

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

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the content of this Circular prior to issuance as Padini Holdings Berhad ("Padini" or the "Company") has been selected by Bursa Securities as an eligible company under the Green Lane Policy.

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.

This Circular has been reviewed by Alliance Islamic Bank Berhad, the Principal Adviser to the Company for the Proposed ESOS and Proposed Allocation (as defined herein).



**PADINI HOLDINGS BERHAD**  
(Registration No. 197901005918 (50202-A))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR THE EXECUTIVE DIRECTORS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING SUBSIDIARIES WHICH ARE DORMANT) ("PROPOSED ESOS"); AND**
- (II) PROPOSED ALLOCATION OF ESOS OPTIONS TO THE EXECUTIVE DIRECTORS OF PADINI AND PERSONS CONNECTED WITH THEM PURSUANT TO THE PROPOSED ESOS ("PROPOSED ALLOCATION"),**

**TO BE TABLED AS SPECIAL BUSINESS AT THE COMPANY'S FORTY FIRST (41<sup>ST</sup>) ANNUAL GENERAL MEETING**

**Principal Adviser**



**ALLIANCE ISLAMIC BANK**

**Alliance Islamic Bank Berhad** 200701018870 (776882-V)

The Proposed ESOS and Proposed Allocation will be tabled as Special Business at the Forty First (41<sup>st</sup>) Annual General Meeting ("AGM") of Padini to be conducted virtually through live streaming from the broadcast venue at Room 4.2, No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan and via the online meeting platform provided by SS E Solutions Sdn. Bhd. in Malaysia via its Securities Services e-Portal ("SSeP") at <https://sshshb.net.my/> on Friday, 25 November 2022 at 10:00 a.m. or at any adjournment thereof. The Notice of the 41<sup>st</sup> AGM of Padini together with the accompanying Proxy Form for the AGM are enclosed together in the Annual Report 2022 issued by the Company.

If you are unable to attend and vote at the 41<sup>st</sup> AGM, you may complete the Proxy Form and deposit it at the office of the Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof. Members can also have the option to submit the proxy appointment electronically via SSeP at <https://sshshb.net.my/> before the proxy form submission cut-off time as mentioned in the above. The lodgement of the Proxy Form does not preclude you from attending, participating, speaking and voting in person at the 41<sup>st</sup> AGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Wednesday, 23 November 2022 at 10:00 a.m.

Date and time of the AGM : Friday, 25 November 2022 at 10:00 a.m., or at any adjournment thereof

**This Circular is dated 26 October 2022**

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**DEFINITIONS**

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

<b>5D-VWAMP</b>	: 5-day volume weighted average market price
<b>Act</b>	: Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
<b>AGM</b>	: Annual General Meeting
<b>AIS or Principal Adviser</b>	: Alliance Islamic Bank Berhad (Registration No. 200701018870 (776882-V))
<b>Announcement</b>	: Announcement in relation to the Proposals dated 26 August 2022
<b>Annual Report 2022</b>	: Annual Report 2022 issued by the Company
<b>Board</b>	: Board of Directors of Padini
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>By-Laws</b>	: By-Laws governing the Proposed ESOS as amended, modified and supplemented from time to time, a draft of which is enclosed in Appendix I of this Circular
<b>Circular</b>	: This circular to the shareholders of Padini dated 26 October 2022 in relation to the Proposals
<b>CMSA</b>	: Capital Markets and Services Act, 2007 of Malaysia, as amended or substituted from time to time
<b>Constitution</b>	: The Constitution of Padini
<b>Date of Offer</b>	: The relevant offer dates which an Eligible Person may, at the sole and absolute discretion of the ESOS Committee, be offered in writing a certain number of ESOS Options, based on the eligibility criteria mentioned in Section 2.1.2 of this Circular
<b>Director(s)</b>	: A natural person who holds a directorship within the Group, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the CMSA
<b>Effective Date</b>	: The effective date of the Proposed ESOS, being the date of full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed ESOS
<b>Eligible Person(s)</b>	: Any Executive Director and employee of Padini Group who fulfill the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws
<b>EPS</b>	: Earnings per share
<b>ESOS</b>	: Employees' Share Option Scheme

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**DEFINITIONS (CONT'D)**

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<b>ESOS Committee</b>	: A committee comprising directors and/or officers of Padini to be appointed and authorised by the Board from time to time to administer the Proposed ESOS in accordance with the By-Laws
<b>ESOS Options</b>	: Options to be granted pursuant to the Proposed ESOS
<b>Executive Director(s)</b>	: The executive directors of Padini Group
<b>Exercise Price</b>	: The price payable for the subscription of new Padini Shares upon exercise of ESOS Options granted under the Proposed ESOS
<b>FYE</b>	: Financial year ended
<b>Grantee(s)</b>	: An Eligible Person who has accepted an Offer under the Proposed ESOS
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 30 September 2022, being the latest practicable date prior to the issuance of this Circular
<b>Market Day(s)</b>	: A day on which Bursa Securities is open for trading in securities
<b>Maximum Limit</b>	: The maximum number of new Padini Shares which may be made available pursuant to the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the Proposed ESOS
<b>MFRS</b>	: Malaysian Financial Reporting Standards
<b>MFRS 2</b>	: MFRS 2 – Share-based Payment
<b>NA</b>	: Net assets
<b>Offer</b>	: An offer made in writing for a certain number of ESOS Options, at the sole and absolute discretion of the ESOS Committee to an Eligible Person
<b>Padini or the Company</b>	: Padini Holdings Berhad (Registration No. 197901005918 (50202-A))
<b>Padini Group or the Group</b>	: Padini and its subsidiary companies, collectively
<b>Padini Shares or Shares</b>	: Ordinary shares in Padini
<b>Proposals</b>	: Proposed ESOS and Proposed Allocation, collectively
<b>Proposed Allocation</b>	: Collectively, the proposed allocation of ESOS Options to Executive Directors of Padini and persons connected with them
<b>Proposed ESOS</b>	: Proposed establishment of an ESOS of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for the Executive Directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant)
<b>Record of Depositors</b>	: A record of depositors established by Bursa Depository in accordance with the rules of Bursa Depository

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**DEFINITIONS (CONT'D)**

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<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
<b>YPC Holdings</b>	: Yong Pang Chaun Holdings Sdn Bhd (Registration No. 199401025583 (311264-P))

All references to “Padini” or the “Company” in this Circular are to Padini Holdings Berhad and references to “Padini Group” or the “Group” are to the Company and its subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, the Group. All references to “you” in this Circular are to the shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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**PADINI HOLDINGS BERHAD**  
(Registration No. 197901005918 (50202-A))  
(Incorporated in Malaysia)

**Registered Office:**  
3rd Floor  
No. 17, Jalan Ipoh Kecil  
50350 Kuala Lumpur

26 October 2022

## **BOARD OF DIRECTORS**

Chia Swee Yuen (*Independent Non-Executive Chairman*)  
Yong Pang Chaun (*Managing Director*)  
Chong Chin Lin (*Executive Director*)  
Andrew Yong Tze How (*Executive Director*)  
Benjamin Yong Tze Jet (*Executive Director*)  
Chew Voon Chyn (*Executive Director*)  
Sung Fong Fui (*Executive Director*)  
Foo Kee Fatt (*Independent Non-Executive Director*)  
Lee Peng Khoon (*Independent Non-Executive Director*)  
Tan Shi Wen (*Independent Non-Executive Director*)  
Tan Poh Ling (*Independent Non-Executive Director*)

**To: The Shareholders of Padini**

Dear Sir / Madam,

**(I) PROPOSED ESOS; AND**

**(II) PROPOSED ALLOCATION**

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## **1. INTRODUCTION**

On 26 August 2022, AIS had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 7 October 2022, AIS had, on behalf of the Board, announced that the additional listing application in relation to the Proposed ESOS has been submitted to Bursa Securities.

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On 25 October 2022, AIS had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 25 October 2022, resolved to approve the listing and quotation of such number of new Padini Shares, representing up to 15% of the total number of issued shares of Padini (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS, on the Main Market of Bursa Securities, subject to the terms and conditions as set out in Section 6 of this Circular.

Details of the Proposals are set out in the ensuing sections of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING 41<sup>ST</sup> AGM. AN EXTRACT OF THE RESOLUTIONS IN CONNECTION WITH THE PROPOSALS IS ENCLOSED IN APPENDIX III OF THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN, BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING 41<sup>ST</sup> AGM.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed ESOS**

The Company is proposing to establish and implement the Proposed ESOS, which involves the granting of ESOS Options to the Eligible Persons. The ESOS Options shall entitle the Eligible Persons to subscribe for new Padini Shares at an Exercise Price to be determined at a later date.

The Proposed ESOS will be administered by the ESOS Committee and governed by the By-Laws. The ESOS Committee will have the absolute discretion in administering the Proposed ESOS including prescribing financial and performance criteria and such other conditions as it may deem fit. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee pursuant to the By-Laws may be exercised at the ESOS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish, and where necessary, to amend, to regulate and govern the ESOS Committee's functions and responsibilities.

Under the Proposed ESOS, an Eligible Person may, at the sole and absolute discretion of the ESOS Committee receive an Offer, based on the eligibility criteria mentioned in Section 2.1.2 of this Circular, at the relevant Date of Offer.

Subject to the prevailing legislation and the Listing Requirements, the ESOS Options will be satisfied by way of issuance of new Padini Shares.

The principal features of the Proposed ESOS are as follows:

#### **2.1.1 Size of the Proposed ESOS**

The maximum number of new Padini Shares which may be made available pursuant to the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued shares of Padini (excluding treasury shares, if any) at any point in time over the duration of the Proposed ESOS as set out in Section 2.1.4 of this Circular.

Please refer to Section 4.1 of this Circular for the illustrative effects on Padini's issued share capital pursuant to the exercise of ESOS Options.

### **2.1.2 Eligibility**

Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfill the following conditions shall be eligible to participate in the Proposed ESOS:

- (i) in respect of an employee, the employee must, as at the Date of Offer:
  - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (b) entered into a full-time or fixed-term contract with, and is on the payroll of any company within Padini Group, and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the relevant company within Padini Group; and
  - (c) fulfilled any other eligibility criteria as may be set out by the ESOS Committee at any time and from time to time.
- (ii) in respect of an Executive Director, the Executive Director must, as at the Date of Offer:
  - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
  - (b) fulfilled any other eligibility criteria as may be set out by the ESOS Committee at any time and from time to time.
- (iii) in addition to the eligibility criteria set out in Sections 2.1.2(i) and 2.1.2(ii) of this Circular, in respect of an employee who is serving under an employment contract with any company within Padini Group, such employment contract must be for a fixed duration of at least 1 year, unless otherwise decided by the ESOS Committee in its absolute discretion; and
- (iv) the ESOS Committee may in its absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in Section 2.1.2 of this Circular for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding.

For avoidance of doubt, only the Executive Directors and employees of the Group shall be eligible to participate in the Proposed ESOS and all the non-executive Directors of the Company shall not be entitled to participate in the Proposed ESOS.

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The specific allotment to be made to any Eligible Person who is an Executive Director, major shareholder or chief executive officer of Padini Group (“**Interested Parties**”) or a person connected with any of the Interested Parties, the specific allocation of Shares and/or ESOS Options must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and persons connected with them shall not have voted on the resolution approving their respective allocation.

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

Subject to the By-Laws and any adjustments which may be made under the By-Laws, the aggregate number of ESOS Options 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 other factors, the Eligible Person’s position, job performance, job grade, seniority, length of service, fulfillment of the eligibility criteria as referred to in Section 2.1.2 of this Circular or such other factors which the ESOS Committee deems fit, and subject to, amongst others, the following:

- (i) the total number of new Padini Shares to be issued pursuant to the exercise of the ESOS Options shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person an ESOS Option for all the specified maximum number of Shares the Eligible Person is entitled to under the Proposed ESOS;
- (ii) not more than 10% of the total number of Shares to be issued 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 more of the total number of issued shares of the Company (excluding treasury shares, if any);
- (iii) not more than 50% of the total number of Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the Executive Directors and senior management of the Group (excluding dormant subsidiaries within Padini Group) who are Eligible Persons. Such allocation has been determined after taking into consideration, amongst others, the number of Executive Directors and senior management of Padini Group and the anticipated contributions from the Executive Directors and senior management to the growth of Padini Group;
- (iv) any Offer, allocation of ESOS Options and the related allotment of Shares to any Executive Directors, major shareholders or chief executive officer of the Group and any person connected with them (as defined in the Listing Requirements) 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 Group and persons connected with them shall not vote on the resolution approving the said Offer, allocation and allotment;
- (v) the Executive Directors and senior management of Padini Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocation of ESOS Options as well as allocations of ESOS Options to persons connected with them under the Proposed ESOS, if any; and
- (vi) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee.

At the time the Offer is made, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the maximum number of Shares to the Eligible Person and the maximum number of Shares for each class or grade of employees and Executive Directors from time to time applicable shall be clearly notified to the employees of Padini Group either by way of posting on a notice board in the offices of Padini Group or notification in writing to the employees.

The Company shall ensure that allocation of ESOS Options is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed to the Eligible Persons.

The ESOS Committee shall have sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Persons will be based on staggered granting over the duration of the Proposed ESOS or in 1 single grant and/or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions for the ESOS Options, the determination of which will be carried out at a later date after the establishment of the Proposed ESOS and the formation of the ESOS Committee.

Any Eligible Person who holds more than 1 position within Padini Group, and by holding such positions, the Eligible Person is in more than 1 category, shall only be entitled to the maximum number of Shares of any 1 of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

#### **2.1.4 Duration of the Proposed ESOS**

Subject to the By-Laws, the Proposed ESOS when implemented, shall be in force for a period of 5 years commencing from the Effective Date.

However, the Proposed ESOS may, at the Board's sole and absolute discretion upon the recommendation of the ESOS Committee, be extended for a further 5 years or such shorter period as it deems fit immediately from the expiry of the first 5 years, without any approval from the shareholders of the Company in any general meeting, provided that any extension of 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.

For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be).

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### **2.1.5 Exercise price**

Subject to any adjustment in accordance with the By-Laws and pursuant to the Listing Requirements, the price at which an Eligible Person is entitled to subscribe for new Padini Shares upon the exercise of the ESOS Options shall be determined by the ESOS Committee and shall be based on the 5D-VWAMP of Padini Shares immediately preceding the Date of Offer, with a discount, if any, provided that the discount shall not be more than 10% of the said 5D-VWAMP of Padini Shares.

### **2.1.6 Rights attaching to the ESOS Options and ranking of new Padini Shares**

The ESOS Options shall not carry any right to vote at any general meeting of the Company and the new Padini Shares, upon allotment and issuance, will be subject to the provisions of the Constitution relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company.

The new Padini Shares to be allotted and issued pursuant to the exercise of the ESOS Options shall, upon allotment and issuance, rank equally in all respects with the then existing Padini Shares, save and except that the new Padini Shares shall not be entitled to any dividends, rights, allotments and/or other distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of such new Padini Shares.

### **2.1.7 Retention period**

The Shares to be issued to a Grantee shall not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantees to hold the Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain.

### **2.1.8 Alteration of share capital**

Subject to the By-Laws, in the event of any alteration in the capital structure of the Company during the duration of the Proposed ESOS (commencing from the Date of Offer until the date of expiry of the Proposed ESOS), whether by way of capitalisation of profits or reserves, rights issues, bonus issue, subdivision or consolidation of shares or capital reduction or any other variation of capital shall take place or if the Company shall make a capital distribution during the duration of the Proposed ESOS, the Company shall cause such adjustment to be made to:

- (i) the Exercise Price; and/or
- (ii) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Option (excluding ESOS Options which have been exercised);

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

#### **2.1.9 Modification, variation and/or amendment to the By-Laws**

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall, at its sole discretion, deems fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.

Subject to the By-Laws, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, amendments, modifications and/or deletions of the By-Laws save and except that if such additions, amendments, modifications and/or deletions would:

- (i) materially prejudice any rights which have accrued to any Grantee; or
- (ii) alter the rights of the Grantees to the advantage of any Grantee or group of Grantees or all Grantees; or
- (iii) increase the number of new Shares available under the Proposed ESOS beyond the Maximum Limit.

#### **2.1.10 Termination of the Proposed ESOS**

Subject to compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Proposed ESOS may be terminated by the Company at any time before the date of expiry of the Proposed ESOS provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- (i) the effective date of termination;
- (ii) the number of ESOS Options exercised and/or Shares vested; and
- (iii) the reasons and justification for termination.

Notwithstanding anything to the contrary, all unexercised ESOS Options shall be deemed to cease to be capable of being exercised and be null and void on the effective date of termination.

#### **2.1.11 Listing of and quotation for the new Padini Shares to be issued arising from the exercise of the ESOS Options**

Bursa Securities had vide its letter dated 25 October 2022 approved the listing and quotation of such number of new Padini Shares, representing up to 15% of the total number of issued shares of Padini (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS on the Main Market of Bursa Securities.

#### **2.1.12 Utilisation of proceeds**

The actual proceeds to be raised from the exercise of the ESOS Options will depend on, amongst others, the actual number of ESOS Options granted and exercised, and the Exercise Price. Therefore, the actual amount of proceeds to be raised from the exercise of the ESOS Options and the exact timeframe for utilisation of the proceeds are not determinable at this juncture.

The proceeds arising from the exercise of the ESOS Options will be utilised for future working capital requirements of Padini which includes, among others, payment of staff related expenses (such as salaries, EPF, SOCSO and allowances) and defrayment of other administrative expenses (such as utilities and upkeep of office). The proceeds to be used for each component of working capital are subject to the operating requirements of Padini at the time of utilisation and therefore cannot be determined at this point of time. There is also no certainty on the timing and amount raised from the exercise of the ESOS Options.

#### **2.1.13 Fundraising exercise in the past 12 months**

The Company had not undertaken any equity fund raising exercise in the past 12 months prior to the date of this Circular.

#### **2.1.14 Pre-emptive rights pursuant to Section 85(1) of the Act**

Pursuant to Section 85(1) of the Act read together with Clause 13 of the Constitution of Padini, the shareholders of Padini have pre-emptive rights to be offered any new Shares which rank equally to the existing issued Shares or other convertible securities.

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

##### **“85. Pre-emptive rights to new shares**

- (1) *Subject to the constitution, where a company 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 13 of our Constitution provides as follows:

- “13. *Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after expiration of that time, or on receipt of an intimation from the person to whom the offer is made that he declines to accept the share or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.”*

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. As such, the waiving of such pre-emptive rights will be tabled at our forthcoming 41<sup>st</sup> AGM under the proposed Ordinary Resolution 12 to seek the shareholders' approval. The proposed Ordinary Resolution 12 if passed, will exclude your statutory pre-emptive rights to be offered ESOS Options and/or any new Shares to be issued by the Company pursuant to the Proposed ESOS. Please refer to the notice of AGM for the proposed Ordinary Resolution 12 which is enclosed together in the Annual Report 2022, of which an extract of the resolution is enclosed in Appendix III of this Circular.

## **2.2 Proposed Allocation**

The Company proposes to seek the approval of the shareholders in accordance with the Listing Requirements and By-Laws, for the ESOS Committee to offer and/or grant to the Executive Directors and persons connected with them who are Eligible Persons, the options to subscribe for such number of Padini Shares to be issued under the Proposed ESOS provided that not more than 10% of Padini Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual Eligible Person, who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.

## **3. RATIONALE FOR THE PROPOSALS**

The Board believes that the implementation of the Proposed ESOS and Proposed Allocation would align the interests of the Eligible Persons to the performance of Padini Group. The Proposed ESOS and Proposed Allocation will provide the Eligible Persons with an opportunity to participate in the equity of the Company. As such, the Proposed ESOS and Proposed Allocation are established to achieve the following objectives:

- (i) to recognise the contributions and/or services of the Eligible Persons which are essential to the operations and continued growth of the Group;
- (ii) to motivate the Eligible Persons towards better performance through greater productivity and loyalty;
- (iii) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity stake of the Company;
- (iv) to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of Padini Group; and
- (v) to reward Eligible Persons by allowing them to participate in the Company's profitability and eventually realise capital gains arising from any appreciation on the value of Padini Shares.

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#### 4. EFFECTS OF THE PROPOSALS

The effects of the Proposals are set out below:

##### 4.1 Issued share capital

The Proposed ESOS and Proposed Allocation are not expected to have an immediate effect on the existing issued share capital of Padini until such time when the ESOS Options are exercised. The issued share capital of Padini will increase progressively depending on the number of new Padini Shares to be allotted and issued arising from the exercise of the ESOS Options.

For illustrative purposes, the pro forma effects of the Proposed ESOS on the issued share capital of Padini based on the assumption that the number of ESOS Options granted amounts to 15% of the total number of issued shares of Padini (excluding treasury shares, if any) as at the LPD, are set out below:

	<b>No. of Padini Shares</b>	<b>Amount RM</b>
Issued share capital as at the LPD <sup>#</sup>	657,909,500	69,563,484.00
New Padini Shares to be issued assuming full exercise of the ESOS Options	98,686,425 *	283,812,289.70 ^
<b>Enlarged issued share capital</b>	<b><u>756,595,925</u></b>	<b><u>353,375,773.70</u></b>

**Notes:**

<sup>#</sup> As at the LPD, there are no treasury shares held by the Company.

<sup>\*</sup> Assuming that the number of ESOS Options amounts to 15% of the total number of issued shares of Padini.

<sup>^</sup> Calculated based on an assumed exercise price of RM2.8759 being approximately 10% discount to the 5D-VWAMP of Padini Shares up to and including the LPD of RM3.1954 per Padini Share.

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## **4.2 NA, NA per Share and gearing**

The Proposed ESOS and Proposed Allocation are not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time when the ESOS Options are exercised.

The effects will depend on, amongst others, the number of new Padini Shares to be issued upon the exercise of the ESOS Options and the Exercise Price.

For illustrative purposes, upon the exercise of the ESOS Options, the NA per Share is expected to increase if the Exercise Price is higher than the NA per Share at the point the ESOS Options are exercised and conversely, will decrease if the Exercise Price is lower than the NA per Share at the point the ESOS Options are exercised.

In addition, upon exercise of the ESOS Options, the gearing of Padini Group will decrease given that its NA will increase as a result of the exercise of the ESOS Options.

Any potential effect on the NA and gearing of the Group in the future will depend on the number of ESOS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the ESOS Options under MFRS 2. The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the ESOS Options. Further information on the impact of MFRS 2 is set out in Section 4.4 of this Circular.

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#### 4.3 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the substantial shareholders' shareholdings of the Company until and unless the new Padini Shares are issued pursuant to the exercise of ESOS Options. Any potential effect on the Company's substantial shareholders' shareholdings will depend on the number of new Padini Shares to be issued pursuant to the exercise of ESOS Options at the relevant point in time.

For illustrative purposes, the pro forma effect on the substantial shareholders' shareholdings as at the LPD, pursuant to the exercise of ESOS Options are as follows:

Substantial shareholders	As at the LPD				Assuming full exercise of ESOS Options			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Padini Shares	%^	No. of Padini Shares	%^	No. of Padini Shares	%*	No. of Padini Shares	%*
YPC Holdings	287,763,500	43.74	-	-	287,763,500	38.03	-	-
Yong Pang Chaun	9,691,960	1.47	(i) (iii) 291,153,790	44.25	9,691,960	1.28	(i) (iii) 291,153,790	38.48
Chong Chin Lin	3,219,990	0.49	(ii) (iii) 297,625,760	45.24	3,219,990	0.43	(ii) (iii) 297,625,760	39.34
Employees Provident Fund Board	36,764,400	5.59	-	-	36,764,400	4.86	-	-
Kumpulan Wang Persaraan (Diperbadankan)	43,154,467	6.56	1,923,200	0.29	43,154,467	5.70	1,923,200	0.25

**Notes:**

- <sup>^</sup> Based on the total number of issued shares of 657,909,500 Padini Shares as at the LPD.
- <sup>\*</sup> Based on the enlarged number of issued shares of 756,595,925 Padini Shares, assuming the issuance of new Padini Shares pursuant to the Proposed ESOS amounts to 15% of the total number of issued shares of Padini as at the LPD.
- (i) Deemed interested by virtue of the direct interest in Padini held by his spouse, Chong Chin Lin and his children, namely Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze Yao.
- (ii) Deemed interested by virtue of the direct interest in Padini held by her spouse, Yong Pang Chaun and her children, namely Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze Yao.
- (iii) Deemed interested pursuant to Section 8 of the Act by virtue of his/her shareholdings in YPC Holdings.

#### **4.4 Earnings and EPS**

The Proposed ESOS may have an effect on the earnings and EPS of Padini Group, due to the possible impact of MFRS 2. However, any potential effect on the earnings and EPS of Padini Group in the future will depend on the number of ESOS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the ESOS Options under MFRS 2.

Under the MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options when granting the ESOS Options, which is recognised in the statement of comprehensive income over the vesting period of the ESOS Options, if any, thereby reducing the earnings of Padini Group.

In addition, excluding the effects on the future earnings contribution to Padini Group and the potential cost arising from the issuance of the ESOS Options under MFRS 2, the allotment and issuance of new Padini Shares pursuant to the exercise of the ESOS Options will have a dilutive effect on Padini Group's EPS due to the increase in number of Padini Shares in issue.

The extent of the effect of the Proposed ESOS on the earnings and EPS of Padini Group in the future, as a consequence of recognising the expenses in accordance with MFRS 2 cannot be determined at this juncture as it would depend on the number of ESOS Options and on other factors affecting the fair value of the ESOS Options at the Date of Offer such as the volatility of Padini Shares, the Exercise Price and time to maturity of the ESOS Options. However, it is important to note that the potential cost of the granting of the ESOS Options is only an accounting treatment and it does not represent a cash outflow from Padini Group.

The Board takes note of the potential impact of MFRS 2 on the future earnings of Padini Group and shall take into consideration such impact in the allocation and granting of ESOS Options to the Eligible Persons.

#### **4.5 Convertible securities**

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

## 5. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Padini Shares as traded on Bursa Securities for the past 12 months prior to the LPD are as follows:

	High (RM)	Low (RM)
<b><u>2021</u></b>		
October	3.23	2.97
November	3.12	2.63
December	2.82	2.75
<b><u>2022</u></b>		
January	3.07	2.78
February	3.50	2.77
March	3.51	3.02
April	3.49	3.18
May	3.58	2.87
June	3.79	3.09
July	3.29	2.91
August	3.37	3.21
September	3.53	3.10

5D-VWAMP of Padini Shares up to and including 1 August 2022, being the latest practicable date prior to the Announcement. **RM3.23**

Last transacted market price of Padini Shares on 25 August 2022, being the last transacted date prior to the Announcement. **RM3.26**

Last transacted market price of Padini Shares as at the LPD **RM3.15**

*(Source: Bloomberg)*

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## 6. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities had vide its letter dated 25 October 2022 approved the listing and quotation of such number of new Padini Shares, representing up to 15% of the total number of issued shares of Padini (excluding treasury shares, if any) to be issued pursuant to the Proposed ESOS, subject to the following conditions:

No.	Conditions imposed	Status of Compliance
1.	Padini and AIS must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the proposal.	To be complied
2.	Padini is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders at the general meeting approving the proposal.	To be complied
3.	Padini and AIS are required to inform Bursa Securities upon completion of the proposal.	To be complied
4.	Padini is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposal is completed.	To be complied
5.	Padini 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
6.	Payment of additional listing fees pertaining to the exercise of ESOS Options, if relevant. In this respect, Padini is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new Shares listed pursuant to the exercise of ESOS Options as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

- (ii) the approval of the shareholders of Padini at an AGM to be convened; and
- (iii) the approvals and/or consents of any other relevant authorities or parties, if required.

## 7. INTER-CONDITIONALITY

The Proposed Allocation is conditional upon the Proposed ESOS.

The Proposed ESOS is not conditional upon the Proposed Allocation.

The Proposals are not conditional or inter-conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

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

Save as disclosed below, none of the Executive Directors, major shareholders, chief executive of the Company and/or persons connected with them are deemed interested, direct or indirect, in the Proposed ESOS.

All the Executive Directors of the Company are deemed interested in the Proposed ESOS by virtue of their eligibility for the ESOS Options and in respect of their allocations as well as allocations to persons connected with them under the Proposed ESOS.

As the Board is desirous to allocate the ESOS Options to the Executive Directors of the Company, each of the Executive Director will abstain from all Board deliberations and voting in respect of allocation of ESOS Options to themselves as well as the allocations to any persons connected with them.

YPC Holdings is a major shareholder of Padini with equity interest of 43.74%. Yong Pang Chaun and Chong Chin Lin, who are both Executive Directors as well as major shareholders of Padini, are deemed interested in the shares held in YPC Holdings and therefore deemed interested in the Proposed ESOS ("**Interested Major Shareholders**").

The direct and indirect shareholdings of the major shareholder, Executive Directors, Interested Major Shareholders and persons connected with them as at the LPD are disclosed below:

	Direct		Indirect	
	No. of Padini Shares	% <sup>^</sup>	No. of Padini Shares	% <sup>^</sup>
<b><u>Major shareholder</u></b> YPC Holdings	287,763,500	43.74	-	-
<b><u>Executive Directors and Interested Major Shareholders</u></b>				
Yong Pang Chaun	9,691,960	1.47	(i) (iii) 291,153,790	44.25
Chong Chin Lin	3,219,990	0.49	(ii) (iii) 297,625,760	45.24
<b><u>Executive Directors</u></b>				
Andrew Yong Tze How <sup>(iv)</sup>	32,000	(vi)-	-	-
Benjamin Yong Tze Jet <sup>(iv)</sup>	114,800	0.02	-	-
Chew Voon Chyn <sup>(v)</sup>	-	-	(vii) 5,000	(vi)-
Sung Fong Fui	-	-	(vii) 35,000	0.01
<b><u>Persons connected with the Executive Directors and/or Interested Major Shareholders</u></b>				
Christopher Yong Tze Yao <sup>(iv)</sup>	23,500	(vi)-	-	-
Yong Lee Peng <sup>(viii)</sup>	900,000	0.14	-	-

### Notes:

<sup>^</sup> Based on the total number of issued shares of 657,909,500 Padini Shares as at the LPD.

- (i) Deemed interested by virtue of the direct interest in Padini held by his spouse, Chong Chin Lin and his children, namely Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze Yao.
- (ii) Deemed interested by virtue of the direct interest in Padini held by her spouse, Yong Pang Chaun and her children, namely Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze Yao.

- (iii) *Deemed interested pursuant to Section 8 of the Act by virtue of his/her shareholdings in YPC Holdings.*
- (iv) *Sons of Yong Pang Chaun and Chong Chin Lin.*
- (v) *Daughter of Yong Lee Peng, niece of Yong Pang Chaun and Chong Chin Lin and cousin to Andrew Yong Tze How, Benjamin Yong Tze Jet and Christopher Yong Tze Yao.*
- (vi) *Negligible.*
- (vii) *Deemed interested by virtue of her spouse direct interest in Padini.*
- (viii) *Sibling of Yong Pang Chaun.*

The Executive Directors and Interested Major Shareholders will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, on the resolutions pertaining to their respective Proposed Allocation as well as the Proposed Allocation to persons connected with them under the Proposed ESOS at the AGM to be convened.

Further, each of the Executive Director and Interested Major Shareholder will ensure that persons connected with them will abstain from voting in respect of the connected persons' direct and/or indirect shareholdings in the Company, on the resolutions pertaining to their respective Proposed Allocation as well as the Proposed Allocation to persons connected with them under the Proposed ESOS at the AGM to be convened.

## 9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Executive Directors in respect of the Proposed Allocation to themselves as well as persons connected with them), having considered the rationale and effects of the Proposed ESOS and Proposed Allocation, is of the opinion that the Proposed ESOS and Proposed Allocation are in the best interests of the Company.

However, in view that all the Executive Directors are eligible to participate in the Proposed ESOS, they have abstained from giving any opinion on their respective Proposed Allocation as well as the Proposed Allocations to persons connected with them, if any, under the Proposed ESOS. In addition, the Executive Directors have abstained from deliberating and making any recommendations for voting at all relevant Board meetings in relation to their respective allocation as well as the allocation to persons connected with them, if any.

Accordingly, the Board (save for the Executive Directors in respect of the Proposed Allocation to themselves as well as persons connected with them) recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed ESOS and Proposed Allocation to be tabled at the forthcoming AGM.

## 10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (being subject matter of this Circular), the Board confirms that there are no other corporate exercises that have been announced by the Company but have yet to be completed as at the LPD.

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## **11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposals are expected to be completed by the first half of the calendar year 2023.

## **12. AGM**

The forthcoming 41<sup>st</sup> AGM, is scheduled to be conducted virtually through live streaming from the broadcast venue at Room 4.2, No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan and via the online meeting platform provided by SS E Solutions Sdn. Bhd. in Malaysia via its Securities Services e-Portal ("**SSeP**") at <https://sshsb.net.my/> on Friday, 25 November 2022 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed ESOS and Proposed Allocation. An extract of the said resolutions is enclosed in Appendix III of this Circular.

If you are unable to attend and vote at the 41<sup>st</sup> AGM, you may complete the Proxy Form and deposit it at the office of the Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof. Members can also have the option to submit the proxy appointment electronically via SSeP at <https://sshsb.net.my/> before the proxy form submission cut-off time as mentioned in the above. The lodgement of the Proxy Form does not preclude you from attending, participating, speaking and voting in person at the 41<sup>st</sup> AGM, should you subsequently decide to do so.

## **13. FURTHER INFORMATION**

You are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board  
**PADINI HOLDINGS BERHAD**

**CHIA SWEE YUEN**  
Independent Non-Executive Chairman

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS**


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**PADINI HOLDINGS BERHAD****("Company" or "Padini")****BY-LAWS OF THE PADINI GROUP EMPLOYEES' SHARE OPTION SCHEME****1. DEFINITIONS**

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

"Act"	:	The Companies Act, 2016 as amended from time to time and any re-enactment thereof
"Adviser"	:	A person as described in paragraph 1.01 of the Listing Requirements
"Board"	:	The Board of Directors of the Company
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"By-Laws"	:	These rules, terms and conditions of the ESOS, as may be amended from time to time in accordance with By-Law 23
"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
"Company"	:	Padini Holdings Berhad (Registration No.: 197901005918 (50202-A))
"Constitution"	:	The Constitution of the Company
"Date of Acceptance"	:	The date on which the ESOS Committee shall receive the written notice accepting an Offer from an Eligible Person
"Date of Expiry"	:	The last day of the Duration of the ESOS
"Date of Offer"	:	The date of the letter or e-mail of which an Offer made by the ESOS Committee to the Eligible Persons to participate in the ESOS
"Director"	:	A natural person who holds a directorship in an executive or a non-executive capacity within the Group, within the meaning of Section 2(1) of the Act, which for the avoidance of doubt excludes an alternate director
"Disciplinary Proceedings"	:	Proceedings instituted by any company in the Group against any Grantee or Eligible Person for any alleged misbehaviour, misconduct and/or any other acts of such Grantee or Eligible Person deemed to be unacceptable by the said company whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or Eligible Person
"Duration of the ESOS"	:	The duration of the ESOS as defined in By-Law 20.1
"Effective Date"	:	The date of which the ESOS comes into force as provided in By-Law 20.1



**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

"Eligible Person(s)"	:	An Employee who is employed by and on the payroll of any company within the Group, and whose service has been confirmed and who has not served a notice of resignation or received a notice of termination and/or an Executive Director (excluding dormant subsidiaries within the Group), who fulfils the conditions of eligibility stipulated in By-Law 5
"Employee"	:	Any person in the employment of the Group including a person employed by the Group on a full-time or fixed term contract basis
"Entitlement Date"	:	The date as at the close of business on which the shareholders' name must appear in the Company's record of depositors in order to be entitled to any dividends, rights, allotments and/or other distributions
"ESOS"	:	The employee share option scheme which involves the granting of Options to the Executive Directors and the Eligible Persons to subscribe for new Shares according to the terms of these By-Laws
"ESOS Committee"	:	The committee appointed and authorised by the Board to administer the ESOS in accordance with By-Law 3.1, comprising such number of the Directors and/or senior management personnel of the Company identified by the Board from time to time
"ESOS Offer Letter"	:	Has the meaning given to it in By-Law 31.4
"ESOS Option(s)" or "Option(s)"	:	The right of a Grantee to subscribe for new Share(s) at the Exercise Price pursuant to an Offer in the manner provided in By-Law 34
"ESOS Vesting Date(s)"	:	The date or dates on which all or some of the Option(s) is/are vested pursuant to an Offer as stipulated by the ESOS Committee in accordance with By-Law 31.4
"Executive Director"	:	A Director of the Group who, on the Date of Offer, is on the payroll of the Group and is involved in the day-to-day management of any company within the Group
"Exercise Price"	:	The price at which a Grantee shall be entitled to subscribe for each new Share upon the exercise of an ESOS Option, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 35
"Grantee"	:	An Eligible Person who has accepted an Offer under the ESOS in the manner provided in By-Law 32
"Group" or "Padini Group"	:	Collectively, the Company and its subsidiary company(ies) as defined in Section 4 of the Act (save for any subsidiaries which are dormant). Subject to the foregoing, the expression "subsidiary company(ies)" shall for the purposes hereof include subsidiaries which are existing as at the Effective Date and such subsidiaries which the ESOS Committee may, from time to time, determine at its discretion and subsidiaries which are incorporated or acquired at any time during the Duration of the ESOS but excludes subsidiaries which have been divested in the manner provided in By-Law 18
"Interested Parties"	:	Has the meaning given to it in By-Law 5.3

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"Market Day"	:	A day on which Bursa Securities is open for trading of securities
"Maximum Limit"	:	Has the meaning given to it in By-Law 4.1
"Offer"	:	An offer in writing of a certain number of ESOS Options made by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in By-Law 32
"Offer Period"	:	A period of thirty (30) days from the Date of Offer or such other period as may be determined by the ESOS Committee at its sole and absolute discretion during which an Offer is valid as stipulated in By-Law 31.3
"Option Period"	:	The period commencing from the ESOS Vesting Date and expiring on a date on which the Options terminate, expire or lapse and/or otherwise cease to be of any force and effect in accordance with these By-Laws and as set out in the Offer
"Performance Period"	:	Means the period in which the Performance Targets, as stipulated by the ESOS Committee and communicated to the Eligible Persons, are required to be achieved
"Performance Targets"	:	The performance targets determined and prescribed by the ESOS Committee and approved by the Board, which are to be achieved by the Grantee and/or Group (and/or business units within the Group as determined by the ESOS Committee), during such period
"persons connected"	:	Shall have the meaning given in paragraph 1.01 of the Listing Requirements
"RM" and "sen"	:	Ringggit Malaysia and sen respectively
"Rules of Bursa Depository"	:	The rules of Bursa Depository, as issued pursuant to SICDA
"Share(s)" or "Padini Share(s)"	:	Ordinary share(s) in the Company
"SICDA"	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time
"Vesting Conditions"	:	The conditions determined by the ESOS Committee and stipulated in the Offer which must be fulfilled for the Options under the ESOS to be vested in a Grantee as provided in By-Laws 7 and 32.4 respectively
"Vesting Date"	:	The ESOS Vesting Date as the context requires and "Vest" and "Vested" shall be construed accordingly

- 1.2 Any reference to a statutory provision or an applicable law shall include any subsidiary legislation made from time to time under that provision or law, and the Listing Requirements, policies, guidelines, guidance, communication notes, practice notes and/or directions of Bursa Securities (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with reasonable commercial practice of persons to whom such requirements, policies, regulations and/or guidelines are addressed by Bursa Securities).

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

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- 1.3 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 Offer made, offered and/or accepted within the Duration of the ESOS, and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 1.4 In these By-Laws, unless the context requires otherwise, words denoting the singular number shall include the plural number and words denoting one gender shall include the other gender.
- 1.5 The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the Duration of the ESOS.
- 1.7 Any liberty or power of discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (i) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor; and
  - (ii) by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the ESOS Committee.
- 1.8 In the event of any change in the name of the Company from its present name, all references to "Padini Holdings Berhad" in these By-Laws and all other documents pertaining to the ESOS shall be deemed to be references to the Company's new name.

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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**2. NAME AND OBJECTIVE OF THE ESOS**

- 2.1 The ESOS shall be known as “Padini Holdings Berhad Employees’ Share Option Scheme”, the objective of which is intended:
- (a) to recognise the contributions and/or services of the Eligible Persons which are essential to the operations and continued growth of the Group;
  - (b) to motivate the Eligible Persons towards better performance through greater productivity and loyalty;
  - (c) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity stake of the Company;
  - (d) to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Padini Group; and
  - (e) to reward Eligible Persons by allowing them to participate in the Company's profitability and eventually realise capital gains arising from any appreciation on the value of Padini Shares.

**3. ADMINISTRATION**

- 3.1 The ESOS shall be administered by the ESOS Committee consisting of such number of Directors and/or senior management personnel of the Group as shall be appointed and authorised by the Board from time to time. 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 (which is to regulate and govern the ESOS Committee's functions and responsibilities), determining its composition, duties, powers and limitations. The Board is also entitled at any time and from time to time to rescind the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee, to change the terms of appointment of the members of the ESOS Committee and to determine and change the terms of reference for the ESOS Committee.
- 3.2 The ESOS Committee shall administer the ESOS in such manner as it shall in its discretion deem fit and with such liberty, powers and duties as are conferred upon it, subject only to these By-Laws as may be amended from time to time. The ESOS Committee may meet together for the despatch of business, to adjourn or otherwise regulate its meetings as it thinks fit.
- 3.3 In implementing the ESOS, the vesting of Shares comprised in an ESOS Option shall be satisfied through the allotment and issuance of new Shares.
- 3.4 Without limiting the generality of By-Laws 3.1 and 3.2, the ESOS Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in the Offer subject to By-Law 31.5, execute all documents and delegate any of its powers and duties relating to the ESOS as it may at its discretion consider to be necessary or desirable for giving effect to the ESOS. Any decisions of the ESOS Committee which are made in accordance with these By-Laws shall be final, binding and conclusive.

**4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE ESOS**

- 4.1 The maximum number of new Padini Shares which may be made available shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the Duration of the ESOS as provided in By-Law 20.1 (“**Maximum Limit**”).

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- 4.2 Notwithstanding the provision of By-Law 4.1 above and any other provision herein contained, in the event the Maximum Limit exceed the aforesaid 15% as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or undertaking any other corporate proposal and thereby reducing its issued share capital, then such Offer granted prior to the reduction of the issued share capital of the Company shall remain valid and exercisable in accordance with the provisions of this ESOS as if that reduction had not occurred. However, in such a situation, the ESOS Committee shall not make any further Offer unless the total number of Shares to be issued under the ESOS falls below 15% of the issued share capital of the Company (excluding treasury shares, if any).
- 4.3 For the avoidance of doubt, any Offer that is not accepted by any Eligible Persons pursuant to these By-Laws will be added back to the number of Shares available to be awarded under the ESOS.

## **5. ELIGIBILITY**

- 5.1 Subject to the discretion of the ESOS Committee, only Eligible Person who fulfill the following conditions shall be eligible to participate in the ESOS:
- (i) in respect of an employee, the employee must, as at the Date of Offer:
    - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
    - (b) entered into a full-time or fixed-term contract with, and is on the payroll of any company within Padini Group, and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the relevant company within Padini Group; and
    - (c) fulfilled any other eligibility criteria as may be set out by the ESOS Committee at any time and from time to time.
  - (ii) in respect of an Executive Director, the Executive Director must, as at the Date of Offer:
    - (a) has attained 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
    - (b) fulfilled any other eligibility criteria as may set out by the ESOS Committee at any time and from time to time.
  - (iii) in addition to the eligibility criteria set out in By-Laws 5.1(i) and 5.1(ii) of above, in respect of an employee who is serving under an employment contract with any company within Padini Group, such employment contract must be for a fixed duration of at least one (1) year, unless otherwise decided by the ESOS Committee in its absolute discretion; and
  - (iv) the ESOS Committee may in its absolute discretion determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in By-Law 5.1 for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the ESOS Committee shall be final and binding.
- 5.2 For avoidance of doubt, only the Executive Directors and employees of the Group shall be eligible to participate in the ESOS and all the non-executive Directors of the Company shall not be entitled to participate in the ESOS.

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- 5.3 The specific allotment to be made to any Eligible Person who is an Executive Director, major shareholder or chief executive officer of Padini Group (“**Interested Parties**”) or a person connected with any of the Interested Parties, the specific allocation of Shares and/or ESOS Options must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and persons connected with them shall not have voted on the resolution approving their respective allocation.
- 5.4 In the event that any Eligible Persons are a member of the ESOS Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocations.
- 5.5 Eligibility under the ESOS does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Option unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with By-Law 31 hereof.

**6. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 6.1 Subject to any adjustments which may be made under By-Law 16, the aggregate number of ESOS Options 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 other factors, the Eligible Person’s position, job performance, job grade, seniority, length of service, fulfillment of the eligibility criteria as referred to in By-Law 5.1 or such other factors which the ESOS Committee deems fit, and subject to, amongst others, the following:
- (i) the total number of new Padini Shares to be issued pursuant to the exercise of the ESOS Options shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person an ESOS Option for all the specified maximum number of Shares the Eligible Person is entitled to under the ESOS;
  - (ii) not more than 10% of the total number of Shares to be issued under the ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any);
  - (iii) not more than 50% of the total number of Shares to be issued under the ESOS shall be allocated, in aggregate, to the Executive Directors (excluding dormant subsidiaries within Padini Group) and senior management of the Group who are Eligible Persons;
  - (iv) any Offer, allocation of ESOS Options and the related allotment of Shares to any Executive Directors, major shareholders or chief executive officer of the Group and any person connected with them (as defined in the Listing Requirements) 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 Group and persons connected with them shall not vote on the resolution approving the said Offer, allocation and allotment;
  - (v) the Executive Directors and senior management of Padini Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocation of ESOS Options as well as allocations of ESOS Options to persons connected with them under the ESOS, if any; and
  - (vi) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee.

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- 6.2 At the time the Offer is made, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the maximum number of Shares to the Eligible Person and the maximum number of Shares for each class or grade of employees and Executive Directors from time to time applicable shall be clearly notified to the employees of Padini Group either by way of posting on a notice board in the offices of Padini Group or notification in writing to the employees.
- 6.3 The Company shall ensure that allocation of ESOS Options is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of ESOS Options which have been disclosed to the Eligible Persons.
- 6.4 The ESOS Committee shall have sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant and/or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions for the ESOS Options, the determination of which will be carried out at a later date after the establishment of the ESOS and the formation of the ESOS Committee.
- 6.5 Any Eligible Person who holds more than one (1) position within Padini Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum number of Shares of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

**7. PERFORMANCE TARGETS FOR VESTING AND VESTING CONDITIONS**

- 7.1 The vesting of any ESOS Option may be subject to the fulfilment by the Group and/or the Eligible Person (as the case may be) of Performance Targets within the Performance Period and/or such other conditions, as may be determined by the ESOS Committee.
- 7.2 The determination as to whether the Performance Targets have been fulfilled shall be made by the ESOS Committee at the expiry of the Performance Period and such determination by the ESOS Committee shall be final and binding.
- 7.3 Where the ESOS Committee has determined that the Performance Targets and/or such other conditions imposed, if any, have been fully and duly satisfied pursuant to By-Law 7.2, the ESOS Committee shall notify the Eligible Person of the number of Shares vested or which will be vested in him/her.
- 7.4 If the Performance Targets and/or other conditions imposed (if any) is not fulfilled, the ESOS Committee may, in its sole and absolute discretion, determine the number of Shares which will be vested.
- 7.5 The ESOS Committee shall, as and when it deems practicable and necessary, review and determine at its own discretion the Vesting Conditions specified in respect of an Offer. The Shares or such part thereof as may be specified in respect of an Offer will only vest with the Grantee on the relevant Vesting Date if the Vesting Conditions are fully and duly satisfied, including the following:
- (i) the said Grantee has not been adjudicated a bankrupt;
  - (ii) the said Grantee remains an Employee or an Executive Director and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated;
  - (iii) the Performance Targets are fully and duly satisfied; and
  - (iv) any other conditions as may be determined by the ESOS Committee.



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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- 7.6 The ESOS Committee shall have full discretion to determine whether any Vesting Conditions have been fully and duly satisfied and such determination by the ESOS Committee shall be final and binding.

**8. DISCIPLINARY PROCEEDINGS**

- 8.1 Notwithstanding anything to the contrary herein contained in these By-laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect to the Grantee, to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise any unexercised ESOS Options pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise any unexercised ESOS Options having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:

- (i) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his/her ESOS Option;
- (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 ESOS 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 absolute discretion whether or not the Grantee may continue to exercise his/her ESOS Options 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 Date of Expiry, the ESOS Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceedings 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.

**9. NON-TRANSFERABILITY**

- 9.1 An ESOS Option is personal to the Grantee and subject to the provisions of By-Laws 9.2, 9.3 and 12.2, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.
- 9.2 An ESOS Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any attempt to transfer, assign, dispose or encumber any ESOS Option shall result in the automatic cancellation of the ESOS Option rendering the ESOS Option void.



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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- 9.3 Notwithstanding this By-Law 9, in the event a Grantee is transferred to another company within the Group which has its own share issuance scheme, the Grantee shall be entitled to continue to vest or exercise all unvested or unexercised ESOS Option granted under this ESOS, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect be eligible to participate for further ESOS Option under this ESOS.

**10. RIGHTS ATTACHING TO ESOS OPTIONS AND RANKING OF NEW PADINI SHARES**

- 10.1 The ESOS Options shall not carry any right to vote at any general meeting of the Company and the new Padini Shares, upon allotment and issuance, will be subject to the provisions of the Constitution of the Company relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company.
- 10.2 The new Padini Shares to be allotted and issued pursuant to the exercise of the ESOS Options shall, upon allotment and issuance rank equally in all respects with the then existing Padini Shares, save and except that the new Padini Shares shall not be entitled to any dividends, rights, allotments and/or other distribution which may be declared, made or paid, for which the entitlement date is prior to the date of allotment and issuance of such new Padini Shares.
- 10.3 For the avoidance of doubt, the Grantee shall not in any event be entitled to any dividends, rights, allotments or other distributions on his/her unexercised ESOS Options.

**11. RESTRICTION ON DEALING/RETENTION PERIOD**

- 11.1 The new Shares to be issued to the Grantees pursuant to the ESOS shall not be subject to any retention period or restriction on transfer. However, the Company encourages Grantees to hold the Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain. Notwithstanding the foregoing, the ESOS Committee shall be entitled to prescribe or impose, in relation to any ESOS Option, any condition relating to any retention period or restrictions on transfer as it deems fit.

**12. TERMINATION OF THE ESOS**

- 12.1 Prior to the full vesting of any ESOS Option and/or the allotment or satisfaction by any other means of an ESOS Option in the manner as provided for under By-Law 3.3, such ESOS Option that remains unvested or unexercised or unsatisfied (as the case may be) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group in the following circumstances:
- (i) termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the ESOS Option shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any other member of the Group on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
  - (ii) bankruptcy of the Grantee, in which event the ESOS Option shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

- (iii) upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the ESOS Option, in which event the ESOS Option shall be automatically terminated and cease or deemed to cease to be valid without any claim against the Group on the date such event occurs; or
- (iv) winding up or liquidation of the Company, in which event the ESOS Option shall be automatically terminated and/or cease to be valid on the following date:
  - (a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
  - (b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (v) termination of the ESOS pursuant to By-Law 20.4, in which event the ESOS Option shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the Termination Date (as defined below) pursuant to By-Law 20.4, or
- (vi) death of the Grantee, in which the ESOS Option shall be automatically terminated and cease or deemed to be valid without any claim against the Group on the date of death of the Grantee,

whichever shall be applicable.

Upon the termination of the ESOS Option pursuant to By-Laws 12.1(i), (ii), (iii), (iv), (v) or (vi) above, the Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group from any loss of any right or benefit or prospective 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 him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of right to exercise his or her ESOS Option(s).

- 12.2 Notwithstanding By-Law 12.1(i) above, the ESOS Committee may at its discretion allow an Option to remain exercisable during the Option Period and/or as the case may be, for all or any part of any unvested ESOS Option to vest in accordance with the provisions of these By-Laws, and at the times or period at or within which such ESOS Option may vest (provided that no ESOS Option shall vest after the respective ESOS Vesting Date(s) has passed) on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:
- (a) ill-health, injury, physical or mental disability; or
  - (b) retirement before attaining the normal retirement age with the consent of his/her employer; or
  - (c) redundancy or retrenchment pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by a company within the Group; or
  - (c) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion.

### **13. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS**

- 13.1 All Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available on Bursa Securities' website as well as the Company's website and at the registered office of the Company during normal office hours on any working day of the Company.

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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**14. ESOS NOT A TERM OF EMPLOYMENT**

- 14.1 This 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 Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. This ESOS shall not form part of or be in any way construed as part of the terms and conditions of employment of any employee of the Group.

**15. TAXES**

- 15.1 All other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes), if any, that are incurred by a Grantee pursuant to or relating to the exercise of any ESOS Options, and any holding or dealing of such Shares (including, without limitation, brokerage commissions and stamp duty) shall be borne by the Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

**16. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS**

- 16.1 In the event of any alteration in the capital structure of the Company during the commencing from the Date of Offer until the Date of Expiry, whether by way of capitalisation of profits or reserves, rights issues, bonus issue, subdivision or consolidation of shares or capital reduction or any other variation of capital shall take place or if the Company shall make a capital distribution during the Duration of the ESOS, the Company shall cause such adjustment to be made to:

- (i) the Exercise Price; and/or
- (ii) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each ESOS Options (excluding ESOS Options which have been exercised);

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

- 16.2 The provisions of this By-Law 16 shall not apply where the alteration in the capital structure of the Company arises from any of the following:

- (i) an issue of Shares pursuant to the exercise of ESOS Options; or
- (ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
- (iii) an issue of securities via a private placement; or
- (iv) any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation; or
- (v) a restricted issue of securities; or

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- (vi) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities; or
- (vii) a purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to the Section 127 of the Act.
- 16.3 Save as expressly provided for herein, the external auditors selected by the Directors (acting as experts and not as arbitrators) shall confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of such external auditors shall be final, binding and conclusive.
- 16.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, By-Law 16.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is applicable, but By-Law 16.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is not applicable as described in By-Law 16.2.
- 16.5 Any adjustment pursuant to By-Law 16.1 shall be made according to the following terms:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
- (ii) in the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation, subdivision or reduction becomes effective (being the date when the Shares are traded on Bursa Securities) or such other period as may be prescribed by Bursa Securities.
- 16.6 Upon any adjustment required to be made pursuant to this By-Law 16, the Company shall notify the Grantee (or his or her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth the Exercise Price or number of ESOS Options which are the subject of the adjusted award of ESOS. Any adjustment shall take effect upon such written notification being given on such date as may be specified in such written notification.
- 16.7 Any adjustment pursuant to this By-Law 16 shall be made in accordance with the following formulae below (as applicable), pursuant to By-Law 16.6:
- (a) **Consolidation or subdivision**
- If and whenever a Share, by reason of any consolidation or subdivision or conversion of the Shares occurs, the price of Option ("**Exercise Price**") shall be adjusted and the additional number of Shares comprised in the ESOS Options shall be calculated in accordance with the following formula:

$$\text{New Exercise Price} = S \times \frac{\text{Total number of issued Shares (excluding treasury shares) immediately preceding such consolidation or subdivision}}{\text{Total number of issued Shares (excluding treasury shares) immediately after such consolidation or subdivision}}$$

$$\text{Additional number of Shares} = T \times \frac{\text{Total number of issued Shares (excluding treasury shares) immediately after such consolidation or subdivision}}{\text{Total number of issued Shares (excluding treasury shares) immediately preceding such consolidation or subdivision}}$$

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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Where:

S = Existing Exercise Price; and

T = Existing number of Shares comprised in the ESOS Options

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

(b) **Capitalisation of profits/reserves**

If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature), the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Shares relating to the ESOS Options shall be calculated as follows:

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

Where:

A = The aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue;

B = The aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid-up by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature); and

T = As T in By-Law 16.7(a) above.

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.

(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 new 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 new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

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DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

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

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

and in respect of the case referred to in By-Law 16.7(c)(ii) hereof, the additional number of Shares relating to the ESOS Options shall be calculated as follows:

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

Where:

- C = The Current Market Price (as defined in By-Law 16.7(g) below) of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (aa) In the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 16.7(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 16.7(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) In the case of any other transaction falling within By-Law 16.7(c) hereof, the fair market value as determined by an auditor and/or Adviser of the Company of that portion of the Capital Distribution attributable to one (1) Share; and
- D\* = The value of the rights attributable to one (1) Share (as defined below).
- T = As T in By-Law 16.7(a) above

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

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

Where:

- C = C as in By-Law 16.7(c) hereof;
- E = The subscription price for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and
- F = The number of Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or subscribe for security convertible into one (1) additional Share or rights to acquire or subscribe for additional Shares.

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

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

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

Where:

- C = C as in By-Law 16.7(c) hereof;
- E\* = The subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and
- F\* = The number of Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 16.7(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 new Shares (not falling under By-Law 16.7(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).

Any dividend declared or provided for in the audited financial statements 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 statement of comprehensive income of the Company.

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

(d) **Capitalisation of profits/reserves and rights issue of Shares/convertible securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 16.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 16.7(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer of invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 16.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 16.7(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the additional number of Shares relating to the ESOS Options shall be calculated as follows:

$$\begin{array}{l} \text{Additional} \\ \text{number of} \\ \text{Shares} \\ \text{comprised} \\ \text{in ESOS} \\ \text{Options} \end{array} = T \times \left( \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

$$\text{Additional number of Shares to be vested} = T \times \left( \frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right) - T$$

Where:

- B = B as in By-Law 16.7 (b) above;
- C = C as in By-Law 16.7 (c) above;
- G = The aggregate number of issued and fully paid-up Shares on the Entitlement Date;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H\* = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation, as the case may be; and
- I\* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares.
- T = As T above.

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

(e) **Rights issue of the Shares and rights issue of convertible securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 16.7(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for ordinary shares as provided in By-Law 16.7(c)(iii) above, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Shares relating to the ESOS Options shall be calculated as follows:

- (1) in respect of the ESOS Options:

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



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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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(2) in respect of the SGS Grants:

$$\text{Additional number of Shares} = T \times \left( \frac{(G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)} \right) - T$$

Where:

C = C as in By-Law 16.7(c) above;

G = G as in By-Law 16.7(d) above;

H = H as in By-Law 16.7(d) above;

H\* = H\* as in By-Law 16.7(d) above;

I = I as in By-Law 16.7(d) above;

I\* = I\* as in By-Law 16.7(d) above;

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

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

T = As T above.

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

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

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 16.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 16.7(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 16.7(c)(iii) above, and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price and/or Share Grant Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Shares relating to the ESOS Options and/or SGS Grants shall be calculated as follows:

(1) in respect of the ESOS Options:

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

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DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

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Where:

- B = B as in By-Law 16.7(b) above.
- C = C as in By-Law 16.7(c) above;
- G = G as in By-Law 16.7(d) above;
- H\* = H\* as in By-Law 16.7(d) above;
- I\* = I\* as in By-Law 16.7(d) above;

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

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 16.7(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the average price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price and/ or Share Grant Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{L + M}{L + N}$$

Where:

- L = the number of 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 Shares which the Total Effective Consideration (as defined below) would have purchased at the average price (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 16.7(g), the “**Total Effective Consideration**” shall be determined by the Board with the concurrence of an auditor and/or Adviser of the Company and shall be:

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) 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

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DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

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- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for 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 Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 16.7(g), the average price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of 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 Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the offering price of such 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 purpose of By-Law 16.7(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the weighted average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

- 16.8 If an event occurs that is not set out in By-Law 16.7 or if application of any of the formula to an event results in a 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 rights, the ESOS Committee may agree to an adjustment subject to the provision of By-Law 16.7 provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the ESOS Committee.
- 16.9 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price, the number of Options be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.
- 16.10 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 16, the number of Shares comprised in an ESOS Option shall automatically be rounded down to the nearest whole number.
- 16.11 Upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of Shares thereafter to be issued on the exercise of the ESOS Options.

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DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

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**17. TAKE-OVER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC****17.1** In the event of:

- (a) a takeover offer being made for the Company through a general offer 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 general offer ("**Offeror**") or any persons acting in concert with the Offeror);
- (b) the Offeror becoming entitled or bound to exercise the rights of compulsory acquisition of Shares under the provisions of the Capital Markets and Services Act 2007 or other relevant laws applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date; or
- (c) 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 of the Company under Section 366 of the Act or its reconstruction and amalgamation with any other company or companies under Section 370 of the Act,

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any ESOS Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (1) the ESOS Vesting Date is not due or has not occurred; and/or
- (2) the other terms and conditions set out in the Offer have not been fulfilled or satisfied.

**18. DIVESTMENT FROM THE GROUP****18.1** If a Grantee who was in the employment of a corporation in the Group which was subsequently divested, then such Grantee:

- (i) shall:
  - (a) not be entitled to continue to exercise all such unexercised vested ESOS Options held by him/her; and
  - (b) cease to be capable of being vested with any unvested ESOS Options granted to him/her under the ESOS,

from the date of completion of such divestment; and
- (b) shall not be eligible to participate for further ESOS Option under the ESOS as from the date of completion of such divestment.

**18.2** For the purposes of By-Law 18.1, a company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the ESOS Committee at its absolute discretion.

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DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

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**19. WINDING UP**

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

**20. DURATION OF THE ESOS**

- 20.1 The ESOS is conditional upon:
- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
  - (ii) approval from Bursa Securities for the listing of and quotation for such number of Shares representing up to 15% of the total issued share capital of the Company on the Main Market of Bursa Securities;
  - (iii) approval of the shareholders of the Company for the ESOS being obtained;
  - (iv) receipt of the approval(s) of any other relevant authorities (where applicable); and
  - (v) fulfilment or waiver (as the case may be) of all applicable conditions attached to the above approvals (if any).

The ESOS shall be in force for a duration of five (5) years commencing from the effective date of implementation of the ESOS, being the date of full compliance with all relevant requirements of the Listing Requirements in relation to the Scheme ("**Effective Date**") ("**Duration of the ESOS**").

- 20.2 The Offers can only be made during the Duration of the ESOS and before 5.00 p.m. on the Date of Expiry.
- 20.3 On the expiry of the ESOS, any Offers which have yet to be exercised (whether fully or partially) shall be deemed terminated and be null and void.
- 20.4 Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, at any time during the Duration of the ESOS and before the Date of Expiry, terminate the ESOS in accordance with the terms of these By-Laws provided that an announcement is released to Bursa Securities on the following:
- (a) the effective date of termination of the Scheme ("**Termination Date**");
  - (b) the number of ESOS Options exercised and/or Shares vested; and
  - (c) the reasons and justification for termination.
- 20.5 In the event of termination as stipulated in By-Law 20.4, the following provisions shall apply:
- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date; and
  - (c) all Offers which have yet to be exercised (whether fully or partially granted under the ESOS) shall automatically be deemed cancelled and be null and void on the Termination Date.
- 20.6 For the avoidance of doubt, approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of the Grantees who have unexercised ESOS Options are not required to effect a termination of the ESOS pursuant to By-Law 20.4 unless otherwise required by the Listing Requirements and/or other applicable laws.

**21. SUBSEQUENT EMPLOYEES' SHARE SCHEMES**

- 21.1 The Company may, in addition to the ESOS, implement more than one (1) employees' share scheme provided that the aggregate number of Shares available under all the employee share schemes implemented by the Company is not more than the maximum limit prescribed in any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

**22. COMPENSATION AND DISCLAIMER OF LIABILITY**

- 22.1 The ESOS shall afford the Grantee no additional right to compensation or damages in the event of the cessation of his employment or appointment for any reason whatsoever.
- 22.2 Participation in this ESOS by an Eligible Person is a matter entirely separate from his terms and conditions of employment and participation in this Scheme shall in no respects whatever affect in any way a Grantee's terms and conditions of employment. In particular (but without limiting the generality of the foregoing words) any Grantee who leaves employment 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 might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, dismissal without just cause or excuse, or other breach of contract or by way of compensation for loss of office or otherwise howsoever.
- 22.3 Notwithstanding anything to the contrary and subject to the Act, the Board, the ESOS Committee and/or the Company including any companies in the Group and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of this ESOS, including but not limited to the Company's delay in allotting and issuing the new Shares or in applying for or procuring the listing of the new Shares on Bursa Securities in accordance with these By-Laws for any reason whatsoever.

**23. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME**

- 23.1 Subject to By-Law 23.2 and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall, at its sole discretion, deem fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/or modification is made,

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.

- 23.2 Subject to By-Law 23.1, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws (including any additions, modifications or amendments to or deletions of these By-Laws for purposes of complying with the Act) PROVIDED THAT no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:
- (a) materially prejudice any rights which would have accrued to any Grantee; or
  - (b) alter the rights of the Grantees to the advantage of any Grantee or group of Grantee or all Grantees; or
  - (c) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.1.
- 23.3 The Company is required to submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements on employees' share option scheme and the rules issued by Bursa Depository no later than five (5) Market Days after the effective date of the said amendment or modification is made.

#### **24. DISPUTES**

- 24.1 Any dispute or difference of any nature arising hereunder shall be referred to the decision of the ESOS Committee. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, shall dispute the same by notice to the ESOS Committee within fourteen (14) days of the receipt of the decision of the ESOS Committee, in which case, such dispute or difference shall be referred to the decision of an approved company auditor as defined under Section 263 of the Act (acting as expert and not as arbitrator), whose decision shall be binding in all respects and whose costs shall be borne by the party against whom the decision is given on appeal.

#### **25. COSTS AND EXPENSES**

- 25.1 All fees, costs and expenses incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issuance of the Shares pursuant to the Offer, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the ESOS and the holding or subsequent dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty).

#### **26. LISTING OF AND QUOTATION FOR NEW SHARES**

- 26.1 An application will be made to Bursa Securities for the listing of and quotation for the new Shares to be allotted and issued pursuant to the ESOS on the Main Market of Bursa Securities.
- 26.2 If at the time of allotment of the new Padini Shares pursuant to the exercise of the ESOS Options, the then existing issued ordinary shares of the Company are quoted on Bursa Securities, 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 Padini Shares.



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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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**27. CONSTITUTION**

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

**28. NOTICE**

- 28.1 Any notice which under the ESOS 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 registered office of the Company by facsimile or ordinary letter or to the ESOS Committee or the Company by electronic mail. Proof of posting shall not be evidence of receipt of the letter.
- 28.2 Any notice under the ESOS required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his/her place of employment, to his/her electronic mail address, at his/her last facsimile transmission number known to the Company, or to his/her last-known address. Any notice served by hand, by facsimile, by electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and acknowledged, (if by facsimile transmission) is transmitted with a confirm log print-out for the transmission indicating the date, time and transmission of all pages, (if by electronic mail) the dispatch of the electronic mail, (if any post) three (3) days after postage.
- 28.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.

**29. SEVERABILITY**

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

**30. GOVERNING LAW AND MULTIPLE JURISDICTIONS**

- 30.1 The ESOS, the By-Laws, and all Offers made and granted and actions taken under the ESOS shall be governed by and construed in accordance with the Malaysian law. The Grantee, by accepting the Offer in accordance with the By-Laws and terms of the ESOS, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.
- 30.2 In order to facilitate the making of any Offer (and/or the benefit thereof) under this ESOS, the ESOS Committee may provide for such special terms to the Eligible Persons who are employed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESOS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The ESOS Committee 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 affecting the terms of the ESOS as in effect for any other purpose, and the secretary of the Company or any other appropriate



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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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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 this ESOS, as then in effect, unless this ESOS has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Persons pursuant to the ESOS shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

- 30.3 No action has been or will be taken by the Company to make the Offer in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Person to whom the Offer is made, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer or will exercise the Option.
- 30.4 Any Eligible Person to whom the Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer or exercise the Option. By their acceptance of the Offer, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer and/or will exercise the Option.

### **31. AWARD OF ESOS**

- 31.1 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 ESOS make an offer in writing for acceptance in accordance with By-Law 32 below to an Eligible Person based on the criteria for allotment as set out in By-Law 5 above and otherwise in accordance with the terms of this ESOS.
- 31.2 The actual number of ESOS Options which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee subject to any adjustments that may be made under By-Laws 16. The number of ESOS Options so offered which may be exercised in respect of all or any part of the Shares shall not be less than one hundred (100) Shares nor more than the maximum allowable allotment of such Eligible Person and shall be in multiples of one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee.
- 31.3 An Offer shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion ("**Offer Period**").
- 31.4 The ESOS Committee shall state the following particulars in the letter of offer of an Offer ("**ESOS Offer Letter**"):
- (i) the number of ESOS Options that are subject of the Offer;
  - (ii) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the vesting and exercise of the ESOS Options;
  - (iii) the date of the award of the ESOS;
  - (iv) the Option Period;
  - (v) the Exercise Price;
  - (vi) the Offer Period as mentioned in By-Law 31.3;
  - (vii) the Vesting Conditions;

**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

- (viii) the ESOS Vesting Date(s);
  - (ix) the basis of the allocation of the award of the ESOS made having regard to the Eligible Person(s)' annual appraised performance, class or grade of employment, achievement of Performance Targets, maximum allowable allotment and such other information that the ESOS Committee may in its sole and absolute discretion deem fit; and
  - (x) any other information deemed necessary by the ESOS Committee.
- 31.5 Without prejudice to By-Law 3, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 31.4 above, the following provisions shall apply:
- (i) As soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental letter of offer, stating the correct particulars referred to in By-Law 31.4 above;
  - (ii) In the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of offer shall remain as the Exercise Price as per the original letter of offer; and
  - (iii) In the event that the error relates to the Exercise Price, the Exercise Price stated in the supplemental letter of offer shall be the Exercise Price applicable as at the date of the original letter of offer, save and except with respect to any ESOS Option which has already been exercised as at the date of issue of the supplemental letter of offer.
- 31.6 When an award of ESOS is made pursuant to these By-Laws, the ESOS Committee shall ensure that the Company makes an announcement of the following to the Bursa Securities on the date of the award of ESOS:
- (i) the date of award of ESOS;
  - (ii) the Exercise Price;
  - (iii) the number of Options or Shares offered;
  - (iv) the market price of its Shares on the date of award of ESOS;
  - (v) the number of Options or Shares to each Executive Director, if any; and
  - (vi) the vesting period of the Options or Shares offered, if any.

**32. ACCEPTANCE OF OFFER**

- 32.1 An Offer shall be accepted by the Eligible Person within the Offer Period by way of a written notice of acceptance addressed to the ESOS Committee accompanied by a payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the ESOS Options (regardless of the number of Shares comprised therein). The date of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.
- 32.2 The ESOS Committee shall within thirty (30) days of the Date of Acceptance issue to the Grantee an option certificate in such form as may be determined by the ESOS Committee.
- 32.3 If the Offer is not accepted in the manner set out in By-Law 32.1 above, such Offer shall upon the expiry of the Offer Period automatically lapse and be null and void and of no further effect. The new Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons or for future award of ESOS.

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**


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- 32.4 The Options or such part thereof as may be satisfied in the Offers will only vest with the Grantee on the ESOS Vesting Date(s) if the Vesting Conditions are fully and duly satisfied, including the following:
- (i) the said Grantee has not been adjudicated a bankrupt;
  - (ii) the said Grantee remains an Employee or an Executive Director and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated; and
  - (iii) any other conditions as may be determined by the ESOS Committee.
- 32.5 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, among others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition if the ESOS Committee decides that a changed performance target would be a fairer measure of performance.
- 32.6 The Company shall keep and maintain a register of Grantees at its expense and shall enter in that register the names and addresses of the Grantees and such information as may be prescribed by the ESOS Committee.

### **33. CANCELLATION OF AWARD OF ESOS**

- 33.1 The ESOS Committee may cancel any award of ESOS or any Options that has not been exercised and any unvested ESOS Options awarded under this ESOS. In the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new award of ESOS (which may or may not cover the same number of Shares that had been the subject of any prior award of ESOS) in such manner, at such Exercise Price and subject to such terms, conditions and discretion as would have been applicable under this ESOS had the cancelled award of ESOS not been awarded.

### **34. EXERCISE OF ESOS OPTIONS**

- 34.1 Each Option shall be exercisable into one (1) new Share, fully issued and paid-up, in accordance with the provisions of these By-Laws.
- 34.2 Subject to By-Laws 12, 17, 18, 19 and 20, a Grantee shall be allowed to exercise the ESOS Options granted to him or her (subject to By-Law 34.4 during the Duration of the ESOS) as provided in these By-Laws whilst he/she is in the employment with the Group or during his/her tenure as an Executive Director and within the Option Period.
- 34.3 A Grantee shall exercise the Options granted to him/her in whole or part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary, in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 16 which results in the number of Shares comprised in an Option not being in multiples of one hundred (100) Shares, then the requirement that an Option shall be exercised in multiples of one hundred (100) Shares shall not be applicable for the Grantee's final exercise of the Option.

## DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)

- 34.4 A Grantee shall exercise his/her ESOS Options vested in him/her in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the Offer. The procedure for the exercise of ESOS Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time. Any ESOS Option which remains unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 34.5 Subject to By-Law 34.4, a Grantee shall exercise his/her ESOS Options by issuing the Notice of Exercise, stating the number of ESOS Options to be exercised and number of Shares to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the Exercise Price in relation to the number of Shares in respect of which the Notice of Exercise is given PROVIDED THAT the number of new Shares stated therein shall not exceed the amount granted to such Grantees and be subject to By-Laws 34.2 and 34.3 above. The ESOS Committee may pursuant to By-Law 23 hereof, at any time and from time to time, before or after the award of ESOS, limit the exercise of the ESOS Option to a maximum number of new Shares and/or such percentage of total new Shares comprised in the award of ESOS 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. The exercise by a Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.
- 34.6 The Grantee shall provide all information as required in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot and issue the relevant number of Shares to the Grantee, despatch the notice of allotment to the Grantee stating the number of Shares so credited and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be. No physical share certificates will be issued to the Grantee or his authorised nominee (as the case may be).
- 34.7 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by an Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any award of the ESOS.
- 34.8 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the Grantee shall be deemed not to have exercised his/her Option.
- 34.9 Every award of ESOS shall be subjected to the condition that no new Shares shall be issued pursuant to the Offer 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 Duration of the ESOS or such period as may be extended.

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**DRAFT BY-LAWS FOR THE PROPOSED ESOS (CONT'D)**

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**35. EXERCISE PRICE**

- 35.1 The Exercise Price of each new Share upon the exercise of an ESOS Option shall, subject always to the provisions of By-Law 16 hereof, be determined by the ESOS Committee based on the weighted average market price of the Shares for the five (5) Market Days immediately preceding the date of the award of ESOS less a discount of not more than ten percent (10%) therefrom or such other percentage or discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.
- 35.2 The Exercise Price as determined by the ESOS Committee shall be binding and conclusive on the Grantees.
- 35.3 The Exercise Price shall be stipulated in each option certificate.

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND CONFLICT OF INTEREST**

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

AIS has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity to act as the Principal Adviser to the Company for the Proposals.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

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

**4. MATERIAL COMMITMENTS**

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred, which have not been provided for, which upon becoming enforceable may have a material impact on the financial position of the Group:

	<b>RM'000</b>
Contracted but not provided for: Capital expenditure in respect of property, plant and equipment	3,138

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**FURTHER INFORMATION (CONT'D)**


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**5. MATERIAL CONTINGENT LIABILITIES**

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

	<b>RM'000</b>
<b><u>Padini Group</u></b>	
Corporate guarantees given to financial institutions (unsecured)	218,859
<b><u>Padini</u></b>	
Corporate guarantees given to financial institutions (unsecured)	98,859

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of Padini at 3<sup>rd</sup> Floor, No. 17, Jalan Ipoh Kecil, 50350, Kuala Lumpur, during normal business hours from Monday to Friday (except on public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) Constitution;
- (ii) the draft By-Laws for the Proposed ESOS as set out in Appendix I of this Circular;
- (iii) the audited consolidated financial statements of the Company for the FYEs 30 June 2021 and 2022; and
- (iv) the letter of consent and conflict of interest referred to in Section 2 of this Appendix II.

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**EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING 41<sup>ST</sup> AGM**

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**PADINI HOLDINGS BERHAD**  
*(Registration No. 197901005918 (50202-A))*  
*(Incorporated in Malaysia)*

**AS SPECIAL BUSINESS:**

To consider and if thought fit, to pass the following as an ordinary resolution, with or without modification:

**ORDINARY RESOLUTION 12**

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF PADINI (EXCLUDING TREASURY SHARES, IF ANY) FOR THE EXECUTIVE DIRECTORS AND EMPLOYEES OF PADINI AND ITS SUBSIDIARIES (EXCLUDING SUBSIDIARIES WHICH ARE DORMANT) ("PADINI GROUP" OR THE "GROUP") ("PROPOSED ESOS")**

**"THAT** subject to the approvals of all relevant authorities/parties, approval is given to the Board of Directors ("**Board**") to undertake the proposed establishment of an ESOS involving up to 15% of the total number of issued shares of Padini (excluding treasury shares, if any) to enable the granting of new ordinary shares in Padini ("**Padini Shares**" or "**Shares**") at any point in time to the Executive Directors and employees of Padini Group in accordance with the by-laws governing the ESOS ("**By-Laws**") as set out in Appendix I of the Circular to Shareholders dated 26 October 2022, and to adopt and approve the By-Laws and to do all such acts, as may be necessary or expedient in order to give full effect to the Proposed ESOS;

**AND THAT** the Board be and is hereby authorised to allot and issue from time to time such number of new Padini Shares as may be required pursuant to the exercise of the options under the Proposed ESOS ("**ESOS Options**"), provided that the aggregate number of new Shares to be allotted and issued shall not exceed 15% 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 and such new Shares shall, upon allotment and issuance, rank equally in all respects with the existing issued shares of the Company, except that the new Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, for which the entitlement date is prior to the date of allotment and issuance of such new Shares;

**AND THAT** the Board be and is hereby authorised to do all things necessary and make the necessary applications to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for new Padini Shares that may, hereafter from time to time, be allotted and issued under the Proposed ESOS;

**AND THAT** the Board be and is hereby authorised to extend the duration of the ESOS, provided always that such extension of the ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years from the date on which the Proposed ESOS shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") or any other relevant authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting;



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**EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING 41<sup>ST</sup> AGM (CONT'D)**


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**AND THAT** the Board be and is hereby authorised to add, modify and/or amend the Proposed ESOS, By-Laws and all rules, regulations and administration relating to the Proposed ESOS and/or administration thereof, from time to time as may be permitted by the authorities or deemed necessary by the relevant regulatory authorities or the Board or ESOS Committee established to administer the Proposed ESOS, provided that such additions, modifications and/or amendments are effected and permitted in accordance with the provisions of the By-Laws;

**AND THAT** the Board be and is hereby authorised to do all such acts and things and to execute all such documents and enter into all such transactions, arrangements and agreements, deeds or undertakings, to make such rules or regulations, or impose such terms and conditions or delegate part of its power and to generally exercise such powers and perform such acts 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** in connection with the above, pursuant to Section 85 of the Companies Act 2016 (“the Act”), to be read together with Clause 13 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered ESOS Options and/or any new shares ranking equally to the existing issued shares of the Company.”

**ORDINARY RESOLUTIONS 13 TO 19**
**PROPOSED ALLOCATION OF ESOS OPTIONS TO EXECUTIVE DIRECTORS OF PADINI AND PERSONS CONNECTED WITH THEM PURSUANT TO THE PROPOSED ESOS**

“**THAT** subject to the passing of Ordinary Resolution 12 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to authorise the ESOS Committee at any time and from time to time during the duration of the Proposed ESOS, to offer and grant options to each of the executive directors and persons connected with them as named therein below:

(i)	Mr Yong Pang Chaun	Ordinary Resolution 13
(ii)	Ms Chong Chin Lin	Ordinary Resolution 14
(iii)	Mr Andrew Yong Tze How	Ordinary Resolution 15
(iv)	Mr Benjamin Yong Tze Jet	Ordinary Resolution 16
(v)	Ms Chew Voon Chyn	Ordinary Resolution 17
(vi)	Ms Sung Fong Fui	Ordinary Resolution 18
(vii)	Mr Christopher Yong Tze Yao	Ordinary Resolution 19

to subscribe for such number of Shares to be issued under the Proposed ESOS subject always to the following provisions:

- (a) the aggregate number of Padini Shares which may be made available under the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued Padini Shares (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESOS;
- (b) not more than 10% of the total number of Shares to be issued 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 more of the total number of issued Padini Shares (excluding treasury shares, if any);
- (c) not more than 50% of the total ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the executive directors and senior management of the Group who are Eligible Persons;
- (d) the executive directors and senior management of the Group who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any; and

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**EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING 41<sup>ST</sup> AGM (CONT'D)**

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

**AND THAT** the Board be further authorised to allot and issue such number of new Shares arising from the exercise of the ESOS Options that may be granted to the abovementioned persons from time to time under the Proposed ESOS.”

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