

KPJ HEALTHCARE BERHAD
Registration No. 199201015575 (247079-M)

**TERM OF REFERENCE OF THE
NOMINATION AND REMUNERATION COMMITTEE**

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1. **PURPOSE**

The Nomination and Remuneration Committee ("**NRC**") is established as a committee of KPJ Healthcare Berhad's Board of Directors ("**the Board**") with the following primary objectives:

Nomination Function

- Proposing the candidates for:
 - (i) the Board of KPJ Healthcare Berhad;
 - (ii) the Board of the operating subsidiaries and associates of KPJ Healthcare Berhad (KPJ Group);
 - (iii) the Board Committees of KPJ Healthcare Berhad; and
 - (iv) the Board Committees of KPJ Group (where applicable).
- To assist the Board in reviewing on an annual basis the appropriate size and balance of the Board, including appropriateness of non-executive participation.
- To review the required mix of skills, experience, knowledge and responsibilities of the Directors of the Board.
- To recommend members for appointments to the Board and Board Committees and to ensure appropriate assessment of Directors on an ongoing basis.
- To ensure there is at Management level, sufficient succession planning and human capital development focus and ensure training needs are addressed.
- To develop, maintain and review the criteria to be used in the recruitment process, annual assessment and development of Directors.

Remuneration Function

- Proposing to the Board, the remuneration framework of President & Managing Director (Executive Directors), Non-Executive Directors (including the Non-Executive Chairman and Independent Directors), Senior Management of KPJ Group and key pivotal positions in all its forms, drawing from outside advice as necessary; and
- Implementing the policies and procedures on remuneration including reviewing and recommending to the Board, matters relating to the remuneration of Board and Senior Management which includes KPJ Group's executive remuneration policy, remuneration framework and performance measures criteria, including the various incentive or retention schemes implemented by KPJ Group.

Performance Setting & Assessment

- To establish the President & Managing Director's goals and objectives; and
- To review the President & Managing Director's performance against the Strategies goals and objectives set.

Employee Share Option Scheme ("ESOS")

- To administer the implementation of the ESOS in accordance with objectives and rules as stated in the By-Law (attachment 1)
- The Committee shall carry out such duties that may be delegated by the Board

2. MEMBERSHIP

- The NRC members shall be appointed by the Board from amongst their members and shall consist of not less than four (4) members, all of whom shall be Non-Executive Directors, and a majority of whom shall be Independent Directors.
- No alternate Director shall be appointed as a member of the NRC.
- The appointment of an NRC member terminates when the member ceases to be a Director of KPJ Healthcare Berhad.
- The Board believes that the current composition of NRC can act collectively in the best overall interests of shareholders with reference to nomination and remuneration of Board members.

3. CHAIRMAN

- The Chairman of the NRC is an Independent Director who shall be appointed by the Board.
- In the absence of the Chairman of the NRC, the members present shall elect one of their members to chair the meeting.
- The Chairman of the NRC shall be available to answer questions about the NRC matters at the Annual General Meeting (“AGM”) of KPJ Healthcare Berhad.

4. SECRETARY

- The secretary of the NRC is the Company Secretary. Setting the agenda for NRC meeting is the responsibility of the NRC Chairman, with inputs from the NRC members. The NRC Chairman may also request for management to participate in this process. The agenda of each meeting, including supporting information, are circulated to the NRC members in advance to enable them to have sufficient time to assess and evaluate prior to each meeting. The NRC, through its Chairman, reports to the Board at the next Board of Directors’ meeting after the NRC meeting.

5. QUORUM

- There should be at least three (3) members of the Committee.
- A Committee at which a quorum is present is competent for the exercise of its authorities, power and discretions vested upon it.

6. FREQUENCY OF MEETINGS

- The NRC meets at least four (4) times a year, with additional meetings scheduled as and when necessary.
- The NRC has access to such information and advice, both from within the KPJ Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board.
- The NRC may request other Directors, members of management, counsels and consultants to participate in NRC meetings as necessary, to carry out the NRC’s responsibilities.

- Non-NRC Directors and members of management in attendance may be required by the Chairperson to leave the meeting of the NRC when so requested.
- A meeting of the NRC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the NRC.
- The NRC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the NRC duly convened. Approval of the NRC obtained by an NRC Circular Resolution must be signed or approved by all NRC members.

7. NOTICE OF MEETINGS

- The NRC has established procedures to govern its meetings, keeping of minutes and its administration.
- The Secretary shall issue and circulate the notice of the NRC meetings confirming the venue, time and date at least five (5) working days before each meeting to the Committee members and all those who are required to attend the meeting.
- The agenda for each meeting including relevant documents and information requested by the NRC shall be circulated at least five (5) working days before each meeting to the NRC members and all those who are required to attend the meeting. The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any late agenda including relevant documents and information for circulation to the NRC members.
- The NRC meeting agendas shall be the responsibility of the Chairman with input from the NRC members, and assisted by the Secretary. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate in this process.

8. MINUTES OF MEETINGS

- The minutes of the meeting shall be action oriented and record the deliberations and decisions of the NRC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each NRC meeting to ensure proper follow through.
- Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.
- Minutes shall be distributed to NRC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- Copies of minutes of each meeting shall be distributed to all members of the Board. The NRC, through its Chairman, shall update the Board on the activities undertaken by the NRC at each Board meeting.
- Relevant members of Management shall be provided with the minutes and Matters Arising for follow up on key actions required.

9. DUTIES AND FUNCTIONS

The list of duties and authority takes into consideration the best practices, the Malaysian Code on Corporate Governance (“**Code**”) and Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“**MMLR**”). The main functions and duties of the NRC shall include, but are not limited to the following:

Nomination Functions and Duties:

The Company has in place a formal and transparent procedure on the appointment of new Directors. All nominees to the Board are first considered by the NRC, considering the mix of skills, competencies, experience and other qualities required to oversee a highly regulated healthcare business, before they are recommended to the Board. While the Board is responsible for the appointment of new Directors, the NRC is delegated to the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. The NRC evaluates the nominees’ ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.

- Establish a policy formalising the Group’s approach to Boardroom diversity (including diversity in gender, nationality, age, culture, socio-economic background, skills, experience and independence).
- Non-Executive Directors should be persons of calibre, credibility and have the necessary skills and experience to bring an independent judgement to bear on issues considered by the Board and that Independent Non-Executive Directors should make up at least one-third (1/3) of the membership of the Board.
- The NRC shall also consider and recommend to the Board the composition of the Board which must comprise a majority of Independent Directors.
- Annually evaluate, review and recommend to the Board the appropriate size of the Board, required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that they are in line with KPJ Healthcare Berhad and the Group’s requirements.
- Consider and recommend any policy regarding the period of service of Non-Executive Directors, tenure of Independent Directors and the term of office of Board Committee members, including Chairmen of Board Committees.
- To propose to the Board the responsibilities of Non-Executive Directors, including membership and Chairmanship of Board Committees.
- Periodically review the term of office, and terms of reference of all Board Committees assisted by the Company Secretary.
- To recommend to the Board whether Directors who are retiring by rotation should be put forward for re-election, or Termination of membership of individual Directors.
- Consider and recommend to the Board the selection criteria for new appointment as Directors of KPJ Healthcare Berhad and KPJ Group which may include:
 - Required skills, knowledge, expertise and experience.
 - Time commitment, character, professionalism and integrity.
 - Ability to work cohesively with other members of the Board.
 - Specialist knowledge or technical skills in line with KPJ Group’s Strategy
 - Diversity in age, gender and experience/background; and
 - Number of directorships in companies outside the KPJ Group.

- To provide for on boarding and orientation for new Directors with respect to the business, structure and management of KPJ Group as well as the expectations of the Board regarding their contributions to the Board and KPJ Healthcare Berhad.
- Ensure that a formal letter of appointment setting out clearly the expected time commitment, Board Committee involvement, involvement outside Board meetings and protocol for accepting new Directorships is provided to the Non-Executive Directors upon appointment to the Board.
- Identify, consider and recommend suitable persons for appointment as Directors of KPJ Healthcare Berhad, KPJ Group and members of the Board Committees, relying on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.
- Disclose in the Company's Annual Report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the existing Board members, Management or major shareholders and if the selection of candidates was solely based on recommendations made by existing Board members, Management or major shareholders, the NRC should explain why other sources were not used.

Appointment of Key Management Positions:

- Review and recommend to the Board the appointment, evaluation, resignation, disciplinary actions and termination of the President & Managing Director position.
- Review and approve the appointment, evaluation, resignation, disciplinary actions and termination of the key senior managements positions, including Senior Vice Presidents, Vice Presidents, Senior General Managers and business unit CEOs.
- The NRC reserves the right to interview any candidate recommended by the President & Managing Director prior to approval.
- Review and approve all nominations, appointment and re-appointment of Medical Directors of KPJ hospitals.
- Ensure that appointments of key pivotal positions are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- Review and recommend to the Board all appointment and remuneration matters relating to C-Suite personnel, being key senior management positions reporting directly to the President and Managing Director, and all such matters shall be subject to the approval of the Board.

Succession Planning

- To establish appropriate succession plans at Board level, and at senior management level.
- The President & Managing Director shall assist the NRC in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the President & Managing Director and key pivotal positions. The NRC shall be apprised of the progress of the programme on a regular basis, and at least once a year.

Annual Performance Assessment

- Assist the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and each Board Committee (including its size and composition), as well as the contribution of each individual Director. The method/approach of the assessment and outcome of the evaluation shall be documented.
- Develop, maintain and review the criteria for evaluating the Board's, and Board Committees' and each individual Director's performance. Board evaluation will be conducted periodically.
- To develop appropriate actions to be taken based on the results of the annual assessments, to continuously enhance the Board's overall performance and identify opportunities for improvement.

Training and Development:

- Recommend suitable orientation and training programmes to continuously train and equip new and existing Directors.
- Ensure a statement is made by the Board in the Annual Report of KPJ Healthcare Berhad, containing a description on the type of training attended by Directors for the financial year.

Remuneration Functions and Duties:

- The Board believes that the levels of remuneration offered by KPJ Group are sufficient to attract Directors of calibre as well as sufficient experience and talent to contribute to the performance of KPJ Group.

The remuneration framework for the President & Managing Director and Senior Management as well as key pivotal positions should be guided by attracting and retaining a high performing senior team needed to lead and manage the Company successfully.

The remuneration package of the President & Managing Director is structured to commensurate with the achievement of corporate targets set by the Board and his individual performance. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company.

- Review and recommend to the Board a formal and transparent remuneration policy and framework in determining the remuneration packages for Directors and Senior Management of KPJ and the Group drawing on external consultants' advice as necessary. In doing so, the NRC should perform the following:
 - Ensure that compensation policies and packages of Directors and Senior Management are reflective of the Group's demands, complexities and performance as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.

- Ensure performance targets are in line with shareholders' interests, and with an appropriate balance between long-term and short-term goals.
- Ensure a strong link is maintained between the level of remuneration and individual performance against agreed targets.
- Ensure a significant proportion of the total remuneration package of Executive Directors to be based on the performance.
- Ensure alignment of the compensation scale to corporate performance, and that compensation offered is in line with current market practices by comparable companies, time commitment, responsibilities and employment conditions elsewhere within KPJ Group and in the market.
- To review and recommend the entire individual remuneration package for President & Managing Director and, other Senior Management, including the terms of employment or contract of employment/service; any benefit, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract.
- To review with the President & Managing Director, his/her goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.
- To review the performance indicators and standards for key Management staff to be used in implementing the Group's compensation programmes where appropriate.
- Review and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for KPJ Group, as recommended by the President & Managing Director, including the total quantum of payment.
- Review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the President & Managing Director position.
- Review and if deemed appropriate, endorse for the Board's approval, the recommendations of the President & Managing Director on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the key pivotal positions.
- Review and recommend the extension of service, remuneration and compensation and benefits packages of the key pivotal positions, who have reached the age of retirement.
- To consider and approve compensation commitments/severance payments for Executive Directors and key Management, where appropriate, in the event of early termination of the employment/service contract.
- Periodically review the remuneration framework, policies and procedures.
- To consider other matters as referred to the NRC by the Board.

ESOS

- The Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the ESOS in such manner as it deems fit. The Committee may, for the purpose of administering this ESOS, enter into any transactions, agreements, deeds, documents of arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the ESOS which the Committee may in its discretion consider to be necessary.
- To select and determine eligible employees and subsidiary companies who shall be entitled to participate in the ESOS.

- To determine the basis of allocation and the number of shares to be offered and allotted to the eligible employees.
- To determine the terms and conditions of offer to eligible employees in accordance with the established criteria of allocation.
- To administer the Offer to Eligible Persons and the acceptance thereof.
- To determine the subscription price.
- To determine the limits on the exercise of Option, including the number of shares exercisable and the prescribed Option period and to impose any other terms and/or conditions it deems fit.
- To administer the exercise of Option and to ensure remittance for the full amount of subscription monies.
- To administer the exercise and/or termination of an Option in the event the employee ceases to be in the employment of the Company by reason of:-
 - resignation;
 - retirement;
 - ill health, injury, physical or mental disability;
 - liquidation of the Company;
 - death; or
 - any other circumstances which are acceptable to the Committee.
- To exercise the rights of the Committee in suspending and/or reinstating the employee's Option in the event the employee is subject to disciplinary proceedings, and to impose such terms and conditions as the Committee shall deem appropriate having regard to the nature of the charges made or brought against the employee.
- No eligible employee, Grantee or legal representative shall bring any claim, action or proceeding against the Company, Board or Committee for compensation, loss or damages arising from the ESOS.
- To approve any adjustment or alteration to :
 - i. The subscription price; and/or
 - ii. The number of shares unexercised; and/or
 - iii. The method of exercise of the Option arising from any change in the capital structure, as a result of restructuring, divestment from Takeover, Scheme of Arrangement, Amalgamation and/or Reconstruction of the Company.
- To carry out any duties deemed incidental or ancillary in relation thereto.

10. REPORTING RESPONSIBILITIES

The NRC Chairman shall report to the Board on its proceedings after each Committee meeting. The Committee shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is needed. The Committee shall produce a report to be included in the Company's Annual Report about its activities.

11. AUTHORITY

The NRC in performing its duties shall have access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company, including obtaining independent professional advice at the Company's expense.

The NRC is authorised by the Board and at the expense of KPJ Group to perform the following:

- Secure the resources in order to perform its duties as set out in its terms of reference.
- Have full and unrestricted access to KPJ Group Human Resources, including without limitation, its information, records, properties and personnel.
- Obtain independent professional advice, service and/or expertise to perform its duties, or obtain the assistance of Management where necessary.
- Be directly responsible for compensation and oversight of such professional or legal advisor and shall have the sole authority to approve such advisor's fees and other retention terms if the NRC retains any such independent professional advisor. Prior to the selection of such advisor, the Committee shall carry out an independent assessment of such advisor.
- Provide its recommendations to the Board for its consideration and approval.

12. REVIEW OF THE TERMS OF REFERENCE

The NRC shall recommend any change to its terms of reference in such manner as the NRC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Code on, MMLR or any other regulatory requirements. It shall also be reviewed and updated when there are changes to the direction or strategies of KPJ Group that may affect the NRC's role.

This Terms of Reference is dated 12 April 2023.

**BY-LAWS - Employee Share Option Scheme
KPJ HEALTHCARE BERHAD ("KPJ")**

CERTIFIED TRUE COPY

NADIAH ABDUL HALEEM SHAH (B/C/N/771)
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1. NAME OF SCHEME

This Scheme will be called the **"KPJ Group Employees' Share Option Scheme"**.

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are intended to:-

- (a) recognise the valuable contribution of the Eligible Persons whose services are essential to the operations and growth of the Group;
- (b) motivate the Eligible Persons in improvement of performance through increased productivity and loyalty to the Group;
- (c) retain the Eligible Persons and to attract experienced and skilled employees to work within the Group;
- (d) reward the Eligible Persons by giving them the opportunity to participate in the equity of the Company and thereby realising any capital gains through an increase in the value of KPJ's Shares;
- (e) coordinate the interests of the Eligible Persons with the Company's shareholders' interest; and
- (f) reward the non-executive Directors as they provide valuable experience and opinion to the Board, whilst at the same time carry out the important function of monitoring the performance of the management.

3. DEFINITIONS AND INTERPRETATIONS

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

Act	The Companies Act, 1965 of Malaysia as amended from time to time and any re-enactment thereof;
Adviser	A person as described in Paragraph 1.01 of the Listing Requirements;
Audit Committee	The audit committee of KPJ;

Board	The Board of Directors of KPJ;
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W);
By-Laws	The rules, terms and conditions of the Scheme as set out herein, and shall include any amendments, variations or supplements made hereto from time to time in accordance with By-Law 19;
CDS	Central Depository System;
CDS Account	An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor;
Certificate of Option	Has the meaning ascribed to it under By-law 9.2;
Date of Offer	The date on which an Offer is made by the ESOS Committee to Eligible Persons to participate in the Scheme;
Date of Acceptance	The date of receipt by the ESOS Committee of written notice of acceptance of the Option by the Eligible Person;
Date of Expiry	The last day of the duration of this Scheme or any extended period pursuant to By-law 24.4 hereof;
Director(s)	A person who holds a directorship, whether an executive or non-executive capacity, in the KPJ Group;
Disciplinary Proceedings	Has the meaning ascribed to it in By-Law 11.10;
Effective Date	The date the last of the approvals and/or conditions referred in By-Laws 24.1 hereof have been obtained and/or complied

	with;
Eligible Director	Has the meaning ascribed to it in By-Law 6.1 (b);
Eligible Employee/Officer	Has the meaning ascribed to it in By-Law 6.1 (a);
Eligible Person(s)	Eligible Director and/or Eligible Employee/Officer;
ESOS	Employees' share option scheme;
ESOS Committee	The committee appointed by the Board to administer the Scheme on behalf of the Board pursuant to By-Law 4 hereof;
Exercise Condition	Has the meaning ascribed to it in By-Law 11.3;
Ex-Group Company	A company that ceases to be under the Group;
Grantee(s)	Any Eligible Person who has accepted the Offer or any part thereof in accordance with provisions of By-Law 9 hereof;
KPJ or the Company	KPJ Healthcare Berhad (247079-M);
KPJ Group or the Group	For the purpose of this Scheme means KPJ and its subsidiaries as defined under Section 5 of the Act (provided that the company is incorporated in Malaysia, is not listed on Bursa Securities and is not dormant) at that point of time;
KPJ Share(s)	Ordinary shares of par value RM0.50 each in KPJ or such other par value as determined from time to time;
Listing Requirements	The Main Market Listing Requirements of Bursa Securities, as amended and supplemented from time to time;
Market Day	Any day on which Bursa Securities is open for securities trading;
Offer	An offer made in writing by the ESOS Committee to an Eligible Person in the

	manner indicated in By-Law 8 hereof;
Officer(s)	Has the meaning ascribed in the Act;
Option(s)	The right of a Grantee to subscribe for Scheme Shares pursuant to the contract constituted by acceptance of the Offer in the manner prescribed in By-Law 9 hereof;
Option Period	A period commencing from the Date of Offer and expiring on a date which the ESOS Committee may in its discretion decide provided that no Option Period shall extend beyond the period referred to in By-Law 24.3 hereof (or where applicable beyond the extended period as referred to in By-Law 24.4 hereof);
Previous Company	A company which is not under the KPJ Group but which subsequently becomes part of KPJ Group as result of a restructuring, a merger, or otherwise involving KPJ and/or any company within the KPJ Group;
Related Company	A company which is related to KPJ as defined under Section 6 of the Act;
Rules of Bursa Depository	The rules of Bursa Depository as issued pursuant to the SICDA;
RM and sen	Ringgit Malaysia and sen, respectively;
Scheme	The scheme for the grant of Option to Eligible Person to subscribe for Scheme Shares on the terms as set out herein and shall be known as "KPJ Group Employees' Share Option Scheme" ;
Scheme Share(s)	New KPJ Share(s) issued upon exercise of Options granted under the Scheme;
SICDA	Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof;
Subscription Price	The price at which the Grantee shall be entitled to subscribe for every new KPJ Shares by exercising his/her Option as

determined in accordance with By-Law 10 hereof;

Unexercised
Option(s)

The Option(s) which remain unexercised by a Grantee.

3.2 In these By-Laws unless the context otherwise requires:-

- (i) Any reference to a statutory provision or an applicable law, rule or regulation shall include a reference to:
 - (a) any and all subsidiary legislation made from time to time under that statute or law;
 - (b) Listing Requirements, any and all policies and/or guidelines of Bursa Securities and/or the SC (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or the SC);
 - (c) 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 Offer;
 - (d) that provision as from time to time modified or re-enacted 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 within the duration of the Scheme; and
 - (e) any past statutory provision (as from time to time modified or re-enacted) which such statutory provision has been directly or indirectly replaced.
- (ii) The heading in these By-Laws are for ease of reference only and do not affect the meaning of the By-Laws;
- [iii) Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) Any liberty or power which may be exercised or any determination which may be made under these By-Laws:
 - (a) by the Board may be exercised at the Board's sole and

absolute discretion and the Board may delegate all or any part of its powers or duties relating to the Scheme which the Board in its discretion consider to be necessary or desirable for giving full effect to this Scheme, to the ESOS Committee; and

- (b) by the ESOS Committee may be exercised at its sole and absolute discretion for the purpose of administering the Scheme in accordance with By-Law 4 hereof.
- (v) If any 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; and if an event is to occur on a stipulated day which falls after the expiry of the Scheme then the stipulated day shall be taken to be the last Market Day of the Scheme's tenure.

4. ADMINISTRATION

- 4.1 This Scheme shall be administered by the ESOS Committee comprising such number of persons as shall be appointed by the Board from time to time. The Board shall have the discretion as it deems fit to rescind the appointment of any member of the ESOS Committee and may appoint replacement members to the ESOS Committee.
- 4.2 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.
- 4.3 The ESOS Committee shall administer the Scheme in such manner it shall in its discretion deem fit and with such powers and duties as are conferred upon it, subject only to these By-Laws. The ESOS Committee may do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and waive or make additional rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.
- 4.4 The ESOS Committee may meet together for the dispatch of business, to adjourn or otherwise regulate its meeting as it thinks fit.

5. MAXIMUM NUMBER OF SCHEME SHARES AVAILABLE UNDER THE SCHEME

- 5.1 The aggregate number of Scheme Shares comprised in:

- (a) the Options exercised by all the Grantees;
- (b) the Options remaining exercisable by all the Grantees; and
- (c) the Unexpired Offers pending acceptance by all the Eligible Persons,

shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the Scheme.

5.2 The provisions of By-Law 5.1 above or any other provisions herein contained shall not apply in the event the aggregate maximum number of new KPJ Shares comprised in the Option granted under the Scheme exceeds the aforesaid ten percent (10%) as a result of the Company purchasing, cancelling and/or reducing its own shares in accordance with the provisions of the Act and/or undertaking any other corporate proposal resulting in reduction of issued and paid-up ordinary share capital of the Company, and:-

- (i) such Option granted prior to the adjustment of the issued and paid-up capital of the Company shall remain valid and exercisable in accordance with the provisions of these By-laws; and
- (ii) no further Option shall be offered by the Company to the Eligible Person until the aggregate maximum number of Scheme Shares comprised in such subsequent Offers granted or to be granted thereunder falls below ten percent (10%) of the Company's issued and paid-up ordinary share capital (excluding treasury shares) after such adjustment.

5.3 The Company will keep available sufficient number of unissued shares in its authorized share capital to satisfy all outstanding Options, which may be exercised throughout the Option Period.

6. ELIGIBILITY

6.1 Subject to the discretion of the ESOS Committee, any employee/Officer of the Group shall be eligible to participate in the Scheme if, as at the Date of Offer (as defined herein):

- (a) an employee/Officer:-
 - (i) is at least eighteen (18) years old; and
 - (ii) is a confirmed employee who is employed full-time

(on permanent or contract basis) and has served the Group for a continuous period of not less than three (3) years; or

- (iii) is an employee on overseas attachment and has served the Group for a continuous period of not less than three (3) years; or
- (iv) is an employee of a company recently acquired by KPJ or transferred from other companies to the Group pursuant to By-Law 22. I hereto and has served a continuous period of not less than three (3) years , starting from the date such companies becomes or are deemed to be subsidiaries of KPJ; or
- (v) is a registered company secretary and has served as the registered company secretary of KPJ for a continuous period of not less than three (3) years; and
- (vi) fulfill any other criteria and/or falls within any other criteria as may be determined by the ESOS Committee from time to time.

(hereinafter referred to as the **"Eligible Employee/Officer"**);

(b) a Director:

- (i) is at least eighteen (18) years old;
- (ii) a Malaysian citizen; and
- (iii) fulfill any other criteria and/or falls within any other criteria as may be determined by the ESOS Committee from time to time.

(hereinafter referred to as the **"Eligible Director(s)"**)

6.2 Any specific allocation of Options under the Scheme to a Director, major shareholder or chief executive of KPJ or to person connected with such Director, major shareholder or chief executive of KPJ (as defined in the Listing Requirements) shall also be approved by the shareholders of KPJ in a general meeting.

6.3 Any Eligible Person who holds a position as a Director on the board of directors of more than one company in the Group or holds more than one position in the Group and is by reason thereof entitled to participate in the Scheme in more than one category shall only be entitled to only one category to be determined by the ESOS

Committee at its sole discretion.

- 6.4 No Director, senior management and employee shall participate in the deliberation, discussion or decision of their own allocations.
- 6.5 Eligibility, however does not confer on an Eligible Person a claim or right to participate or a right to claim in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with By-Law 9 hereof and the terms of the Offer.
- 6.6 No Officer of a dormant company within the Group shall be eligible to participate in the Scheme.
- 6.7 Employees or Officers of associated companies within the Group are not eligible to participate in the Scheme.

7. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 7.1 Subject to any adjustments, which may be made under By-Law 16 hereof, the maximum number of Scheme Shares that may be offered and allotted to any of the Eligible Person of the Group who are entitled to participate in the Scheme shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the position, performance, seniority/rank and length of service of the Eligible Person in the Group, respectively, or such other matters which the ESOS Committee may in its discretion deem fit, subject to the following:-
 - (i) the number of Scheme Shares that may be offered shall always be subject to the maximum number of Scheme Shares available as stated in By-Law 5 above;
 - (ii) the specific number of Scheme Shares to be allocated to the eligible Directors shall be approved by the shareholders of the Company; and
 - (iii) the number of Scheme Shares to be allocated to any Eligible Director or Eligible Employee who, either singly or collectively through persons *connected* with such Eligible Director or Eligible Employee (as defined in paragraph 1.01 of the Listing Requirements), holds twenty percent (20%) or more of the total issued and paid-up share capital (excluding treasury shares) of the Company does not exceed ten percent (10%) (or such other percentage as may be determined by Bursa Securities or any other relevant

authorities from time to time) of the total number of Scheme Shares to be issued under the Scheme,

PROVIDED ALWAYS THAT it is in accordance with the Listing Requirements and/or any other requirements of the relevant authorities (as amended from time to time).

- 7.2 The determination of eligibility and allocation are performed by the ESOS Committee at the point of granting of the Options. The Grantees are free to exercise the Options with no performance target and/or certain targets to be achieved, at the discretion of the ESOS Committee as well as the terms and conditions of these By-Laws.
- 7.3 Allocation of Options to Eligible Employee will be made over five (5) years period while final allocation for Eligible Employee will be based on years of services. The Eligible Employees with years of services exceeding twelve (12) years will be allocated with a maximum amount of Options made available for his/her respective rank and the Options will be allotted gradually.
- 7.4 The Options will be allotted fully to Eligible Directors and company secretaries.
- 7.5 The ESOS Committee shall have the discretion in determining whether the granting of the Options to the Eligible Person will be based on staggered granting over the duration of the Scheme or in one (1) single grant, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee.
- 7.6 In determining the allocation of Options to Eligible Employees pursuant to By-Law 6.1 [a] (iv) and By-Law 22.1 hereto, the ESOS Committee shall have regard to the Eligible Employee's years of service with the related company in calculating the Eligible Employee's years of service with the Group.

8. OFFER

- 8.1 The ESOS Committee may, at its discretion at any time and from time to time as it shall deem fit during the duration of the Scheme make one or more Offers to any Eligible Person whom the ESOS Committee may in its absolute discretion, PROVIDED THAT such exercise of the Options shall not be less than and shall be in multiples of KPJ Shares equivalent to the applicable board lot of Bursa Securities.
- 8.2 Subject always to By-Law 5.1, the ESOS Committee may make one

or more Offers to each Eligible Person during the Option Period PROVIDED ALWAYS that the aggregate number of Scheme Shares to be so offered to each Eligible Person shall not exceed the maximum entitlement of that Eligible Person as stipulated in By-Law 7.1.

8.3 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 exclusive to the Eligible Person and cannot be assigned, transferred, encumbered or otherwise disposed of in any other manner whatsoever. An Offer or any part thereof shall lapse and be null and void in the event the Eligible Person prior to the acceptance of such Offer:

(a) in the case of the Eligible Employee, he or she ceases to be employed by the Group for any reason whatsoever, or in the case of the Eligible Director, he or she ceases to be a director of the Group; or

(b) dies or becomes a bankrupt.

9. ACCEPTANCE OF THE OFFER

9.1 Unless otherwise specified in an Offer, an Offer must be accepted by the Eligible Person by way of a written notice of acceptance and in such manner and time as prescribed by the ESOS Committee and accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the Option. The date of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.

9.2 The ESOS Committee shall within forty five (45) calendar days of the Date of Acceptance issue to the Grantee a certificate in relation to the Option ("**Certificate of Option**") in such form as may be determined by the ESOS Committee.

9.3 If the Offer is not accepted in the manner aforesaid, such Offer shall upon expiry period referred to in such Offer automatically lapse and be null and void and of no further effect.

10. SUBSCRIPTION PRICE

10.1 The Subscription Price at which the Grantee is entitled to subscribe for the Scheme Shares upon exercise of any Option to be determined by the Board upon recommendation of the ESOS Committee shall be based on the higher of the following:

- (a) the five (5) Market Days volume weighted average market price of the KPJ Shares as quoted on Bursa Securities immediately preceding the Date of Offer with an allowance for a discount of not more than ten per centum (10%) therefrom at the ESOS Committee's discretion if deemed appropriate (or such other pricing mechanism or limit as may be permitted by Bursa Securities or any other relevant regulatory authorities, from time to time); or
 - (b) the par value of the KPJ Shares.
- 10.2 The Subscription Price shall be stipulated on each Certificate of Option.
- 10.3 The Subscription Price shall be subjected to any adjustments in accordance with these By-Laws, where applicable.

11. EXERCISE OF OPTION

- 11.1 The Option granted to a Grantee is exercisable only by the Grantee during his/her employment or during his/her tenure as a Director and within the Option Period subject to By-Law 20 below.
- 11.2 An Option shall be valid from the Date of Acceptance until the earliest of any of the following events:
 - (a) the expiry of the duration of the Scheme pursuant to By-Law 24 hereof;
 - (b) any of the termination event stipulated in By-Law 20 and By-law 24.5 hereof; or
 - (c) upon liquidation of the Company.
- 11.3 The ESOS Committee may impose any condition or conditions on any Option which it grants preventing its exercise unless such condition has been complied with ("**Exercise Condition**"). If after the ESOS Committee has imposed the Exercise Condition, an event occurs which causes the ESOS Committee to consider that the Exercise Condition is no longer appropriate, it may at its absolute discretion, vary the Exercise Condition. Without prejudice to the generality of the foregoing, the ESOS Committee may impose an Exercise Condition that requires the Options granted herein shall only be exercised in such proportions as shall be determined by the ESOS Committee (in its absolute discretion at any time and from time to time) and notified in writing to the Grantee.
- 11.4 Subject to By-Law 11.3 above, an Option may be exercised in

whole or part PROVIDED THAT such exercise of the Options shall be in multiples of KPJ Shares equivalent to the applicable board lot of Bursa Securities unless otherwise determined by the ESOS Committee. Subject to the foregoing, a partial exercise of an Option shall not preclude the Grantee from exercising his/her Option with respect of the balance of the Scheme Shares comprised in the Option subject to By-Law 11.2 above.

- 11.5 Subject to By-Law 16 and By-Law 19 hereof, the ESOS Committee may, at any time and from time to time, before and after an Option is granted, limit the exercise of the Option to a maximum number of new KPJ Shares and/or such percentage of the total new KPJ Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.
- 11.6 The Grantee shall notify the Company in writing of his/her intention to exercise the Option in such form as may be prescribed by the ESOS Committee as stipulated under By-Law 9.I. Every such notice shall be accompanied by a remittance for the full amount of subscription monies in relation to the number of Scheme Shares in respect of which the Option is being exercised. Any Scheme Shares to be subscribed pursuant to the exercise of the Option and which are not paid to the Company within the aforesaid period, shall be deemed not to have been validly exercised.
- 11.7 The Grantee who exercises his/her Option shall provide the ESOS Committee with his/her CDS Account number in the notice referred to in By-Law 11.6 above.
- 11.8 Within eight (8) Market Days of the date of receipt of the abovementioned notice together with the requisite payment or such other period as may be prescribed or allowed by Bursa Securities, the Company will issue and allot such Scheme Shares, dispatch to the Grantee a notice of allotment stating the number of Scheme Shares credited into the CDS Account and make an application for the quotation of the Scheme Shares on Bursa Securities, subject to the provisions of the Company's Article of Association, the SICDA and the Rules of Bursa Depository. No physical share certificate will be issued to the Grantee.
- 11.9 The ESOS Committee, the Board and the Company shall not under any circumstances be held liable for any costs, expenses, charges and damages whatsoever and howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing the Scheme Shares or in procuring Bursa Securities to list the

Scheme Shares for which the Grantee is entitled to subscribe.

11.I O 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) ("**Disciplinary Proceedings**"), the ESOS Committee shall have the absolute right to suspend the rights of any Grantee who is being subject to such Disciplinary Proceedings by giving notice in writing to the Grantee to the effect. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:-**

- (i) in the event that such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee may reinstate the rights of such Grantee to exercise his/her Option provided that such reinstatement is within the Option Period;
- (ii) in the event such Grantee is found guilty resulting in dismissal or termination of service of such Grantee, the Option shall immediately lapse and be null and void and of no further force upon pronouncement of the dismissal or the termination of service of such Grantee notwithstanding that such recommendation maybe subsequently challenged by the Grantee in any other forum; and
- (iii) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his/her Options and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

12. RIGHTS OF GRANTEE

The Option 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/her unexercised Option.

13. RIGHTS ATTACHING TO THE NEW SHARES

The Scheme Shares to be allotted upon the exercise of an Option shall, upon their allotment and issuance, rank *pari passu* in all respects with the existing ordinary shares of the Company, save and except that such Scheme Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the

shareholders of the Company on the entitlement date of which precedes the date of allotment of the Scheme Shares. For the purpose hereof, entitlement date means the date as at the close of business on which shareholders must be registered in order to participate in any dividends, rights, allotments and/or other distributions.

14. LISTING AND QUOTATION OF NEW KPJ SHARES

The Option will not be allotted, listed or quoted on Bursa Securities until the Option is exercised in accordance with these By-Laws. The Company shall make an application to Bursa Securities for its permission for the listing of and quotation for such Scheme Shares so allotted.

15. RETENTION PERIOD

The Scheme Shares to be allotted and issued to the Grantee pursuant to the exercise of any Option under this Scheme will not be subjected to any retention period except for non-executive directors. A non-executive director must not sell, transfer or assign the said Scheme Shares allotted and issued within one (1) year from the Date of Offer.

16. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

16.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issues, bonus issues, capital reduction, subdivisions or consolidation of capital or any other variation of capital, the Company shall cause such adjustment (if any) to be made to:-

- (i) the Subscription Price;
- (ii) the number of Scheme Shares comprised in an Option (excluding Options already exercised); and/or
- (iii) the number of Option and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the Scheme),

as determined by the ESOS Committee to be in its opinion appropriate. In determining the computation for the adjustment, the ESOS Committee (where applicable) shall be guided by the relevant provisions for adjustment as set out in First Schedule of these By-Laws in consultation with the external auditor of the Company or the Adviser,

PROVIDED ALWAYS THAT:-

- (a) No adjustment to the Subscription Price shall be made which would result in the new KPJ Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new KPJ Shares.
 - (b) Upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall notify the Grantee (or his/her legal representatives where applicable) of the adjustment and the event giving rise thereto in writing within thirty (30) Market Days from the date of the adjustment.
 - (c) Such adjustments would give the Grantee the same proportion of the issued ordinary share capital of the Company as that to which he or she was entitled prior to such alterations and shall ensure that the capital outlay to be incurred by the Grantee remains unaffected.
 - (d) In determining a Grantee's entitlement to subscribe for the Scheme Shares, any fractional entitlement will be disregarded.
- 16.2 All adjustment (other than an adjustment arising as a result of a bonus issue) must be confirmed in writing by either the external auditors of the Company or an investment bank identified by the ESOS Committee, acting as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable, and such confirmation shall be final and binding on all parties.
- 16.3 The provisions of this By-Law 16 shall not apply where the alteration in the capital structure of the Company arises from:-
- (i) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business;
 - (ii) a special issue of new KPJ Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;
 - (iii) an issue of new KPJ Shares via Section 132D of the Companies Act, 1965 by the Company;
 - (iv) a share buy-back arrangement by the Company, pursuant

to Section 67A of the Act;

- (v) an issue of new KPJ Shares arising from the exercise of any conversion rights attached to securities convertible to KPJ Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (vi) an issue of new KPJ Shares upon the exercise of Options pursuant to the Scheme or under any other executive share option scheme established by KPJ; and
- (vi) an issue of new KPJ Shares arising from a dividend reinvestment scheme which allows shareholders of KPJ an option to elect to reinvest their cash dividend entitlement into new KPJ Shares.

16.4 In the event any alteration in the capital structure of the Company during the duration of the Option Period does not match any formula that has already been set out in the First Schedule of these By-Laws, the ESOS Committee shall have the discretion to assess the practicality of complying with the formula and thereafter decide on whether there should be any adjustment to be made to such formula. In the event the ESOS Committee decides that a corresponding adjustment is to be made to the formula, then such adjustment shall be made by the ESOS Committee in accordance with generally accepted formula, in compliance with the Listing Requirements (if any).

17. TAKEOVER

Notwithstanding By-Law 10 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 through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time held by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) a Grantee will be entitled during the take-over period or until the expiry of the Option Period, whichever is earlier, to exercise all or any part of his/her Unexercised Options. The Board shall use their best endeavours to procure that such a general offer be extended to any Scheme Shares that may be issued pursuant to the exercise of Options under these By-Laws; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Scheme Shares under the provisions of

the Act and/or the Capital Markets and Services Act 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his/her Unexercised Options from the date of service of the said notice to the Company 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 expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and shall thereafter be null and void.

18. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ET CETERA.

Notwithstanding By-Law 1 hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may be entitled to exercise all or any part of his/her Unexercised Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or on any other date specified by the ESOS Committee within the Option Period **PROVIDED ALWAYS THAT** no Options shall be exercised after the expiry of the Option Period.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

19.1 Subject to the compliance with the Listing Requirements and other requirements of Bursa Securities and any other relevant authorities (if any), these By-Laws may at any time and from time to time be modified and/or amended, partly or wholly, by a resolution of the Board provided that no such amendment shall be made which would either:-

- (i) materially prejudice the rights then accrued to any Grantee without prior consent or sanction of that Grantee as if the provisions of the variation of class rights contained in the Articles of Association of the Company for the time being are applicable mutatis mutandis to the Grantee; or
- (ii) contravene any of the provision of the Listing Requirements.

19.2 These By-Laws shall not be amended or modified in any way whatsoever for the advantage of the Eligible Persons without the prior approval of the shareholders of the Company obtained at a

general meeting unless otherwise allowed by the provisions of the Listing Requirements.

- 19.3 Upon amending or modifying all or any of the By-Laws, the Company shall within five (5) Market Days after the effective date of the amendments or modification, cause to submit to the Bursa Securities the amended By-Laws and a confirmation letter that the said amendments and/or modification comply and do not contravene any of the provisions of the Listing Requirements on the Scheme.

20. TERMINATION OF THE OPTION

- 20.1 In the event of the cessation of employment or determination of directorship of a Grantee with the Group for whatever reason prior to the full exercise of an Option or part thereof, such Option or the balance thereof, as the case may be, shall forthwith cease unless otherwise determined by the ESOS Committee in its sole and absolute discretion.
- 20.2 Notwithstanding By-Law 20.1 above, the ESOS Committee may in its sole and absolute discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if such cessation occurs by reason of:-
- (i) retirement on attaining the retirement age under the Group's retirement policy;
 - (ii) retirement before attaining the normal retirement age but with the consent of his/her employer;
 - (iii) ill-health, injury, physical or mental disability;
 - (iv) redundancy or voluntary separation scheme; or
 - (v) any other circumstances which are acceptable to the ESOS Committee.
- 20.3 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.
- 20.4 In the event a Grantee dies before the expiry of the Option Period, and at the date of his/her death held an Option unexercised, the Unexercised Option shall accordingly be automatically terminated and becomes null and void. The Unexercised Option, in whole or in part, may not be exercised by the legal representatives of the Grantee nor shall in any way become part of the Grantee's estate.

- 20.5 In the event a Grantee is adjudicated a bankrupt, any and all unexercised portion of the Options shall immediately become null and void and have no further effect as if the same had never been granted in the first place.

21. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of a company in the Group, which was subsequently divested wholly, or in part, from the Group which resulted in a subsequent holding of fifty per centum (50%) or less by any company within the Group, then such Grantee:-

- (i) will be entitled to continue to exercise all such Unexercised Options which were granted to him/her under the Scheme within a period of six (6) months, from the date of such divestment (within the Option Period), failing which the right of such Grantee to subscribe for that number of the Scheme Shares or any part thereof granted under such Unexercised Options shall automatically lapse upon the expiration of the said period of six (6)-month period 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 Scheme.

22. TRANSFER FROM OTHER COMPANIES TO THE GROUP

22.1 The Board shall have the absolute discretion to extend the benefit of the Scheme to an employee or a director in any of the following circumstances:-

- (i) an employee or a director who was employed in a company which is related to KPJ as defined by Section 6 of the Act ("**Related Company**") (that is to say, a company which does not fall within the definition of "the Group") and is subsequently employed by KPJ or to any company within the KPJ Group;
- (ii) an employee or a director who was in the employment of a company not under the KPJ Group ("**Previous Company**") but which subsequently becomes part of KPJ Group as result of a restructuring, a merger, or otherwise involving KPJ and/or any company within the KPJ Group;
- (iii) an employee or a director who was employed in a Previous Company and is subsequently transferred from the Previous Company to the Group; or
- (iv) where:

- (a) a company ceases to be under the Group ("**Ex-Group Company**"); and
- (b) an employee or a director of the Ex-Group Company is re-employed or reappointed by any company within the KPJ Group.

22.2 Where an employee or a director of any company of the Group is transferred to or in the case of a director, terminated but appointed onto the board of a Related Company, that employee or that director may at the absolute discretion of the Board, continue to be entitled to all his/her rights in respect of his/her Option, subject to these By-Laws.

23. WINDING-UP/ LIQUIDATION OF THE COMPANY

23.1 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 Option 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.

23.2 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 for winding-up of 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. If the petition for winding-up is dismissed by the court, the right to exercise the Options shall accordingly be unsuspended PROVIDED ALWAYS the exercise of the Options is within the Option Period or any extended Option Period pursuant to these By-laws.

24. DURATION, EXTENSION AND TERMINATION OF THE SCHEME

24.1 The effective date for the implementation of the Scheme shall be the date the last of the following approvals and/or conditions have been obtained and/or complied with ("**Effective Date**"):

- (a) the submission of the final copy of these By-Laws to Bursa Securities together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and the a checklist showing compliance with Appendix 6E of the Listing Requirements (and/or such other documents as may be determined by Bursa Securities from time to time);

- (b) receipt of approval or approval in-principle, as the case may be from Bursa Securities for the listing of and quotation for the Scheme Shares to be issued upon exercise of the Options;
- (c) procurement of approval of the shareholders of the Company for the Scheme;
- (d) receipt of approval of any other relevant authorities (where applicable); and
- (e) fulfillment or waiver (as the case maybe) of all conditions attached to the above approvals (if any).

24.2 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 with By-Laws 24.1 above stating the effective date of implementation of the Scheme together with a certified true copy of the said resolution passed by the shareholders of the Company in general meeting approving the Scheme.

24.3 Unless otherwise terminated in accordance with By-Law 24.5 herein and subject to the compliance of the terms herein contained, the Scheme shall be in force commencing on the Effective Date and continue for a period of five (5) years from the Effective Date of the Scheme.

24.4 The Scheme may be extended or renewed (as the case may be) for a further period of up to five (5) years (or any other duration that is allowed by the relevant authorities) after the Date of Expiry of the Scheme at the discretion of the Board upon recommendation of the ESOS Committee subject always that the duration or tenure of the Scheme shall not be more than ten (10) years from the Effective Date. Any extension to the Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme provided that the Company shall serve appropriate notices on each Grantee and make any announcements to Bursa Securities(if required) within thirty (30) days prior to the expiry of the original Scheme.

24.5 Notwithstanding the provision of By-Law 24.3 above, the Scheme may be terminated by the Company at any time during the continuance of the Scheme provided the Company announces with Bursa Securities:

- (i) the effective date of termination;

- (ii) the number of Options exercised; and
- (iii) the reasons for the termination.

25. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEMES

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 expiry date of the Scheme if this Scheme is not renewed or upon termination of this Scheme. Where this Scheme has been renewed, a new Scheme may be established upon expiry of the renewed current Scheme.

26. TAXES

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

27. COSTS AND EXPENSES

- 27.1 The Grantee shall be responsible for all charges of Bursa Depository relating to and in connection with the issue and allotment of any Scheme Shares in Bursa Depository's name and the crediting of the Scheme Shares to the Grantee's CDS Account.
- 27.2 All fees, costs and expenses incurred in relation to this Scheme including but not limited to the fees, costs and expenses relating to the allotment and issuance or transfer of the Scheme Shares by or on behalf of the Company pursuant to the exercise of any Option shall be borne by the Company.

28. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Board, the ESOS Committee, the Company and the Group shall not under any circumstances be held liable for any costs, losses, expenses and/or damages whatsoever arising in any event, including but not limited to the Company's or other relevant companies in the Group's delay in allotting and issuing the Scheme Shares or in applying for or procuring the listing of the Scheme Shares on Bursa Securities.

29. DISPUTES

Any dispute or difference of any nature arising hereunder shall be referred to and received by the ESOS Committee in the duration of the Scheme or the Option Period (after which the Eligible Person or Grantee shall be

deemed to have waived the Grantee's rights, if any). The ESOS Committee shall determine such dispute and such decision of the ESOS Committee shall be final and binding in all respects on the parties thereto. The parties agree that under no circumstances shall a dispute be brought to a court of law.

30. COMPENSATION

- 30.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation or damages for the loss of any right or benefit or prospective right or benefit under the Scheme which he/she 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.
- 30.2 Participation in the Scheme by an Eligible Person is entirely separate from his/her terms and conditions of employment and participation in the Scheme shall in no respect whatever affect in any way a Grantee's terms and conditions of employment. In particular (but without limitation to foregoing) any Grantee who leaves employment shall not be entitled to any compensation for any loss of right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal without just cause or excuse, or other breach of contract or by way of compensation for loss of office or otherwise howsoever.

31. SCHEME NOT A TERM OF EMPLOYMENT/APPOINTMENT

- 31.1 This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment or appointment of any Eligible Person. This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment or appointment in the Group under which the Eligible Person is employed or appointed nor any rights additional to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment or appointment for any reason whatsoever.
- 31.2 This Scheme does not form part, nor shall it in any way be construed as part, of the terms and conditions of employment or appointment of any Eligible Person. Participation in this Scheme by a Grantee is a matter entirely separate from his/ her terms or conditions of employment or appointment and participation in this Scheme shall in no respects whatsoever affect in any way his/her terms and conditions of employment or appointment or form part of such terms and conditions. In particular (but without limiting the

generality of the foregoing words) any Grantee who leaves employment or causes for his/her appointment to be determined, shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he/she 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 or otherwise howsoever.

32. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

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

33. NOTICE

33.1 Any notice which under the Scheme is required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee and the ESOS Committee shall be given or served in writing and either delivered by hand or sent to the corporate office of the Company or other relevant companies within the Group by facsimile or ordinary letter. Proof posting shall not be evidence of receipt of the letter.

33.2 Save as otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee by the ESOS Committee or any correspondence to be made between the ESOS Committee and an Eligible Person or Grantee shall be deemed to be sufficiently given or served in writing and either delivered by hand or sent by facsimile or ordinary letter addressed to the Eligible Person or Grantee at the place of employment or at the last address known to the Company or other relevant companies within the Group as being his/her address. Any notice served by post as aforesaid shall be deemed to have been received on the third day after the day the letter is posted (including that day).

33.3 Any notice served by a party after the Company's or other relevant companies within the Group's official working hours shall be deemed to have been served on the next working day.

34. ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Articles of Association of the Company, the provisions of the Articles of Association

of the Company shall prevail at all times.

35. SEVERABILITY

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

36. GOVERNING LAWS

The Scheme, these By-Laws and all Offers and Options made and granted and action taken under the Schemes shall be governed by and construed in accordance with the laws of Malaysia.

37. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Board, the ESOS Committee and the KPJ Group shall not under any circumstances be held liable for any cost, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to KPJ's or other relevant companies within the KPJ Group's delay in transferring or causing to be transferred, any Scheme Shares to the Grantee, or allotting and issuing the new Shares or in applying for or procuring the listing of the new KPJ Shares on Bursa Securities.

38. INTERPRETATION

The ESOS Committee shall have the authority to interpret these By-Laws and to give effect to the terms and conditions of the Scheme. The interpretation by and the decision of the ESOS Committee shall be final and binding.

39. TRUSTEES

In the event that the ESOS Committee decides to satisfy the exercise of the Option by the transfer of existing KPJ Shares to the Grantee:-

- (a) The ESOS Committee may appoint a trustee or trust company upon such terms and conditions as the ESOS Committee may deem fit to enable the trustee to acquire the existing KPJ Shares for the purpose of the Scheme; and
- (b) The Company and any of its subsidiaries or any third party may provide money or other permissible assistance under the Act to

**FIRST SCHEDULE
(By-Law 16.1)**

(A) In addition to By-Law 16.1 and not in derogation thereof, the Subscription Price and the number of new KPJ Shares relating to the Options so far unexercised by a Grantee ("**Unexercised Option**") shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the external auditor of the Company or the Adviser:

(a) If and whenever a KPJ Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value:

$$\text{New Subscription Price} = S \times \frac{[\text{Revised Par Value}]}{\text{Former Par Value}}$$

$$\text{Where } S = \text{Existing Subscription Price}$$

and the number *of* additional new KPJ Shares relating to the Unexercised Option to be issued shall be calculated in accordance with the following formula:

$$\text{Number of additional KPJ Shares} = T \times \left[\frac{\text{Former Par Value}}{\text{Revised Par Value}} - T \right]$$

$$\text{Where } T = \text{Existing number of Options so far as unexercised}$$

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 KPJ Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

(b) If and whenever the Company shall make any issue of new KPJ Shares to ordinary shareholders credited as fully paid-up, by way *of* bonus issue or capitalization of profit or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

and the number of additional new KPJ Shares relating to the Unexercised Option to be issued shall be calculated as follows:

$$\text{Number of additional KPJ Shares} = T \times \left(\frac{A+B}{A} - T \right)$$

Where

- A The aggregate number of issued and fully paid-up KPJ Shares immediately before such bonus issue or capitalisation issue;
- B The aggregate number of new KPJ Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of bonus issue or capitalisation issue (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);
- S As S above; and
- T As T above

Each such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such issue or such other day as may be prescribed by Bursa Securities.

(c) If and whenever the Company shall make:

- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for KPJ Shares by way of rights; or
- (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into KPJ Shares or

securities with rights to acquire or subscribe for KPJ Shares,

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

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

and in respect of each such case referred to in sub-paragraph (c)(ii) above, the number of additional KPJ Shares relating to the Unexercised Option to be issued shall be calculated as follows:

$$\text{Number of additional KPJ Shares} = T \times \left(\frac{C}{C - D^*} - T \right)$$

Where

T as T above

C The closing market price of each KPJ Share on the Market Day immediately preceding the date on which the KPJ Shares traded on "ex- entitlement" basis (as prescribed by Bursa Securities) for Capital Distribution or, as the case may be, the offer or invitation;

D (aa) In the case of an offer or invitation to acquire or subscribe for KPJ Shares by way of rights under sub-paragraph (c) (ii) above or for securities convertible into KPJ Shares or with rights to acquire or subscribe for KPJ Shares under sub-paragraph (c)(iii) above, the value of rights attributable to one (1) KPJ Share(as defined below); or

(bb) In the case of any other transaction falling within paragraph (c) above, the fair market value as determined (with the concurrence of the auditor) by the external auditors or Adviser of that portion of the Capital Distribution attributable to one (1) KPJ Share; and

D* The value of rights attributable to one (1) KPJ Share

(as defined below),

For the purpose sub-paragraph (aa) of (c) above, the "value of rights attributable to one (1) KPJ Share" shall be calculated in accordance with the formula:

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

Where

C As C above;

E The subscription consideration for one (1) additional KPJ Share or one (1) additional security convertible into KPJ Shares or one (1) additional security with rights to acquire or subscribe for KPJ Shares under the terms of such offer or invitation; and

F The number of KPJ Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional KPJ Share or security convertible into KPJ Shares or rights to acquire or subscribe for one (1) KPJ Shares.

For the purpose of paragraph (c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of KPJ Shares (not falling under paragraph (b) above) or other securities credited as fully or partly paid-up by way of bonus issue or capitalisation issue (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend declared or provided for in the accounts of the Company for 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 as shown in the audited consolidated financial statements of the Company.

Such adjustment will be effective from the commencement of the Market Day immediately following the entitlement date for such Capital Distribution or offer or invitation, as the case maybe.

- (d) Notwithstanding the provisions referred to in this Schedule, the ESOS Committee may at its sole and absolute discretion determine whether any adjustments to the Subscription Price, the number of Options and/or new KPJ Shares (as the case may be) to be calculated on a different basis or date or should take effect on a different date or that such adjustment be made to the Subscription Price and/or number of Options notwithstanding that no such adjustment formula has been explicitly set out in this Schedule.
- (e) If an event not set out in this Schedule occurs or if the application of any of the formula to an event results in manifest error or does not, in the opinion of the ESOS Committee, achieve the desired result of preventing the dilution or enlargement of the Eligible Person's right, the ESOS Committee may agree to an adjustment of the formula subject to the provisions of contained in this Schedule provided that all Eligible Person shall be notified of the adjustment through an announcement to all Eligible Person to be made in such manner considered appropriate by the ESOS Committee.