. Notwithstanding such delegation, the Trustee shall be solely responsible for all the acts and omissions of any such delegate as if the same were acts and omissions of the Trustee.

7. ESOS BY-LAWS AND APPLICABLE LAWS

This Deed has been drawn up so as to accommodate and contain the requirements of the ESOS By-Laws. In the event the applicable provisions of the ESOS By-Laws are from time to time amended, modified or varied or exemption given or implied under or by virtue of the By-Laws or the applicable laws, this Deed shall to the extent necessary to ensure or maintain such consistency, be read and construed and have effect as if such amendment, modification, variation or exemption had been consequentially inserted, made or authorised herein, without the necessity of a supplemental deed.

(The rest of this page has been intentionally left blank)

APPENDIX III – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

AmlInvestment Bank

AmlInvestment Bank, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

AmlInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of LHI Group.

The AmBank Group has extended credit facilities to LHI Group, the amount outstanding as at 13 May 2024 amounted to approximately RM209 million.

AmlInvestment Bank is of the view that its role as the Principal Adviser for the Proposals is not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:-

- (i) AmlInvestment Bank's role in the Proposals is undertaken in the ordinary course of business; and
- (ii) AmlInvestment Bank undertakes each of its roles on an arm's length basis and its conduct is regulated by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter alia, the Financial Services Act 2013, the Capital Markets and Services Act 2007, and AmBank Group's Chinese Wall policy and internal controls and checks.

Premised on the above, AmlInvestment Bank confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposals.

(The rest of this page has been intentionally left blank)

APPENDIX III – FURTHER INFORMATION (CONT'D)

3. HISTORICAL SHARE PRICE

The monthly high and low prices of LHI Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Circular are as follows:-

	High RM	Low RM
<u>2024</u>		
April	0.605	0.550
March	0.650	0.565
February	0.745	0.545
January	0.585	0.510
<u>2023</u>		
December	0.670	0.560
November	0.735	0.615
October	0.655	0.535
September	0.570	0.520
August	0.550	0.495
July	0.540	0.485
June	0.520	0.475
May	0.610	0.535
		RM
Last transacted market price on 18 April 2024 <i>(being the last market day prior to the announcement of the Proposals)</i>		0.570
Last transacted market price as at the LPD		0.570

(Source: Bloomberg)

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclose below, as at the LPD, LHI Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of LHI Group, and our Board is not aware of any proceedings, pending or threatened, against LHI Group or of any facts likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of LHI Group:-

Decision by Malaysia Competition Commission

On 2 November 2021, the Malaysia Competition Commission (“**MyCC**”) commenced an investigation pursuant to section 14(1) of the Competition Act 2010 (“**Competition Act**”) based on reasonable suspicion of collusion between certain poultry feed millers regarding the pricing of poultry feed, which involved Leong Hup Feedmill Malaysia Sdn Bhd (“**LFM**”), a wholly-owned subsidiary of LHI and 4 other poultry feed millers (“**Investigation**”).

On 22 December 2023, MyCC pursuant to Section 40 of the Competition Act notified LFM of its decision dated 11 December 2023 (“**Decision**”) on the Investigation. In the Decision, MyCC found that LFM had engaged in agreements and/or concerted practices together with 4 other poultry feed millers and is in breach of Section 4 of the Competition Act. MyCC imposed a financial penalty of RM157,470,027.02 on LFM to be paid to MyCC within 30 days from the date of the Decision and ordered LFM to cease and desist from participating in the alleged anticompetitive horizontal agreement in relation to the poultry feed.

APPENDIX III – FURTHER INFORMATION (CONT'D)

On 9 January 2024, LFM filed a notice of appeal and an application for a stay of the Decision with the Competition Appeal Tribunal (“**Tribunal**”). The Tribunal has fixed the hearing for the application for the stay of the Decision on 12 June 2024. The solicitor-in-charge is of the view that there is a fair chance to contend the Decision.

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**5.1 Material commitments**

Save as disclosed below, as at 31 March 2024, our Board is not aware of any material commitments incurred or known to be incurred which upon becoming enforceable may have a material impact on the financial position or the business of LHI Group:-

	<u>RM'000</u>
Capital expenditure	
Acquisition of property, plant and equipment:	
• Approved by Directors and contracted	64,819
	<u>64,819</u>

5.2 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by LHI Group which, upon becoming due or enforceable, may have a material impact on LHI Group's financial position:-

	<u>RM'000</u>
Financial penalty imposed by MyCC on LFM (<i>further details are set out in Section 4 of Appendix III of this Circular</i>)	157,470
	<u>157,470</u>

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of LHI at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan following the date of this Circular, up to and including the date of the EGM:-

- (i) the Constitution;
- (ii) the audited consolidated financial statements for the past 2 financial years ended 31 December 2022 and 31 December 2023;
- (iii) the draft By-Laws as set out in Appendix I of the Circular;
- (iv) the draft Trust Deed as referred to in Appendix II of the Circular;

APPENDIX III – FURTHER INFORMATION (CONT'D)

- (v) the relevant cause papers in respect of the material litigation as referred to in Section 4 of Appendix III of this Circular; and
- (vi) the letter of consent and declaration of conflict of interests as referred to in Section 2 of Appendix III of this Circular.

(The rest of this page has been intentionally left blank)



LEONG HUP INTERNATIONAL BERHAD

Registration No. 201401022577 (1098663-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Leong Hup International Berhad ("**LHI**" or "**Company**") will be conducted fully virtual through live streaming from the online meeting platform via TIIH Online at <https://tiih.online> on Friday, 31 May 2024 at 12.00 noon or immediately upon the conclusion or adjournment (as the case may be) of the 10th Annual General Meeting of the Company which has been scheduled to be held in the same manner on the same day at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME ("**PROPOSED ESOS**")

"THAT subject to the approvals from all relevant regulatory authorities and parties being obtained for the Proposed ESOS, and to the extent permitted by law and the Constitution of the Company, approval and authority be and is hereby given to the Board of Directors of the Company to undertake the following:-

- (i) to establish and implement an employees' share option scheme for the benefit of eligible Executive Directors and employees of the Company and its subsidiaries (*excluding subsidiaries which are dormant*) ("**LHI Group**") ("**Eligible Persons**") who fulfil certain specified conditions of eligibility for participation in the Proposed ESOS and to implement and administer the same in accordance with the by-laws of the Proposed ESOS ("**By-Laws**") which is set out in Appendix I of the circular to shareholders of LHI dated 16 May 2024 ("**Circular**");
- (ii) to allot and issue and/or procure the transfer of such number of new ordinary shares in the Company (as adjusted or modified from time to time pursuant to the By-Laws) ("**LHI Share(s)**") from time to time as may be required for the purpose of or in connection with the Proposed ESOS, provided that the total number of LHI Shares be allotted and issued and/or transferred pursuant to granting of options to subscribe for acquire LHI Shares ("**ESOS**") ("**Offers**") to eligible Executive Director(s) and eligible employees of the LHI Group in relation to the Proposed ESOS shall not exceed 5% in aggregate of the total number of issued shares of the Company (*excluding treasury shares, if any*) at any point in time throughout the duration of the Proposed ESOS;
- (iii) to set up a committee to implement and administer the Proposed ESOS ("**ESOS Committee**");
- (iv) to appoint a trustee to facilitate the implementation of the Proposed ESOS;
- (v) to make the necessary application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for permission to deal in and for the listing of and quotation for the new LHI Shares (*as adjusted or modified from time to time pursuant to the By-Laws*) that may hereafter from time to time be allotted and issued pursuant to the Proposed ESOS; and
- (vi) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules and regulations, or to impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and the terms of the By-Laws;

AND THAT the By-Laws which is in compliance with the Main Market Listing Requirements of Bursa Securities, be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to give effect to the Proposed ESOS with full power to modify, add, delete and/or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to amendments and/or modifications and to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed ESOS.”

ORDINARY RESOLUTION 2 TO 13

PROPOSED ALLOCATION OF OFFER TO THE FOLLOWING ELIGIBLE PERSONS WHO ARE EXECUTIVE DIRECTOR OF LHI AND THE PERSONS CONNECTED WITH THEM UNDER THE PROPOSED ESOS

“**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to each of the Executive Directors and persons connected with them as named therein below respectively and to allot and issue and/or deliver such number of Options as stated below, provided always that 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 LHI, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws.

Name (Designation)	Number of Options to be allocated	Ordinary Resolution
Lau Chia Nguang (<i>Non-Independent Executive Chairman</i>)	1,530,000	Ordinary Resolution 2
Tan Sri Dato' Lau Eng Guang (<i>Non-Independent Executive Director</i>)	1,530,000	Ordinary Resolution 3
Tan Sri Lau Tuang Nguang (<i>Non-Independent Executive Director / Group Chief Executive Officer</i>)	1,530,000	Ordinary Resolution 4
Datuk Lau Joo Hong (<i>Non-Independent Executive Director / Group Chief Operating Officer</i>)	1,350,000	Ordinary Resolution 5
Lau Joo Han (<i>Non-Independent Executive Director</i>)	1,275,000	Ordinary Resolution 6
Lau Joo Keat (<i>Non-Independent Executive Director</i>)	1,275,000	Ordinary Resolution 7
Lau Joo Kiang (<i>General Manager, Operations (Indonesia operations)</i>)	263,000	Ordinary Resolution 8
Lau Joo Ping (<i>Costing Manager (Malaysia operations)</i>)	13,000	Ordinary Resolution 9
Lau Joo Hau (<i>General Manager, Operations (Vietnam operations)</i>)	282,000	Ordinary Resolution 10
Lau Jui Peng (<i>Group Breeder Chief Executive Officer</i>)	1,275,000	Ordinary Resolution 11
Lau Joo Heng (<i>Chief Executive Officer of the Philippines operations</i>)	1,275,000	Ordinary Resolution 12
Lau Joo Hwa (<i>Chief Executive Officer of Singapore operations</i>)	1,275,000	Ordinary Resolution 13

BY ORDER OF THE BOARD

Lum Sow Wai (MAICSA 7028519) (SSM PC NO. 202008002373)
Tan Lai Kai (MIA 41018) (SSM PC NO. 202008002788)
Te Hock Wee (MAICSA 7054787) (SSM PC NO. 202008002124)
Company Secretaries

Kuala Lumpur

Date: 16 May 2024

Notes:

1. The EGM will be conducted fully virtual through live streaming from the online meeting platform at <https://tjih.online>.

Shareholders are to attend, speak (*including posing question to the Board via real time submission of typed texts*) and vote remotely at the EGM via the RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tjih.online>. For further information, kindly refer to the Administrative Guide for the EGM.
2. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
3. A member of the Company who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the general meeting.
5. 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 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.
6. 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 the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member, an authorised nominee or an exempt authorised nominee appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
8. 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 48 hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:

 - (i) In hard copy form
Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via Tricor TIH Online website at <https://tjih.online>
Please refer to the Administrative Guide of the EGM for further information on electronic submission of proxy form via TIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Wednesday, 29 May 2024 at 12.00 noon.
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier. 13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.



LEONG HUP INTERNATIONAL BERHAD
 Registration No. 201401022577 (1098663-D)
 (Incorporated in Malaysia)

FORM OF PROXY

CDS Account No

No. of Shares held

*I/We _____ Tel: _____
 [Full name in block, MyKad/Passport/Company No.]

of _____
 (Full Address)

being a Member of the abovenamed Company, hereby appoint the following person(s):

Full Name (in Block Letters)	MyKad/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and

Full Name (in Block Letters)	MyKad/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the EGM of the Company which will be conducted fully virtual through live streaming from the online meeting platform via TIH Online at <https://tthh.online> on Friday, 31 May 2024 at 12.00 noon or immediately upon the conclusion or adjournment (as the case may be) of the 10th Annual General Meeting of the Company which has been scheduled to be held in the same manner on the same day at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:

Agenda	Ordinary Resolution	For	Against
Proposed ESOS	1		
Proposed Allocation of 1,530,000 Options to Lau Chia Nguang	2		
Proposed Allocation of 1,530,000 Options to Tan Sri Dato' Lau Eng Guang	3		
Proposed Allocation of 1,530,000 Options to Tan Sri Lau Tuang Nguang	4		
Proposed Allocation of 1,350,000 Options to Datuk Lau Joo Hong	5		
Proposed Allocation of 1,275,000 Options to Lau Joo Han	6		
Proposed Allocation of 1,275,000 Options to Lau Joo Keat	7		
Proposed Allocation of 263,000 Options to Lau Joo Kiang	8		
Proposed Allocation of 13,000 Options to Lau Joo Ping	9		
Proposed Allocation of 282,000 Options to Lau Joo Hau	10		
Proposed Allocation of 1,275,000 Options to Lau Jui Peng	11		
Proposed Allocation of 1,275,000 Options to Lau Joo Heng	12		
Proposed Allocation of 1,275,000 Options to Lau Joo Hwa	13		

(Please indicate with "X" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from so doing at his/ her discretion.)

Signed this _____ day of _____

 *Signature
 Member

* Manner of execution:

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



Notes:

1. The EGM will be conducted fully virtual through live streaming from the online meeting platform at <https://tiih.online>.
Shareholders are to attend, speak (*including posing question to the Board via real time submission of typed texts*) and vote remotely at the EGM via the RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. For further information, kindly refer to the Administrative Guide for the EGM.
2. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
3. A member of the Company who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the general meeting.
5. 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 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.
6. 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 the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member, an authorised nominee or an exempt authorised nominee appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
8. 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 48 hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form
Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means via Tricor TIIH Online website at <https://tiih.online>
Please refer to the Administrative Guide of the EGM for further information on electronic submission of proxy form via TIIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Wednesday, 29 May 2024 at 12.00 noon.
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier. 13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
LEONG HUP INTERNATIONAL BERHAD
201401022577 (1098663-D)

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st fold here

