

**THIS CIRCULAR TO SHAREHOLDERS OF AE MULTI HOLDINGS BERHAD (“AEM” OR THE “COMPANY”) 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 advisers immediately. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser to the Company for the Proposals (as defined herein).

Bursa Malaysia Securities Berhad 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.



## **AE MULTI HOLDINGS BERHAD**

Registration No. 200101004021 (539777-D)  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

- (I) **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF AEM AND ITS SUBSIDIARIES TO INCLUDE THE GLOVES MANUFACTURING SOLUTIONS BUSINESS (“PROPOSED DIVERSIFICATION”);**
- (II) **PROPOSED PRIVATE PLACEMENT OF UP TO 166,433,000 NEW ORDINARY SHARES IN AEM (“AEM SHARES” OR “SHARES”), REPRESENTING 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF AEM, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED AND AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”);**
- (III) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,442,419,508 NEW SHARES (“RIGHTS SHARES”) TOGETHER WITH UP TO 1,081,814,631 FREE DETACHABLE WARRANTS IN AEM (“WARRANTS B”) ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS B FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”); AND**
- (IV) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF AEM AND ITS SUBSIDIARIES (“PROPOSED ESOS”)**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

**AND**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser for the Proposals and  
Placement Agent for the Proposed Private Placement*



## **MERCURY SECURITIES SDN BHD**

Registration No. 198401000672 (113193-W)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company (“EGM”) to be held at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 15 April 2021 at 11.00 a.m or at any adjournment thereof, is enclosed together with the Administrative Notes and Proxy Form in this Circular. The EGM will be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue (as set out below). The Notice of the EGM together with the Proxy Form, Administrative Notes and this Circular are available at the Company’s website at <https://www.amallionpcb.com/en/index.php>.

As a shareholder, you are entitled to attend, participate, speak and vote at the EGM and are entitled to appoint a proxy or proxies to attend, participate, speak and vote on your behalf. The Proxy Form must be deposited at the Share Registrar’s office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, or via facsimile no 03 – 6201 3121 or email to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than 48 hours before the time and date appointed for holding the EGM. The completion and lodging of the Proxy Form shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

Last date and time for lodging the Proxy Form	: Tuesday, 13 April 2021 at 11.00 a.m.
Date and time of the EGM	: Thursday, 15 April 2021 at 11.00 a.m.
Broadcast Venue of the EGM	: Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 30 March 2021

---

## DEFINITIONS

---

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

<b>AEM or the Company</b>	- AE Multi Holdings Berhad
<b>AEM Group or the Group</b>	- Collectively, AEM and its subsidiaries
<b>AEM Shares or Shares</b>	- Ordinary shares in the Company
<b>AEMI</b>	- AE Multi Industries Sdn Bhd, a wholly-owned subsidiary of the Company
<b>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- Board of Directors of AEM
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad
<b>By-laws</b>	- The by-laws governing the ESOS as may be amended, varied or supplemented from time to time
<b>CAGR</b>	- Compound annual growth rate
<b>CIDB</b>	- Construction Industry Development Board
<b>Circular</b>	- This circular in relation to the Proposals
<b>CMSA</b>	- Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
<b>Code</b>	- Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
<b>Collaboration Agreement</b>	- The collaboration agreement entered into between AEMI and Ripcol on 30 October 2020, as supplemented and varied by a supplemental agreement dated 9 February 2021 between the parties
<b>Construction Business</b>	- Construction, project management and related activities
<b>COVID-19</b>	- Coronavirus disease 2019
<b>Deed Poll B</b>	- Deed poll constituting the Warrants B to be executed by AEM
<b>Directors</b>	- Directors for the time being of the Company and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
<b>Effective Date</b>	- The date on which the Scheme shall take effect following full compliance with all relevant requirements prescribed under the Listing Requirements
<b>EGM</b>	- An extraordinary general meeting of the Company to be convened for the Proposals
<b>Eligible Persons</b>	- Director or employee of the Group (excluding subsidiaries which are dormant) who meets the criteria of eligibility for participation in the ESOS as set out in the By-laws

---

**DEFINITIONS (CONT'D)**

---

<b>Entitled Shareholders</b>	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to participate in the Proposed Rights Issue with Warrants
<b>Entitlement Date</b>	- A date to be determined by the Board and announced later, on which the names of Entitled Shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to participate in the Proposed Rights Issue with Warrants
<b>EPCC</b>	- Engineering, procurement, construction and commissioning
<b>EPS</b>	- Earnings per share
<b>ESOS or Scheme</b>	- Employees' share option scheme for the granting of Options to the Eligible Person(s) to subscribe for new Shares upon the terms as set out in the By-laws, such Scheme to be known as the "AE Multi Holdings Berhad Employees' Share Option Scheme"
<b>ESOS Committee</b>	- The committee to be appointed and authorised by the Board from time to time to administer the ESOS in accordance with the By-laws, comprising such number of Directors and/or senior management personnel of the Group identified and appointed from time to time by the Board
<b>Foreign-Addressed Shareholders</b>	- Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue with Warrants
<b>Fintec Glove</b>	- Fintec Glove Sdn Bhd, a wholly-owned subsidiary of Fintec Global Berhad
<b>FPE</b>	- Financial period ended
<b>FYE</b>	- Financial year ended
<b>Gloves Manufacturing Solutions Business</b>	- Businesses involving the Glove Turnkey Solutions Business and Glove Supplementary Services Business
<b>Glove Supplementary Services Business</b>	- Business involving the provision of supplementary services other than the Glove Turnkey Solutions Business, further details of which are set out in Section 2.2.2 of this Circular
<b>Glove Turnkey Solutions Business</b>	- Business involving the design and EPCC of glove-dipping lines for glove manufacturers
<b>Grantee</b>	- Any Eligible Person who has accepted an Offer from the ESOS Committee in the manner provided in the By-laws
<b>IMR Report</b>	- The independent market research report dated 29 March 2021 prepared by Smith Zander
<b>Interested Person</b>	- A director, major shareholder or chief executive of the Company or a holding company of the Company
<b>LAT</b>	- Loss after taxation
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities, as amended from time to time

---

**DEFINITIONS (CONT'D)**

---

<b>LPD</b>	- 9 March 2021, being the latest practicable date prior to the printing of this Circular
<b>LPS</b>	- Loss per Share
<b>MARGMA</b>	- Malaysia Rubber Gloves Manufacturers Association
<b>Market Day(s)</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	- Assuming all 166,433,000 Placement Shares are fully placed out prior to the Proposed Rights Issue with Warrants and that all Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants
<b>Maximum Shares</b>	- Maximum number of new Shares that may be issued under the ESOS which shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the ESOS
<b>MCO</b>	- Movement control order issued by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
<b>Mercury Securities or the Principal Adviser or Placement Agent</b>	- Mercury Securities Sdn Bhd, the Principal Adviser for the Proposals and the Placement Agent for the Proposed Private Placement
<b>MFRS 2</b>	- Malaysian Financial Reporting Standards 2 – <i>Share-based Payment</i>
<b>Minimum Scenario</b>	- Assuming all 166,433,000 Placement Shares are fully placed out prior to the Proposed Rights Issue with Warrants and that the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level
<b>Minimum Subscription Level</b>	- Minimum subscription level of 166,666,667 Rights Shares together with 125,000,000 Warrants B based on an illustrative issue price of RM0.06 per Rights Share to raise a minimum of RM10.0 million
<b>NA</b>	- Net assets
<b>NBR</b>	- Nitrile butadiene rubber, a synthetic rubber that is a core raw material for making nitrile gloves
<b>Offer</b>	- A written offer made by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in the By-laws
<b>Official List</b>	- A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
<b>Option Period</b>	- The period commencing from the Effective Date and expiring on (a) the last day of the duration of Scheme, or (b) such other date as stipulated by the ESOS Committee in the Offer, or (c) on the date of termination or expiry of the Scheme as provided in the By-laws
<b>Option Price</b>	- The price per Share at which a Grantee shall be entitled to subscribe for a new Share upon the exercise of the Options as set out in the Offer and may be adjusted in accordance with the By-laws

---

**DEFINITIONS (CONT'D)**

---

<b>Options</b>	- Right of a Grantee which may be conditional or unconditional to subscribe for such number of new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-laws
<b>Palm Oil Mill Project</b>	- The Group's maiden project in the Construction Business, involving the design and construction of a palm oil mill with biogas plant system, polishing plant and composting plant in Sabah
<b>PCB</b>	- Printed circuit board
<b>PCB Business</b>	- The manufacturing and sales of PCB and provision of related services
<b>Placement Shares</b>	- Up to 166,433,000 new Shares to be issued pursuant to the Proposed Private Placement
<b>PNE Glove</b>	- PNE Glove Sdn Bhd (formerly known as Jaringan Menang Sdn Bhd), a wholly-owned subsidiary of PNE PCB Berhad
<b>Previous ESOS</b>	- AEM's previous ESOS which was implemented on 7 January 2016 and subsequently terminated on 9 February 2021
<b>Private Placement August 2020</b>	- Private placement exercise of 38,803,200 Shares, which was completed on 5 August 2020
<b>Private Placement December 2020</b>	- Private placement exercise of 85,629,000 Shares, which was completed on 2 December 2020
<b>Proposals</b>	- Collectively, the Proposed Diversification, Proposed Fund-Raising Exercises and Proposed ESOS
<b>Proposed Diversification</b>	- Proposed diversification of the existing business of the Group to include the Gloves Manufacturing Solutions Business
<b>Proposed Fund-Raising Exercises</b>	- Collectively, the Proposed Private Placement and Proposed Rights Issue with Warrants
<b>Proposed ESOS</b>	- Proposed establishment of an ESOS involving up to 15% of the total number of issued Shares (excluding treasury shares, if any) for the Eligible Persons
<b>Proposed Private Placement</b>	- Proposed private placement of up to 166,433,000 Placement Shares, representing 30% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified and at an issue price to be determined later
<b>Proposed Rights Issue with Warrants</b>	- Proposed renounceable rights issue of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 free detachable Warrants B on the basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date
<b>Record of Depositors</b>	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
<b>Rights Shares</b>	- Up to 1,442,419,508 new Shares to be allotted and issued pursuant to the Proposed Rights Issue with Warrants
<b>Ripcol</b>	- Ripcol Engineering Sdn Bhd

---

**DEFINITIONS (CONT'D)**

---

<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>Rules of Bursa Depository</b>	- The Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time
<b>Rules on Take-Overs, Mergers and Compulsory Acquisitions</b>	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMA, as amended from time to time
<b>SC</b>	- Securities Commission Malaysia
<b>Shareholders</b>	- Registered holders of the Shares
<b>Smith Zander</b>	- Smith Zander International Sdn Bhd, an independent market researcher
<b>TEAP</b>	- Theoretical ex-all price
<b>THB</b>	- Thai baht, the lawful currency of Thailand
<b>Undertaking</b>	- The written Undertaking from the Undertaking Shareholder dated 4 February 2021 pursuant to which the Undertaking Shareholder have irrevocably undertaken, amongst others, to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by AEM arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to not less than RM10.0 million, details of which are set out in Section 4.3 of this Circular
<b>Undertaking Shareholder</b>	- AT Precision Tooling Sdn Bhd (a major shareholder of AEM)
<b>US</b>	- United States of America
<b>USD</b>	- United States Dollars, the lawful currency of the US
<b>VWAP</b>	- Volume-weighted average market price
<b>Warrants B</b>	- Up to 1,081,814,631 free detachable warrants in AEM to be allotted and issued pursuant to the Proposed Rights Issue with Warrants
<b>WHO</b>	- World Health Organisation

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

---

**DEFINITIONS (CONT'D)**

---

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

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

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

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

---

**TABLE OF CONTENTS**

---

**LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:-**

<b>SECTION</b>	<b>PAGE</b>
1. INTRODUCTION	1
2. PROPOSED DIVERSIFICATION	2
3. PROPOSED PRIVATE PLACEMENT	9
4. PROPOSED RIGHTS ISSUE WITH WARRANTS	10
5. PROPOSED ESOS	19
6. UTILISATION OF PROCEEDS FROM THE PROPOSED FUND-RAISING EXERCISES	24
7. RATIONALE FOR THE PROPOSALS	30
8. RISK FACTORS IN RELATION TO THE PROPOSED DIVERSIFICATION	34
9. INDUSTRY OVERVIEW AND FUTURE PROSPECTS	36
10. EFFECTS OF THE PROPOSALS	44
11. TENTATIVE TIMELINE	51
12. APPROVALS REQUIRED AND CONDITIONALITY	52
13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	53
14. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	53
15. ADDITIONAL INFORMATION	55
16. BOARD'S RECOMMENDATION	59
17. EGM	59
18. FURTHER INFORMATION	59
APPENDIX I FURTHER INFORMATION	60
APPENDIX II DRAFT BY-LAWS	62
NOTICE OF EGM	ENCLOSED
ADMINISTRATIVE NOTES FOR THE EGM	ENCLOSED
PROXY FORM FOR THE EGM	ENCLOSED

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



## EXECUTIVE SUMMARY

*This Executive Summary highlights only the salient information of the Proposals. The Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.*

Key information	Description	Reference to Circular
<p><b>Summary of the Proposals</b></p>	<p><b><u>Proposed Diversification</u></b></p> <p>In order to improve the Group's financial condition and to diversify its earning base, the Group has been actively identifying other alternatives. After taking into consideration of the prospects of the gloves industry as set out in Sections 9.2, 9.3, 9.4 and 9.5 of this Circular, the Group plans to diversify into the Gloves Manufacturing Solutions Business which involves the Glove Turnkey Solutions Business and Glove Supplementary Services Business</p> <p>The Gloves Manufacturing Solutions Business is anticipated to contribute 25% or more of the NA and/or net profits of the Group. Pursuant to Paragraph 10.13(1) of the Listing Requirements, the Board proposes to seek the approval from Shareholders for the Proposed Diversification at the forthcoming EGM.</p>	<p>Section 2</p>
	<p><b><u>Proposed Private Placement</u></b></p> <p>The Proposed Private Placement involves the issuance of up to 166,433,000 new Shares, representing 30% of the total number of issued Shares as at the LPD to independent third-party investor(s) to be identified and at an issue price to be determined later.</p>	<p>Section 3</p>
	<p><b><u>Proposed Rights Issue with Warrants</u></b></p> <p>The Proposed Rights Issue with Warrants which involves the issuance of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 free Warrants B is to be implemented on a renounceable basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.</p> <p>It is the Company's intention to implement the Proposed Rights Issue with Warrants after the completion of the Proposed Private Placement.</p>	<p>Section 4</p>
	<p><b><u>Proposed ESOS</u></b></p> <p>The Proposed ESOS involves the granting of Options to the Eligible Persons to subscribe for new Shares in accordance with the By-laws. The Options to be granted under the ESOS shall entitle the Eligible Persons to subscribe for new Shares at an Option Price to be determined at a later date.</p> <p>The Scheme will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Scheme.</p> <p>The maximum number of new Shares that may be issued under the 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 of time during the duration of the ESOS.</p> <p>For the avoidance of doubt, the Proposed ESOS will be implemented after the Entitlement Date of the Proposed Rights Issue with Warrants.</p>	<p>Section 5</p>

**EXECUTIVE SUMMARY (CONT'D)**

Key information	Description	Reference to Circular																						
<p><b>Utilisation of proceeds from the Proposed Fund-Raising Exercises</b></p>	<p><b><u>Proposed Private Placement</u></b></p>	<p>Section 6</p>																						
	<p>Based on an illustrative issue price of RM0.0689 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised by the Group in the following manner:-</p>																							
	<table border="1"> <thead> <tr> <th data-bbox="475 456 762 539">Utilisation of proceeds</th> <th data-bbox="770 456 1082 539">Expected timeframe for utilisation from completion of the Proposed Private Placement</th> <th data-bbox="1090 456 1225 539">RM'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 546 762 663">(i) Mobilisation costs for the Glove Turnkey Solutions Business</td> <td data-bbox="770 546 1082 663">Within 12 months</td> <td data-bbox="1090 546 1225 663">11,087</td> </tr> <tr> <td data-bbox="475 669 762 752">(ii) Estimated expenses for the Proposed Private Placement</td> <td data-bbox="770 669 1082 752">Immediate</td> <td data-bbox="1090 669 1225 752">380</td> </tr> <tr> <td data-bbox="475 759 762 792"><b>Total</b></td> <td data-bbox="770 759 1082 792"></td> <td data-bbox="1090 759 1225 792"><b>11,467</b></td> </tr> </tbody> </table>		Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	RM'000	(i) Mobilisation costs for the Glove Turnkey Solutions Business	Within 12 months	11,087	(ii) Estimated expenses for the Proposed Private Placement	Immediate	380	<b>Total</b>		<b>11,467</b>										
	Utilisation of proceeds		Expected timeframe for utilisation from completion of the Proposed Private Placement	RM'000																				
	(i) Mobilisation costs for the Glove Turnkey Solutions Business		Within 12 months	11,087																				
(ii) Estimated expenses for the Proposed Private Placement	Immediate	380																						
<b>Total</b>		<b>11,467</b>																						
<p><b><u>Proposed Rights Issue with Warrants</u></b></p>																								
<table border="1"> <thead> <tr> <th data-bbox="475 866 722 1048">Utilisation of proceeds</th> <th data-bbox="730 866 954 1048">Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants</th> <th data-bbox="962 866 1082 1048">Minimum Scenario (RM'000)</th> <th data-bbox="1090 866 1225 1048">Maximum Scenario (RM'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1055 722 1200">(i) Investment in the Gloves Manufacturing Solutions Business</td> <td data-bbox="730 1055 954 1200">Within 24 months</td> <td data-bbox="962 1055 1082 1200">8,800</td> <td data-bbox="1090 1055 1225 1200">48,280</td> </tr> <tr> <td data-bbox="475 1207 722 1274">(ii) Repayment of borrowings</td> <td data-bbox="730 1207 954 1274">Within 6 months</td> <td data-bbox="962 1207 1082 1274">-</td> <td data-bbox="1090 1207 1225 1274">30,000</td> </tr> <tr> <td data-bbox="475 1281 722 1449">(iii) Working capital for the Gloves Manufacturing Solutions Business</td> <td data-bbox="730 1281 954 1449">Within 24 months</td> <td data-bbox="962 1281 1082 1449">-</td> <td data-bbox="1090 1281 1225 1449">7,065</td> </tr> <tr> <td data-bbox="475 1456 722 1561">(iv) Estimated expenses for the Proposals</td> <td data-bbox="730 1456 954 1561">Immediate</td> <td data-bbox="962 1456 1082 1561">1,200</td> <td data-bbox="1090 1456 1225 1561">1,200</td> </tr> <tr> <td data-bbox="475 1554 722 1592"><b>Total</b></td> <td data-bbox="730 1554 954 1592"></td> <td data-bbox="962 1554 1082 1592"><b>10,000</b></td> <td data-bbox="1090 1554 1225 1592"><b>86,545</b></td> </tr> </tbody> </table>	Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	(i) Investment in the Gloves Manufacturing Solutions Business	Within 24 months	8,800	48,280	(ii) Repayment of borrowings	Within 6 months	-	30,000	(iii) Working capital for the Gloves Manufacturing Solutions Business	Within 24 months	-	7,065	(iv) Estimated expenses for the Proposals	Immediate	1,200	1,200	<b>Total</b>		<b>10,000</b>	<b>86,545</b>
Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)																					
(i) Investment in the Gloves Manufacturing Solutions Business	Within 24 months	8,800	48,280																					
(ii) Repayment of borrowings	Within 6 months	-	30,000																					
(iii) Working capital for the Gloves Manufacturing Solutions Business	Within 24 months	-	7,065																					
(iv) Estimated expenses for the Proposals	Immediate	1,200	1,200																					
<b>Total</b>		<b>10,000</b>	<b>86,545</b>																					

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**EXECUTIVE SUMMARY (CONT'D)**

Key information	Description	Reference to Circular
<p><b>Rationale for the Proposals</b></p>	<p><b><u>Proposed Diversification</u></b></p> <p>(i) It allows the Group to capitalise on a booming segment with favourable long-term prospects.</p> <p>(ii) It provides the Group with an alternative source of income to its current core business.</p>	<p>Section 7.1</p>
	<p><b><u>Proposed Fund-Raising Exercises</u></b></p> <p>(i) <b>Proposed Private Placement</b></p> <p>It would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The proceeds from the Proposed Private Placement will provide immediate funds to the Group to kickstart the Glove Turnkey Solutions Business.</p> <p>(ii) <b>Proposed Rights Issue with Warrants</b></p> <p>(a) It will allow the Group to raise the total proceeds required as set out in Section 6 of the Circular from an enlarged share base after the completion of the Proposed Private Placement.</p> <p>(b) It will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants B subsequently.</p> <p>(c) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis.</p> <p>(d) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>(e) The free Warrants B which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders.</p>	<p>Section 7.2</p>
	<p><b><u>Proposed ESOS</u></b></p> <p>(i) To drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;</p> <p>(ii) To reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;</p> <p>(iii) To retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;</p> <p>(iv) To align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and</p> <p>(v) To attract and retain high-calibre Eligible Persons.</p>	<p>Section 7.3</p>

## EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
<b>Approvals required</b>	<p>The Proposals are subject to approvals being obtained from the following:-</p> <p>(i) Bursa Securities (which have been obtained on 19 March 2021) for the following:-</p> <p>(a) listing and quotation of up to 166,433,000 Placement Shares to be issued pursuant to the Proposed Private Placement;</p> <p>(b) admission of the Warrants B to the Official List;</p> <p>(c) listing and quotation of up to 1,442,419,508 Rights Shares and up to 1,081,814,631 Warrants B on the Main Market of Bursa Securities;</p> <p>(d) listing and quotation of up to 1,081,814,631 new Shares to be issued upon the exercise of the Warrants B on the Main Market of Bursa Securities; and</p> <p>(e) listing and quotation of such number of additional new Shares, representing up to 15% of the total number of issued Shares of the Company (excluding treasury shares), to be issued upon exercise of Options under the Proposed ESOS;</p> <p>(ii) Shareholders at the forthcoming EGM for the Proposals; and</p> <p>(iii) any other relevant authorities and/or parties, if required.</p>	Section 12.1
<b>Conditionality</b>	<p>The Proposed Diversification, Proposed Private Placement, Proposed Rights Issue with Warrants and Proposed ESOS are not conditional upon each other.</p> <p>The Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.</p>	Section 12.2
<b>Interests of directors, major shareholders, chief executive and/or persons connected to them</b>	<p><b><u>Proposed Diversification and Proposed Private Placement</u></b></p> <p>None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Diversification and Proposed Private Placement.</p> <p><b><u>Proposed Rights Issue with Warrants</u></b></p> <p>None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess shares applications), to which all Entitled Shareholders are similarly entitled.</p> <p><b><u>Proposed ESOS</u></b></p> <p>All the Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective specific allocations as well as specific allocations to persons connected to them, if any, under the Proposed ESOS.</p> <p>Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting in relation to any specific allocation of Options to themselves respectively as well as any specific allocation of Options to persons connected to them, if any, at all relevant Board meetings.</p>	Section 14

---

**EXECUTIVE SUMMARY (CONT'D)**

---

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Board's recommendation</b>	The Board recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.	Section 16

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



## **AE MULTI HOLDINGS BERHAD**

Registration No. 200101004021 (539777-D)  
(Incorporated in Malaysia)

### **Registered Office**

Third Floor, No. 77, 79 & 81,  
Jalan SS21/60,  
Damansara Utama,  
47400 Petaling Jaya,  
Selangor Darul Ehsan

30 March 2021

### **Board of Directors**

Dato' Nik Ismail Bin Dato' Nik Yusoff (*Independent Non-Executive Chairman*)  
Yang Chao-Tung (*Managing Director*)  
Choong Lee Aun (*Executive Director*)  
Saffie Bin Bakar (*Independent Non-Executive Director*)  
Yee Yit Yang (*Independent Non-Executive Director*)

### **To: The Shareholders**

Dear Sir / Madam,

- (I) **PROPOSED DIVERSIFICATION;**
- (II) **PROPOSED PRIVATE PLACEMENT;**
- (III) **PROPOSED RIGHTS ISSUE WITH WARRANTS; AND**
- (IV) **PROPOSED ESOS**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

---

### **1. INTRODUCTION**

On 9 February 2021, the Company announced that the Company's Previous ESOS will be terminated on the same date in accordance with the terms of the by-laws governing the Previous ESOS. This was because the remaining number of options which is available to be granted under the Previous ESOS is less than 1.5% of the total number of issued shares of the Company as at the date of termination of the Previous ESOS. Hence, the Company proposed to implement a new ESOS to replace the Previous ESOS.

On 9 February 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 19 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 18 March 2021 (which was received on 19 March 2021), granted its approval for the following:-

- (i) listing and quotation of up to 166,433,000 Placement Shares to be issued pursuant to the Proposed Private Placement;
- (ii) admission of the Warrants B to the Official List;

- (iii) listing and quotation of up to 1,442,419,508 Rights Shares and up to 1,081,814,631 Warrants B on the Main Market of Bursa Securities;
- (iv) listing and quotation of up to 1,081,814,631 new Shares to be issued upon the exercise of the Warrants B on the Main Market of Bursa Securities; and
- (v) listing and quotation of such number of additional new Shares, representing up to 15% of the total number of issued Shares of the Company (excluding treasury shares), to be issued upon exercise of Options under the Proposed ESOS.

The approval of Bursa Securities is subject to the conditions as set out in Section 12.1 of this Circular.

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

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. PROPOSED DIVERSIFICATION**

### **2.1 Details of the Proposed Diversification**

The Group is principally involved in the following business segments:-

- (i) PCB Business : The manufacturing and sales of PCB and provision of related services such as the sourcing and reselling of PCB and related products as well as electronics and telecommunication components and related products
- (ii) Construction Business : Construction, project management and related activities such as supplying resources, advising, supervising, coordinating, managing and administering construction projects

Historically, the Group has primarily been engaged in the PCB Business, whereby the Group's principal market is in Thailand. The Group manufactures and supplies PCBs (which are mainly used in home appliances) to electrical and electronic companies from its 2 manufacturing factories located in Thailand. However, the Group has been facing challenges in the PCB Business mainly due to the increase in labour costs, higher raw material costs as well as adoption of a competitive pricing strategy in order to increase the Group's market share in Thailand. Consequently, the Group's profitability was adversely affected as the Group was unable to fully pass on the higher cost to customers in order to stay competitive.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

On 15 October 2019, the Group secured its maiden project (i.e. the Palm Oil Mill Project) which has a total project value of RM30.9 million. The duration of the Palm Oil Mill Project is 24 months from the date of receipt of the vacant possession of the project site, i.e. from 6 November 2019. The Group was also in discussions with other parties to tender for additional contracts for the Construction Business in 2019. The Board envisaged that the Construction Business would generate net profits which may contribute more than 25% of the Group's net profit, after taking into consideration the completion of the Palm Oil Mill Project and other construction projects that the Group may secure, as detailed in the Company's circular to the Shareholders dated 26 December 2019.

However, despite the Group's efforts, the Group has only managed to secure one project since venturing into the Construction Business (i.e. the Palm Oil Mill Project) due to the sluggish economy arising from the impact of the COVID-19 pandemic. Please refer to Section 7.4(b) of this Circular for further details on the status of the Palm Oil Mill Project.

Due to the challenges faced by the Group as well as the uncertainties arising from the COVID-19 pandemic in the global economy, the Group has experienced fluctuations in its revenue and consecutive LATs since FYE 31 December 2017 as shown below:-

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	12-month FPE 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
- PCB Business	62,103	61,193	63,130	66,109
- Construction Business	-	-	-	2,586
<b>Total revenue</b>	<b>62,103</b>	<b>61,193</b>	<b>63,130</b>	<b>68,695</b>
LAT				
- PCB Business	(1,287)	(1,961)	(871)	(2,609)
- Construction Business	-	-	-	(802)
<b>Total LAT</b>	<b>(1,287)</b>	<b>(1,961)</b>	<b>(871)</b>	<b>(3,411)</b>

Further details on the Group's financial performance are set out in Section 15.1 of this Circular.

In recent years, the Group has been actively identifying other alternatives and has undertaken several initiatives in an effort to improve its financial performance, further details of which are as set out in Section 15.2 of this Circular. To improve its financial condition and to diversify its earning base, the Group intends to undertake the Proposed Diversification to venture into the Gloves Manufacturing Solutions Business. Subject to securing the EPCC contracts and the timing of delivery of the relevant contracts, the Glove Manufacturing Solutions Business is expected to begin contributing net profit to the Group by the second half of 2021. Further details on the status of contracts secured are set out in Section 2.2.1 of this Circular.

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment (e.g. medical gloves) to curb the pandemic has rapidly boosted the demand for gloves. Medical gloves, which is a form of rubber gloves, are typically worn by healthcare professionals and workers in the medical industry as a safety measure to safeguard against infection and exposure to potential viruses, bacteria and contaminants. Medical gloves are also widely used in laboratory works to protect against contaminants and harmful chemicals.



This has resulted in extraordinary profits for glove manufacturers, which has driven not only the existing glove manufacturers to aggressively expand their manufacturing capacity, but has also attracted new entrants into the lucrative glove manufacturing business. As a result, the demand for glove-dipping lines has risen substantially.

*Malaysia is a major producer of rubber gloves. As at the LPD, there are approximately 69 rubber glove manufacturing companies and 14 public listed companies in Malaysia which have recently ventured, or announced their plans to venture, into rubber glove manufacturing. The manufacturing activities of rubber gloves have been increasing to support the increasing exports of rubber gloves from Malaysia to cater for the increasing global demand for rubber gloves.*

*According to MARGMA, the rubber glove manufacturers have already taken an oversold position prior to the widespread outbreak of the COVID-19 pandemic, thus resulting in new order deliveries of rubber gloves to take more than 6 months. In addition, as a result of the oversold position and surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, rubber glove manufacturers are experiencing higher sales for their rubber gloves and at higher average selling prices.*

*As of 10 March 2021, COVID-19 has affected 223 countries, areas or territories, infecting 117.33 million persons and causing 2.61 million deaths.*

*Smith Zander estimates that, on average, approximately 3.67 billion pieces of examination gloves are required worldwide for the COVID-19 response, including for COVID-19 vaccinations, each month in 2021. Hence, the need for rubber gloves, including medical gloves as personal protective equipment during and even after the COVID-19 pandemic, will continue to boost the demand for rubber gloves globally.*

*The growth of rubber glove manufacturing activities in Malaysia is attributed to low production costs, easy access to raw materials and stringent testing to meet international standards, making Malaysian-produced rubber gloves reliable and cost-effective.*

*To meet the demand for rubber gloves, rubber glove manufacturers seek expansion of rubber glove production capacity through the installation of additional glove-dipping lines in their glove production plants. Further, new entrants in the rubber glove manufacturing industry are required to establish glove production plant(s) which include the installation of glove-dipping lines. As such, the increasing demand for rubber gloves will continue to drive the increase in production capacity, thereby creating demand for glove-dipping lines. This thus presents growing business opportunities for glove-dipping line manufacturers and/or solution providers which may conduct in-house manufacturing works or outsource such works to sub-contractors.*

*(Source: IMR Report)*

Further details on the prospects for the glove industry are set out in Sections 9.2, 9.3, 9.4 and 9.5 of this Circular.

Premised on the above, the Group intends to undertake the Proposed Diversification, which allows the Group to venture into the Gloves Manufacturing Solutions Business and to capitalise on the burgeoning demand from both existing and aspiring glove manufacturers, which will provide an alternative source of income to the Group's current core business.

As at the LPD, the Group has entered into the Collaboration Agreement with Ripcol and received letters of award to undertake EPCC works from two customers, i.e. Fintec Glove and PNE Glove respectively.

The Group is also currently in discussions with other parties to tender and/or secure additional awards for the Glove Manufacturing Solutions Business. Further details on the Gloves Manufacturing Solutions Business are set out in Section 2.2 of this Circular.

The Gloves Manufacturing Solutions Business is anticipated to contribute 25% or more of the NA and/or net profits of the Group. As detailed above, the Company expects the Glove Manufacturing Solution Business to begin contributing net profit to the Group by the second half of 2021. Further, the Group is also in the midst of discussions with a few other prospective customers, further details of which are set out in Section 2.2.1 of this Circular. Pursuant to Paragraph 10.13(1) of the Listing Requirements, the Company is required to obtain Shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- (a) the diversion of 25% or more of the NA of the listed corporation to an operation which differs widely from those operations previously carried on by the listed issuer; or
- (b) the contribution from such an operation of 25% or more of the net profits of the listed issuer.

In view thereof, the Board will be seeking the approval from the Shareholders for the Proposed Diversification at the forthcoming EGM. Notwithstanding the Proposed Diversification, the Board intends to continue with the Group's existing businesses in the same manner.

## **2.2 Details of the Gloves Manufacturing Solutions Business**

### **2.2.1 Glove Turnkey Solutions Business**

The Company intends to act as the main contractor to undertake the EPCC works in relation to the Glove Turnkey Solutions Business. As the main contractor, AEM shall be involved in the implementation of the EPCC projects, which includes daily management of all the works required for timely completion of the projects. AEM shall also engage subcontractors for the implementation of the EPCC projects to harness the expertise of partners with relevant experience in the Glove Turnkey Solutions Business.

The turnkey solutions to be offered shall include the following services:-

- (i) on-site visits and feasibility assessments;
- (ii) technical design and planning;
- (iii) sourcing of materials, related parts and components of glove-dipping lines;
- (iv) fabrication works;
- (v) installation;
- (vi) testing and commissioning; and
- (vii) post-installation services and maintenance.

The Group had, via its wholly-owned subsidiary, AEMI entered into the Collaboration Agreement with Ripcol for the Glove Turnkey Solutions Business.

Through the Collaboration Agreement, AEMI shall whenever possible, engage Ripcol as its sub-contractor through a separate sub-contract to be entered between the parties for each project secured by AEMI, whereby Ripcol will be responsible to undertake the on-site visits and feasibility assessments, technical design and planning, fabrication works, installation, testing and commissioning as well as post-installation services and maintenance of the glove-dipping lines. Ripcol shall also provide the necessary technical support and required resources to AEMI.

AEMI shall be responsible for sourcing of materials, related parts and components of glove-dipping lines necessary for the delivery of the EPCC projects secured. The collaboration with Ripcol is not exclusive whereby the Group is able to engage other third-party sub-contractors in the event Ripcol is unable to undertake the works or the terms of the sub-contracts cannot be agreed upon by both parties.

Incorporated in Malaysia and based in Chemor, Perak, Ripcol is an engineering services company providing engineering design, fabrication, installation and related engineering services for industrial and glove machineries. Ripcol has extensive experience in glove-related process and manufacturing of machineries and has serviced customers both locally and internationally such as customers from Indonesia, Vietnam, Thailand, Sri Lanka, India and others.

The Collaboration Agreement is expected to mutually benefit both the Group and Ripcol. The Group intends to leverage on its business connections in Malaysia and Thailand which is built from its existing PCB Business to secure EPCC projects. Through the Collaboration Agreement, both AEMI and Ripcol shall also leverage on the respective skills and experience of both parties to jointly enhance the efficiency of the glove-dipping lines via research and development. The enhanced glove-dipping lines are expected lower the costs of manufacturing of gloves and improve the efficiency and output of gloves production. In turn, the Group expects to be able to attract more potential customers.

At this juncture, the Group intends to offer its turnkey manufacturing solutions to both existing and aspiring glove manufacturers in Malaysia and Thailand. Both Malaysia and Thailand are key markets for gloves production, being the world's first and second largest exporter of rubber gloves in 2019 in terms of number of pieces of rubber gloves exported respectively and thus have a high concentration of glove manufacturers.

As at the LPD, the Group has received the following letters of award in relation to the Glove Turnkey Solutions Business:-

<b>Date of letter of award</b>	<b>Customer</b>	<b>Project details</b>
2 December 2020	Fintec Glove <sup>(1)</sup>	EPCC on a turnkey basis of a manufacturing factory with the capacity to house up to 14 glove-dipping lines in Chemor, Perak
13 January 2021	PNE Glove <sup>(2)</sup>	EPCC on a turnkey basis of a manufacturing factory with the capacity to house up to 10 glove-dipping lines in Klang, Selangor

**Notes:-**

(1) Fintec Glove is a wholly-owned subsidiary of Fintec Global Berhad, a public company listed on the ACE Market of Bursa Securities. The Group expects to enter into a definitive agreement in relation to the award by Fintec Glove pending the completion of the new factory building of Fintec (which is expected to complete by the first half of 2021), wherein the contract sum shall be determined in the definitive agreement which will be announced by the Group in due course. According to the letter of award, the contract shall be completed by AEMI within 8 months from the date of commencement to be stipulated in the definitive agreement.

There are no common directors and common major shareholders between AEM and Fintec.

- (2) PNE Glove is a wholly-owned subsidiary of PNE PCB Berhad, a public company listed on the Main Market of Bursa Securities. The Group expects to enter into a definitive agreement in relation to the award by PNE Glove pending the completion of the refurbishment of factory building of PNE Glove (which is expected to complete by the second half of 2021), wherein the contract sum shall be determined in the definitive agreement which will be announced by the Group in due course. According to the letter of award, the contract shall be completed by AEMI within 8 months from the date of commencement to be stipulated in the definitive agreement.

Save for Choong Lee Aun who serves as an Executive Director in AEM and independent non-executive director in PNE PCB Berhad, as well as Dato' Nik Ismail Bin Dato' Nik Yusoff who serves as an Independent Non-Executive Chairman in both AEM and PNE PCB Berhad, there are no other common directors and common major shareholders between AEM and PNE.

As at the LPD, the Group is also in the midst of discussions with a few other prospective customers, which includes both existing and aspiring glove manufacturers, for the provision of EPCC on a turnkey basis of glove manufacturing factories. The Company will make the necessary announcements as and when any letter of award or contract is signed with these prospective customers.

Depending on the final specifications of the respective glove-dipping lines (e.g. the length of the glove-dipping line and whether it is a single-former or double-former glove-dipping line), the layout of the respective project site, and the costs of the raw materials at the relevant time, the Group estimates that the costs to undertake the EPCC works for 1 glove-dipping line to range from approximately RM8.0 million to RM12.0 million. As such, to carry out the EPCC works for 24 glove-dipping lines as well as ancillary facilities, the Group expects to require funds of approximately RM200 million to RM300 million.

The projects secured by the Group shall be carried out based on the milestones and delivery schedules of the respective contracts. Upon delivery and acceptance of the respective milestones, the Group shall be able to record such revenue as per the milestones. As such, the Group intends to fund the mobilisation costs for the EPCC works through the funds raised from the Proposed Fund-Raising Exercises. Further details of the utilisation of proceeds from the Proposed Fund-Raising Exercises are set out in Sections 6.1 and 6.2 of the Circular.

Currently, the Group is in the midst of identifying suppliers / distributors for the supply of materials and parts required for the fabrication of the glove-dipping line. These are expected to be sourced both locally and overseas.

AEMI is currently registered with CIDB to act as the main contractor to undertake the EPCC works in relation to the Glove Turnkey Solutions Business.

### **2.2.2 Glove Supplementary Services Business**

To further enhance its product offerings as a one-stop solution provider for glove manufacturers, the Group also plans to purchase raw materials for gloves production in bulk for sale to its customers, i.e. glove manufacturers. This is in view that the Group expects to be in a better position to negotiate the pricing with raw material suppliers as the Group expects to be able to aggregate the raw material demand across the Group's customers.

Due to the heightened global demand for gloves resulting from the COVID-19 pandemic, many glove manufacturers currently have order books stretching much longer than usual. This in turn has created a constant demand for raw materials required for the manufacturing of gloves, making it difficult and pricier for smaller and newer glove manufacturers to secure raw materials such as, amongst others, NBR, a synthetic rubber that is a core raw material for making nitrile gloves, as well as other chemicals required for gloves production such as latex, calcium nitrate and chlorine.

As such, the Group plans to offer supplementary services to its customers by consolidating the demand from its customers to purchase raw materials in bulk. The increased bargaining power from bulk purchasing will help the Group secure purchase orders as well as negotiate for bulk discounts, thereby achieving cost reduction for its customers. As at the LPD, the Group has yet to enter into any agreement with the Group's customers for the supplementary bulk purchasing service.

As at the LPD, Group has already identified suppliers for the supply of NBR, chemicals and other raw materials, which will be sourced locally and overseas (e.g. the People's Republic of China).

To facilitate the Glove Supplementary Services Business such as the storage of raw materials purchased, the Group also intends to set up a wholesale distribution centre. As at the LPD, the Group is in the midst of evaluating a potential warehouse in Penang to be used as the wholesale distribution centre.

The Glove Supplementary Services Business is expected to commence operations in the third quarter of 2021, after the setting up of the wholesale distribution centre.

### **2.3 Key management personnel**

At this juncture, the Group has identified Mr Tan Thean Jin, who is the General Manager of AEMI to lead the Group's venture into the Gloves Manufacturing Solutions Business. His profile is set out below:-

Mr Tan Thean Jin, aged 55, is the General Manager of AEMI. He started his career as an operation manager at Alpha Master (M) Sdn Bhd, a leading supplier in Malaysia's automation industry, where he was a member of the senior management team in charge of inventory management, shipments and delivery performance, as well as supporting the chief executive officer in developing business strategies for the company.

In 2000, he left Alpha Master (M) Sdn Bhd and founded First White Sdn Bhd, an engineering consulting firm that specialises in machine design solutions for the bird nest industry. As the founder, Mr Tan Thean Jin has led a team of over 30 staff across multiple disciplines, including research and development, business development, supply chain management, sales and marketing, after sales services, as well as finance and budgeting.

In 2018, he left First White Sdn Bhd to join AT Engineering Solution Sdn Bhd as a business operation manager. At AT Engineering Solution Sdn Bhd, he was responsible for overseeing the company's business operations in the designing and manufacturing of innovative industrial automation systems and machinery for various industries such as semiconductor, hard disk drives, medical and textile industry. He was also involved in overseeing the operations of the new gloves manufacturing factory at AT Engineering Solutions Sdn Bhd.

He left AT Engineering Solution Sdn Bhd and joined AEMI in January 2021 and is primarily responsible for spearheading the Group's venture into the Gloves Manufacturing Solutions Business. With his leadership experiences across various industries as well as experiences in setting up new business ventures, he is expected to be able to lead the Group's establishment of the Gloves Manufacturing Solutions Business. Further, his background in engineering and machine solutions as well as past experience in leading business development, project and operation management, as well as contract negotiation are expected to contribute to the Group's establishment of the Gloves Manufacturing Solutions Business.

Moving forward, the Group plans to recruit up to 30 employees with relevant experience to undertake various roles (e.g. engineering, research and development, sales and marketing, procurement, administrative roles and others) in the Gloves Manufacturing Solutions Business. The new team shall support Mr Tan Thean Jin in growing the Gloves Manufacturing Solutions Business. As at the LPD, the Group has hired 7 employees to kickstart the Gloves Manufacturing Solutions Business and expects the full team to be in place by end of 2021. To retain and attract talent, the Group also plans to put in place competitive remuneration packages, learning and career advancement opportunities as well as set up a management team as succession planning for the Gloves Manufacturing Solutions Business.

### **3. PROPOSED PRIVATE PLACEMENT**

#### **3.1 Size of placement**

The Proposed Private Placement involves the issuance of up to 166,433,000 new Shares, representing 30% of the total number of issued Shares as at the LPD to independent third-party investor(s) to be identified and at an issue price to be determined later.

As at the LPD, the Company has an issued share capital comprising 554,776,754 Shares and it does not have any outstanding convertible securities. Based on the total number of 554,776,754 issued Shares as at the LPD, the Proposed Private Placement would entail the issuance of up to 166,433,000 Placement Shares, representing 30% of the total number of issued Shares (after rounding down to the nearest 1,000 Shares).

It is the Company's intention to implement the Proposed Private Placement before the Proposed Rights Issue with Warrants.

#### **3.2 Placement arrangement**

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall be party(ies) which qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

- (i) Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the placees may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

### **3.3 Ranking of the Placement Shares**

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares.

### **3.4 Listing of the Placement Shares**

The Placement Shares to be issued will be listed on the Main Market of Bursa Securities.

### **3.5 Basis and justification of the issue price of the Placement Shares**

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of the Shares immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.0689 per Placement Share, the issue price of the Placement Shares would represent a discount of approximately 20.0% to the 5-day VWAP of the Shares up to and including the LPD of RM0.0861 (*Source: Bloomberg*). Please refer to Section 5, Appendix I of this Circular on the historical share prices of AEM Shares.

## **4. PROPOSED RIGHTS ISSUE WITH WARRANTS**

### **4.1 Basis and number of Rights Shares and Warrants B to be issued**

It is the Company's intention to implement the Proposed Rights Issue with Warrants after the completion of the Proposed Private Placement.

The Proposed Rights Issue with Warrants which involves the issuance of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 free Warrants B is to be implemented on a renounceable basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.

The basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares was arrived at after taking into consideration, amongst others, the following:-

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in Section 6 of this Circular. The actual amount of proceeds to be raised is dependent on the final issue price of the Rights Shares and the level of subscription for the Proposed Rights Issue with Warrants. Further details are set out in Section 4.4 of this Circular; and
- (ii) pursuant to Paragraph 6.50 of the Listing Requirements which states that the number of new Shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants B to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date after taking into consideration any new Shares that may be issued arising from the Proposed Private Placement as well as the eventual subscription level for the Proposed Rights Issue with Warrants.

Based on the issued share capital of 554,776,754 Shares and assuming that all 166,433,000 Placement Shares are fully placed out prior to the Proposed Rights Issue with Warrants and that all Entitled Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants B, the Proposed Rights Issue with Warrants would entail the issuance of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 Warrants B.

The Rights Shares and Warrants B will be provisionally allotted and issued to the Entitled Shareholders. The Entitlement Date shall be determined by the Board after obtaining all approvals for the Proposed Rights Issue with Warrants.

The Warrants B are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares. Each Warrant B will entitle its holder to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date. The Warrants B will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants B will be issued in registered form and constituted by the Deed Poll B.

The entitlements for the Rights Shares together with the Warrants B are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants.

However, the Rights Shares and Warrants B cannot be renounced separately and only the Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants B. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements shall be deemed to have renounced all the accompanying entitlements to the Warrants B to be issued together with the Rights Shares. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants B in proportion to their acceptance of their Rights Share entitlements.

Any Rights Shares which are not validly taken up shall be offered to other Entitled Shareholders and/or their renounee(s) under excess shares application. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company.

Fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, will be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interest of the Company.

#### **4.2 Indicative salient terms of the Warrants B**

Issuer	:	AEM
Issue size	:	Up to 1,081,814,631 Warrants B
Form and detachability	:	The Warrants B will be issued in registered form and constituted by the Deed Poll B to be executed by the Company. The Warrants B which are to be issued with the Rights Shares will be immediately detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.



Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants B shall be 100 units of Warrants B, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants B	:	3 years commencing from and including the date of issuance of the Warrants B.
Exercise Period	:	The Warrants B may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants B to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants B (" <b>Exercise Period</b> "). Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	The exercise price of the Warrants B (" <b>Exercise Price</b> ") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Entitlement Date.  The Exercise Price and/or the number of Warrants B in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.
Subscription rights	:	Each Warrant B shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the provisions of the Deed Poll B.
Mode of exercise	:	The holders of the Warrants B are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped or via electronic submission on the Company's share registrar's Investor Portal at <a href="http://www.shareworks.com.my">www.shareworks.com.my</a> , together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or by way of internet bank transfer for the electronic submission of subscription form, for the aggregate of the Exercise Price payable when exercising their Warrants B to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of Warrants B	:	Subject to the provisions of the Deed Poll B, the Exercise Price and/or the number of Warrants B in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants B, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll B. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
Rights of the Warrant B holders	:	The Warrants B do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants B exercise their Warrants B for new Shares in accordance with the provisions of the Deed Poll B and such new Shares have been allotted and issued to such holders.

Ranking of the new Shares to be issued pursuant to the exercise of the Warrants B	: The new Shares to be issued arising from the exercise of the Warrants B in accordance with the provisions of the Deed Poll B shall, upon allotment, issuance and payment of the Exercise Price of the Warrants B, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants B.
Rights of the Warrant B holders in the event of winding up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:- <ul style="list-style-type: none"> <li>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Warrants B (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants B; and</li> <li>(ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions in the Deed Poll B, every holder of the Warrants B shall be entitled to exercise his Warrants B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the holders of the Warrants B credited as fully paid subject to the prevailing laws, and such holder of Warrants B shall be entitled to receive out of the assets of the Company which would be available in liquidation if the holder of the Warrants B would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all subscription rights shall lapse and cease to be valid for any purpose.</li> </ul>
Modification of rights of Warrant B holders	: Save as otherwise provided in the Deed Poll B, a special resolution of the Warrant B holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant B holders.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

Modification of Deed Poll B	: Any modification to the terms and conditions of the Deed Poll B may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll B. Any of such modification shall however be subjected to the approval of Bursa Securities (if so required).
	No amendment or addition may be made to the provisions of the Deed Poll B without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrant B holders.
Listing status	: The Warrants B will be listed and traded on the Main Market of Bursa Securities. The listing and quotation of the Warrants B on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants B.
Transferability	: The Warrants B shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Governing laws	: The Warrants B and the Deed Poll B shall be governed by the laws of Malaysia.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

#### 4.3

#### Minimum Subscription Level and the Undertaking

AEM intends to raise a minimum of RM10.0 million from the Proposed Rights Issue with Warrants, which will be channelled towards the proposed utilisation as set out in Section 6 of this Circular. The Minimum Subscription Level was arrived at after taking into consideration the minimum level of funds required for its investment in the Gloves Manufacturing Business as well as the undertaking amount able to be procured from the Undertaking Shareholder.

In view of the above, the Board has resolved to undertake the Proposed Rights Issue with Warrants based on the Minimum Subscription Level i.e. 166,666,667 Rights Shares together with 125,000,000 Warrants B based on the assumption that the Rights Shares are issued at an issue price of RM0.06 per Rights Share.

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder, namely AT Precision Tooling Sdn Bhd (a major Shareholder of AEM), to apply and subscribe for their entitlement of Rights Shares and, if required, additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to not less than RM10.0 million. For the avoidance of doubt, the subscription of Rights Shares (including excess Rights Shares, where applicable) by the Undertaking Shareholder pursuant to the Undertaking is for an amount of up to RM10.0 million.

Details of the Undertaking under the Minimum Scenario as at the LPD are as follows:-

Undertaking Shareholder	Existing direct shareholding as at the LPD		Direct shareholding after the Proposed Private Placement		Minimum Rights Shares to be subscribed for pursuant to the Undertaking		Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	Subscription based on entitlement	Subscription based on excess shares application	No. of Shares held after the Proposed Rights Issue with Warrants	% <sup>(4)</sup>
AT Precision Tooling Sdn Bhd	77,856,200	14.03	77,856,200	10.80	155,712,400	10,954,267	244,522,867	27.54
						Total <sup>(3)</sup>		

**Notes:-**

- (1) Based on the issued share capital of 554,776,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 721,209,754 Shares after the Proposed Private Placement.
- (3) Based on an illustrative issue price of RM0.06 per Rights Share.
- (4) Based on the enlarged share capital of 887,876,422 Shares under the Minimum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably and unconditionally warranted that they shall not sell or in any other way dispose of or transfer their existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) confirmed that they have sufficient financial means and resources to fulfil their obligations under the Undertaking.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertaking.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlement of the Rights Shares, the Undertaking Shareholder will be subscribing for a minimum total of 166,666,667 Rights Shares based on the illustrative issue price of RM0.06 per Rights Share.

However, should the actual issue price be higher or lower than RM0.06 per Rights Share, the total number of Rights Shares and excess Rights Shares to be subscribed by the Undertaking Shareholder (which is computed based on RM10.0 million divided by the actual issue price of the Rights Shares) will be adjusted correspondingly to arrive at RM10.0 million.

The Undertaking Shareholder has confirmed that it will observe and comply at all times with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking mandatory take-over offers, if required.

In the event that the Undertaking Shareholder triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertaking, a separate announcement will be made.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

#### **4.4 Basis and justification of determining the issue price of the Rights Shares and the exercise price of the Warrants B**

##### **(i) Issue price of the Rights Shares**

The issue price of the Rights Shares shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group as set out in Section 6 of this Circular;
- (b) the TEAP of the Shares based on the 5-day VWAP of AEM Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount between 5% and 25% of the TEAP.

This was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds to meet its funding requirements as set out in Section 6 of this Circular.

The illustrative issue price of RM0.06 per Rights Share represents a discount of approximately 8.8% to the TEAP of AEM Shares of RM0.0658, calculated based on the 5-day VWAP of AEM Shares up to and including the LPD of RM0.0861 and assuming an illustrative exercise price of RM0.06 per Warrant B; and

- (c) the rationale for the Proposed Rights Issue with Warrants, as set out in Section 7.2 of this Circular.

The price-fixing announcement will be inclusive of the basis and justification for determining the issue price of the Rights Shares.

**(ii) Exercise price of the Warrants B**

The exercise price of the Warrants B shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the TEAP of AEM Shares based on the 5-day VWAP of AEM Shares up to and including the last trading day prior to the price-fixing date. The basis and justification for determining the exercise price of the Warrants B shall also be announced at a later date.

The Board intends to fix the exercise price of the Warrants B such that it is in a discount between 5% and 25% to the TEAP of AEM Shares. This was determined by the Board after taking into consideration the future prospects of the Group, further details of which are set out in Section 9.6 of this Circular, as well as the need to fix an exercise price that makes the Warrants B an attractive sweetener for the purpose of enhancing the subscription level of the Rights Shares.

Based on the illustrative exercise price of RM0.06 per Warrant B, this represents a discount of 8.8% to the TEAP of AEM Shares of RM0.0658 calculated based on the 5-day VWAP of AEM Shares up to and including the LPD of RM0.0861 and assuming an illustrative issue price of RM0.06 per Rights Share. The illustrative exercise price of RM0.06 per Warrant B is based on the illustrative issue price of RM0.06 per Rights Share.

**4.5 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants B**

**(i) Rights Shares**

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Rights Shares.

**(ii) New Shares to be issued arising from the exercise of the Warrants B**

The new Shares to be issued arising from the exercise of the Warrants B shall, upon allotment and issuance and full payment of the exercise price of the Warrants B, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

**4.6 Foreign-Addressed Shareholders**

An abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue with Warrants are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue with Warrants will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue with Warrants will only be sent to the Entitled Shareholders who have a registered address or an address for service of documents in Malaysia as registered in the Record of Depositors on the Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Entitlement Date.

Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address prior to the Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company's share registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue with Warrants to the extent that it would be lawful to do so and the Company and/or any of its advisers would not, in connection with the Proposed Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholders may be subject to.

Foreign-Addressed Shareholders will be solely responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. They will have no claims whatsoever against the Company, its share registrar and/or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue with Warrants. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue with Warrants.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by such applicants in the Proposed Rights Issue with Warrants shall be on the basis of a warranty by such applicants that they are allowed to do so lawfully without the Company and/or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance by a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue with Warrants is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue with Warrants.

The Company reserves the right in its absolute discretion to treat any subscription for the Rights Shares as being invalid if it believes or has reason to believe that such subscription for the Rights Shares may violate applicable legal or regulatory requirements.

## **5. PROPOSED ESOS**

The Company proposes to establish and implement the Proposed ESOS, which involves the granting of Options to the Eligible Persons to subscribe for new Shares in accordance with the By-laws. The Options to be granted under the ESOS shall entitle the Eligible Persons to subscribe for new Shares at an Option Price to be determined at a later date.

The Scheme will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Scheme. 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 in the ESOS Committee's sole and absolute discretion having regard to its terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities.

For the avoidance of doubt, the Proposed ESOS will be implemented after the Entitlement Date of the Proposed Rights Issue with Warrants.

### **5.1 Maximum number of Shares available under the Scheme**

The aggregate maximum number of new Shares which may be made available under the Scheme shall not exceed the Maximum Shares at any point of time during the duration of the Scheme.

Notwithstanding the above or any other provisions contained in the By-laws, in the event that the number of new Shares to be issued pursuant to the exercise of the Options granted under the Scheme exceeds the Maximum Shares as a result of the Company purchasing, cancelling and/or reducing its own Shares in accordance with the Companies Act, 2016, or the Company undertaking any other corporate proposal and thereby diminishing the total number of issued Shares, then such Options granted prior to the changes in and/or adjustment of such total number of issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of the By-laws.



However, in such a situation, the ESOS Committee shall not make any further Offer until the total number of new Shares to be issued pursuant to the exercise of the Options granted (including those Shares which have been issued under the Scheme) falls below the Maximum Shares at any point of time over the duration of the Scheme after such adjustment.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of the Options may be lesser in view that not all Grantees under the Scheme will exercise their Options in full or at all.

## **5.2 Basis of allotment and maximum allowable allocation of new Shares**

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the aggregate number of Options that may be granted to any one Eligible Persons shall be determined entirely at the discretion of the ESOS Committee after taking into consideration, amongst other factors, the designation, length of service, work performance of the Eligible Person, and such other factors that the ESOS Committee may deem relevant, subject to the following conditions:-

- (i) the Eligible Persons do not participate in the deliberation or discussion in respect of their own allocation;
- (ii) the number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the total number of issued Shares of the Company (excluding treasury shares, if any), does not exceed 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of new Shares to be issued under the Scheme; and
- (iii) not more than 90% of the Options available under the Scheme shall be allocated in aggregate to the Directors and senior management personnel of the companies in the Group (which are not dormant). The rationale of the 90% threshold is set out in Section 7.3 of this Circular,

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

For the avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Options available for vesting under this Scheme are to be offered to the Eligible Persons via:-

- (i) 1 single Offer at a time determined by the ESOS Committee; or
- (ii) several Offers, where the vesting of the Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 5.1 and Section 5.2(ii) of this Circular.

The ESOS Committee also has the discretion to determine, amongst others:-

- (i) whether or not to stagger the Offer over the duration of the Scheme and each Offer shall be separate and independent from the others;
- (ii) the number of Options to be offered in each Offer;

- (iii) whether or not the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.

No performance target has been set for the allocation of Options at this juncture. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on the performance targets.

### **5.3 Eligibility to participate in the Scheme**

Only Eligible Persons who fulfil the following conditions on the date of Offer shall be eligible to participate in the Scheme:-

- (i) In respect of an employee of the Group, the employee must fulfil the following criteria as at the date of Offer:-
  - (a) he / she is at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (b) he / she is employed:-
    - (aa) on a full time basis and is on the payroll of any company in the Group (which are not dormant) for a continuous period of at least 1 year and his/her employment has been confirmed by any company in the Group (which are not dormant) on the date of Offer; or
    - (bb) serving in a specific designation under an employment contract for a continuous fixed period of at least 1 year (which shall include any probation period) and may include contract staff employed for a period of 1 year or more for any purposes or specific requirements of the Group as the ESOS Committee deemed fit; and
  - (c) such employee falls within any other eligibility criteria that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (ii) in respect of a director of the Group (which includes both executive and non-executive director), the director must fulfil the following criteria as at the date of Offer:-
  - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
  - (b) he / she has been appointed as a director of the Company or any other company in the Group (which are not dormant); and
  - (c) such director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (iii) in respect of Interested Person or a person connected with them, the specific allocation of Options granted under the Scheme must have been approved by the Shareholders at a general meeting.

- (iv) if an employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the employee will be eligible to participate in the Scheme if the said employee becomes an Eligible Person within the meaning of the By-laws.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding. Notwithstanding the above, the ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility set out above.

Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options 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 the terms of the By-laws.

#### **5.4 Duration of the Proposed ESOS**

The Scheme shall be in force for a duration of 5 years from the Effective Date subject however to any extension of the Scheme as provided under the By-laws.

On or before the expiry of such 5 years of the Scheme, the Board shall have the discretion, without having to obtain approval of the Shareholders, to extend the duration of the Scheme, provided that the initial period of the Scheme and such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of the By-laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities prior to such extension.

The Scheme may be terminated by the ESOS Committee at any time before its expiry provided that the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the Scheme, the following provisions shall apply:-

- (i) no further Offer shall be made by the ESOS Committee from the effective date of termination of the Scheme ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iii) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees who have yet to exercise their Options are not required to effect the termination of the Scheme unless otherwise required by the Listing Requirements and/or other applicable laws.

## **5.5 Exercise of Options**

Subject to the By-laws, a Grantee shall be allowed to exercise the Options granted to him / her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he / she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of Options exercisable by him / her during the Option Period.

## **5.6 Option Price**

Subject to any adjustments that may be made in accordance with the By-laws, the Option Price shall be based on a price to be determined by the Board upon recommendation of the ESOS Committee based on the 5-day VWAP of the Shares immediately preceding the date of an Offer made by the ESOS Committee to an Eligible Person, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities during the duration of the Scheme. The Option Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

## **5.7 Ranking of the new Shares to be issued pursuant to the exercise of the Options**

The new Shares to be allotted and issued arising from the exercise of any Options granted under the Scheme will be subject to the provisions of the Constitution of the Company and will, upon allotment and issuance, rank equally in all respects with the then existing issued Shares, save and except that Shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

## **5.8 Retention period**

The new Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. The Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, a Grantee who is a non-executive director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the Options offered to him / her pursuant to the Scheme within 1 year from the date of Offer of such Options or such period as may be prescribed by Bursa Securities.

## **5.9 Alteration of share capital during the Option Period**

In the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, at its discretion, determine whether the Option Price; and/or the number of unexercised Options shall be adjusted, and if so, the manner in which such adjustments should be made after consultation with the Company's adviser.

Such adjustments must be confirmed in writing by the external auditors of the Company or principal advisers (acting as experts and not as arbitrators), to be in their opinion, fair and reasonable.

## 5.10 Modification, variation and/or amendment to the Scheme

Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time recommend to the Board any additions, modifications or amendments to or deletions of the By-laws as it shall in its discretion think fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or modifications or amendments to or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which will:-

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of Shares available under the Scheme beyond the maximum set out in Section 5.1 of this Circular; or
- (iii) alter any matter which are required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

## 5.11 Utilisation of proceeds from the exercise of the Options

The proceeds arising from the exercise of the Options will depend on, amongst others, the number of Options granted and exercised at the relevant point in time as well as the Option Price. As such, the actual amount of proceeds arising from the exercise of the Options as well as the timeframe for the utilisation of proceeds cannot be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the Options, if any, as working capital for the Group which commensurate with the business operations of the Group. The working capital raised from the exercise of the Options will be utilised to finance the Group's general working capital requirements which shall include administrative expenses such as staff salaries, group overhead expenses (e.g. utilities, upkeep of office premise and others), Directors' remuneration, employer's statutory contribution, working capital for the Gloves Manufacturing Solutions Business and other miscellaneous operating expenses.

## 6. UTILISATION OF PROCEEDS FROM THE PROPOSED FUND-RAISING EXERCISES

Based on an illustrative issue price of RM0.0689 per Placement Share, the Group expects to raise RM11.5 million from the Proposed Private Placement.

Based on an illustrative issue price of RM0.06 per Rights Share, the Group expects to raise RM10.0 million and up to RM86.5 million from the Proposed Rights Issue with Warrants under the Minimum Scenario and Maximum Scenario respectively.

Based on the above, the total proceeds to be raised from the Proposed Fund-Raising Exercises are set out below:-

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Proposed Private Placement	11,467	11,467
Proposed Rights Issue with Warrants	10,000	86,545
<b>Total</b>	<b>21,467</b>	<b>98,012</b>

## 6.1 Proposed Private Placement

Based on an illustrative issue price of RM0.0689 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised by the Group in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	( <sup>1</sup> )RM'000
(i) Mobilisation costs for the Glove Turnkey Solutions Business	Within 12 months	11,087
(ii) Estimated expenses for the Proposed Private Placement <sup>(2)</sup>	Immediate	( <sup>3</sup> )380
<b>Total</b>		<b>11,467</b>

### Notes:-

(1) The proceeds raised are expected to be utilised up to its respective maximum allocation in the following order:-

- (i) estimated expenses for the Proposed Private Placement; and
- (ii) mobilisation costs for the Glove Turnkey Solutions Business.

Any additional proceeds raised in excess of the RM11.5 million from the Proposed Private Placement will be allocated for mobilisation costs in relation to the Glove Turnkey Solutions Business. Pending the utilisation of proceeds for its earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits.

(2) These include the estimated management fees and placement commission payable to the Placement Agent for the management of the placement process and identification of places respectively.

(3) If the actual expenses incurred for the Proposed Private Placement is higher than the budgeted amount of RM0.4 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised as mobilisation costs for the Glove Turnkey Solutions Business.

### (i) Mobilisation costs for the Glove Turnkey Solutions Business

As detailed in Section 2.1 of the Circular, the COVID-19 pandemic has led to increased market demand for rubber gloves as well as the increase in number of glove manufacturers following the COVID-19 pandemic, leading to the Group's plan to undertake the Proposed Diversification to venture into the Gloves Manufacturing Solutions Business.

The Group shall require funds for mobilisation costs in relation to the Glove Turnkey Solutions Business which includes, amongst others, the obtainment of performance bonds, payment to sub-contractors and purchase of machineries required. The mobilisation costs are expected to be approximately 30% of the total costs for the EPCC projects. The actual costs required shall depend on, amongst others, the final specifications of the glove-dipping lines, the layout of the project sites as well as the cost of the raw materials at the relevant time.

In this respect, the Group has earmarked the balance proceeds after the deduction of estimated expenses of RM11.1 million from the Proposed Private Placement to kickstart the Glove Turnkey Solutions Business. The Group expects to be able to utilise the proceeds as mobilisation costs for approximately 3 to 4 glove-dipping lines and related facilities.

The balance funding requirement shall be funded via the Proposed Rights Issue with Warrants, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required), subject to the actual number of glove-dipping lines to be secured and undertaken at the relevant point of time.

## 6.2 Proposed Rights Issue with Warrants

Based on an illustrative issue price of RM0.06 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds		Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	<sup>(1)</sup> Minimum Scenario (RM'000)	<sup>(1)</sup> Maximum Scenario (RM'000)
(i)	Investment in the Gloves Manufacturing Solutions Business	Within 24 months	8,800	48,280
(ii)	Repayment of borrowings	Within 6 months	-	30,000
(iii)	Working capital for the Gloves Manufacturing Solutions Business	Within 24 months	-	7,065
(iv)	Estimated expenses for the Proposals	Immediate	<sup>(2)</sup> 1,200	<sup>(2)</sup> 1,200
<b>Total</b>			<b>10,000</b>	<b>86,545</b>

### Notes:-

- (1) The proceeds raised are expected to be utilised up to its respective maximum allocation in the following order:-
- (i) estimated expenses for the Proposals;
  - (ii) investment in the Gloves Manufacturing Solutions Business;
  - (iii) repayment of borrowings; and
  - (iv) working capital for the Gloves Manufacturing Solutions Business.

Any additional proceeds raised in excess of the RM86.5 million under the Maximum Scenario will be allocated to working capital for the Gloves Manufacturing Solutions Business.

The actual utilisation of such proceeds is subject to the operational needs at the relevant time and the quantum of proceeds that the Company is able to raise. Any shortfall between the Group's funding requirements for (i) to (iv) above and the actual amount of proceeds raised are expected to be funded via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). Pending the utilisation of proceeds for its earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits.

- (2) If the actual expenses incurred for the Proposals are higher than the budgeted amount of RM1.2 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

(i) **Investment in the Gloves Manufacturing Solutions Business**

As detailed in Section 2.1 of the Circular, the COVID-19 pandemic has led to increased market demand for rubber gloves as well as the increase in number of glove manufacturers following the COVID-19 pandemic, leading to the Group's plan to undertake the Proposed Diversification.

In this respect, the Group has earmarked proceeds of up to RM48.3 million for the Group's venture into the Gloves Manufacturing Solutions Business. The breakdown of the utilisation of proceeds for investment in the Gloves Manufacturing Solutions Business is as follows:-

<b>Utilisation of proceeds</b>	<b>Minimum Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
Funding for the Glove Turnkey Solutions Business <sup>(1)</sup>	8,800	34,500
Funding for the Glove Supplementary Services Business <sup>(2)</sup>	-	13,780
<b>Total</b>	<b>8,800</b>	<b>48,280</b>

Notes:-

(1) As set out in Section 2.2.1, the Group has been awarded the contract to undertake EPCC works for a total of 24 glove-dipping lines for Fintec Glove and PNE Glove. The Group estimates the total costs to undertake the EPCC works for the 24 glove-dipping lines and related facilities to range from approximately RM200 million to RM300 million. The actual costs shall depend on, amongst others, the final specifications of the respective glove-dipping lines (e.g. the length of the glove-dipping line and whether it is a single-former or double-former glove-dipping line), the layout of the respective project site, and the costs of the raw materials at the relevant time.

Based on the above estimated cost, to fund the mobilisation costs (which represents approximately 30% of the total costs) of 24 glove-dipping lines is approximately RM60 million to RM90 million. Out of the required mobilisation costs, up to RM11.1 million (which is able to fund the mobilisation costs for between 3 to 4 glove-dipping lines) is expected to be funded from the Proposed Private Placement.

The balance mobilisation costs (net of the proceeds allocated from the Proposed Private Placement) is estimated to cost approximately RM48.9 million to RM78.9 million. The Group intends to allocate up to RM34.5 million of proceeds from the Proposed Rights Issue with Warrants to finance part of the required mobilisation costs in the following manner:-

<b>Breakdown of the mobilisation costs</b>	<b>Minimum Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
Performance bonds (usually in the form of bank guarantees representing a certain percentage of the contract sum)	3,000	11,500
Payment to sub-contractors	3,000	11,500
Purchase of machineries as well as materials and components required for the EPCC of glove-dipping lines such as steel, former, former holders and chain	2,800	11,500
<b>Total</b>	<b>8,800</b>	<b>34,500</b>



The balance mobilisation costs required for the delivery of the EPCC projects shall be funded via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required).

- (2) As set out in Section 2.2.2 of this Circular, the Group also plans to provide supplementary services to its customers by bulk purchasing raw materials for gloves production such as NBR to be sold to its customers.

To that end, the Group intends to utilise proceeds of up to RM0.9 million to rent and set up a wholesale distribution centre. As at the LPD, the Group is in the midst of evaluating a potential warehouse in Penang to be used as the wholesale distribution centre.

The Group also intends to utilise proceeds of up to RM12.9 million for the bulk purchase of raw materials. As at the LPD, Group has already identified suppliers for the supply of NBR, which will be sourced locally and overseas (e.g. from the People's Republic of China). The proceeds of up to RM12.9 million is expected to be able to fund the purchase for 1,000 tonnes of NBR, subject to the market price of NBR at the relevant point of time.

**(ii) Repayment of borrowings**

As at the LPD, the total outstanding amount of the Group's borrowings stood at RM45.7 million including domestic borrowings of approximately RM2.0 million and foreign borrowings of approximately THB326.8 million (equivalent to approximately RM43.7 million<sup>(1)</sup>). Under the Maximum Scenario, the Group plans to utilise up to RM30.0 million of proceeds to fully repay the domestic borrowings and partially repay the foreign borrowings in the following order:-

Type of facility	Outstanding amount as at the LPD		Proposed repayment amount	Estimated annual interest savings from the repayment
	THB'000	RM'000	RM'000	RM'000
(a) <u>Domestic borrowings</u> - Convertible loan <sup>(2)</sup>	-	2,000	2,000	255
(b) <u>Foreign borrowings</u> - Trade finances <sup>(3)</sup>	250,357	<sup>(1)</sup> 33,499	28,000	1,686
<b>Total</b>	<b>250,357</b>	<b>35,499</b>	<b>30,000</b>	<b>1,941</b>

**Notes:-**

- (1) Translated based on the exchange rate of THB1:RM0.1338, as extracted from BNM's website as at the LPD.
- (2) These were drawn down to finance the Group's working capital for its Construction Business. The effective interest rate per annum of the facility is 12.75%.
- (3) These were drawn down to finance the Group's working capital for its PCB Business. The effective interest rate per annum of the facility is 5.75% - 6.60%.

While the Group intends to allocate proceeds of up to RM30.0 million to repay the borrowings, the borrowings are subject to prevailing interest rate, foreign exchange rates, drawdown and repayment from time to time. As such, the outstanding amount of these borrowings at the point of repayment may differ from the current amount as at the LPD.

In this event, any surplus shall be reallocated in the order of utilisation set out in Note (1) of this Section 6.2 above. Any shortfall shall be funded via the portion earmarked for working capital.

(iii) **Working capital for the Gloves Manufacturing Solutions Business**

Under the Maximum Scenario, the Group intends to utilise the balance proceeds from the Proposed Rights Issue with Warrants as working capital for the Gloves Manufacturing Solutions Business in the following manner:-

<b>Working capital</b>	<b>Indicative percentage allocation (%)</b>	<b>Maximum Scenario (RM'000)</b>
Operating expenses and administrative expenses related to the Gloves Manufacturing Solutions Business including but not limited to marketing expenses, utilities, transportation costs and other miscellaneous items <sup>(1)</sup>	70	4,946
Hiring of staffs for the Gloves Manufacturing Solutions Business <sup>(2)</sup>	30	2,120
<b>Total</b>	<b>100</b>	<b>7,065</b>

Notes:-

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.
- (2) To support the Gloves Manufacturing Solutions Business, the Group intends to recruit up to 30 employees with relevant experience to undertake various roles (e.g. engineering, research and development, sales and marketing, procurement, administrative roles and others). As at the LPD, the Group is unable to ascertain the breakdown of number of staff for each role and intends to recruit the staff in stages. The Group has commenced the hiring process in the first quarter of 2021 and expects the full team to be in place by end of 2021.

(iv) **Estimated expenses for the Proposals**

The breakdown of the estimated expenses for the is illustrated below:-

<b>Estimated expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	900
Fees to relevant authorities <sup>(2)</sup>	140
Printing, despatch and advertising expenses	130
Miscellaneous charges	30
<b>Total</b>	<b>1,200</b>

Notes:-

- (1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the company secretary, share registrar, solicitors, reporting accountants and Independent Market Researcher in relation to the Proposals.
- (2) These include fees payable to Bursa Securities, the SC and the Companies Commission of Malaysia.

The actual gross proceeds to be raised from the Proposed Fund-Raising Exercises will depend on the actual number of Placement Shares and Rights Shares that will be issued as well as the issue price of the Placement Shares and Rights Shares, which shall be determined in due course.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants B would depend on the actual number of Warrants B exercised as well as the exercise price of the Warrants B, which shall be determined by the Board at a later date. The proceeds from the exercise of the Warrants B will be received on an “as and when basis” over the tenure of the Warrants B.

Strictly for illustrative purposes, based on the illustrative exercise price of RM0.06 per Warrant B, the Company will raise gross proceeds of up to approximately RM64.9 million upon full exercise of the Warrants B under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants B in the future will be used to finance the Group’s general working capital requirements which shall include administrative expenses such as staff salaries, group overhead expenses (e.g. utilities, upkeep of office premise and others), Directors’ remuneration, employer’s statutory contribution, working capital for the Gloves Manufacturing Solutions Business and other miscellaneous operating expenses. The exact utilisation breakdown cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time.

## **7. RATIONALE FOR THE PROPOSALS**

### **7.1 Proposed Diversification**

As set out in Section 2.1 of this Circular, the Proposed Diversification allows the Group to capitalise on a booming segment with favourable long-term prospects. Moreover, the Proposed Diversification will provide an alternative source of income to the Group’s current core business. This represents part of the Group’s business turnaround plan to improve its financial performance.

### **7.2 Proposed Fund-Raising Exercises**

After due consideration of the various methods of fund-raising, the Board is of the opinion that the Proposed Private Placement is one of the suitable means of fund-raising for the Company at this juncture as it would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The proceeds from the Proposed Private Placement will provide immediate funds to the Group to kickstart the Glove Turnkey Solutions Business.

It is the Board’s intention to implement the Proposed Rights Issue with Warrants after the Proposed Private Placement. The Proposed Rights Issue with Warrants will allow the Group to raise the total proceeds required as set out in Section 6 of the Circular from an enlarged share base after the completion of the Proposed Private Placement. As detailed in Section 6 of this Circular, the total proceeds to be raised from the Proposed Fund-Raising Exercises are intended to be utilised mainly for the Gloves Manufacturing Solutions Business and repayment of borrowings.

As set out in Section 2.1 of this Circular, the Gloves Manufacturing Solutions Business is expected to contribute positively to the future earnings of the Group. The repayment of borrowings will reduce the overall gearing and results in interest saving for the Group. Besides, the additional working capital funds will help to facilitate the Group’s existing day-to-day operations as it focuses on establishing the Gloves Manufacturing Solutions Business.

Apart from the Proposed Private Placement, the Proposed Rights Issue with Warrants is one of the suitable means of fund-raising for the Company at this juncture due to the following reasons:-

- (i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants B subsequently;
- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants B which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants B will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants B and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants B are exercised.

The exercise of the Warrants B in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants B will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

In the event that the Proposed Fund-Raising Exercises are not be approved by the Shareholders in the forthcoming EGM, the Company shall finance the funding requirement for the Gloves Manufacturing Solutions Business via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken.

### **7.3 Proposed ESOS**

The Company had on 9 February 2021 terminated the Previous ESOS in view that the remaining number of options which is available to be granted under the Previous ESOS is less than 1.5% of the total number of issued shares of the Company as at the date of termination of the Previous ESOS. The termination of the Previous ESOS enables the Company to implement the Proposed ESOS, which is established primarily to achieve the following objectives:-

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and
- (v) to attract and retain high-calibre Eligible Persons.

The allocation of Options to non-executive Directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.

Any proceeds to be received by the Company pursuant to the exercise of the Options (which will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Option Price) will be utilised for the Group's working capital requirements.

The Board has fixed the threshold of not more than 90% of the Options available under the Scheme to be allocated in aggregate to the Directors and senior management personnel of the companies in the Group (which are not dormant). This was arrived at after taking into consideration the following factors:-

- (a) the past contributions of the Directors and senior management of the Group, including but not limited to contributing their technical skills in the PCB industry, providing business connections and marketing channels to the Group as well as steering the Group's business through difficult times during the pandemic) and to encourage them to contribute further to the success of the Group; and
- (b) the Board recognises that suitable candidates for higher-level management are hard to attract and/or retain. Hence, the Board is of the view that the 90% threshold allows for the Group the flexibility in customising an attractive and holistic remuneration package to the aforementioned parties.

#### 7.4 Details of fund-raising exercise undertaken by the Company in the past 12 months

In the past 12 months preceding the announcement of the Proposals, the Company has undertaken the following fund-raising exercises:-

##### (a) Private Placement December 2020

On 2 December 2020, the Company completed the private placement of 85,629,000 new Shares at an issue price of RM0.1514 per Share (representing 20% of the existing total number of issued Shares prior to the private placement), raising a total of RM13.0 million. The status of utilisation of the proceeds as at the LPD is as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement December 2020	Actual proceeds raised (RM'000)	Actual utilisation up to the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Upgrading existing factory and machineries <sup>(1)</sup>	Within 24 months	8,000	(8,000)	-
(ii) Establishing a new marketing office <sup>(2)</sup>	Within 24 months	3,000	(591)	2,409
(iii) Working capital <sup>(3)</sup>	Within 12 months	1,424	(292)	1,132
(iv) Expenses for the private placement	Immediate	540	(540)	-
<b>Total</b>		<b>12,964</b>	<b>(9,423)</b>	<b>3,541</b>

Notes:-

- (1) The proceeds were earmarked mainly for the following:-
- (i) building renovation and refurbishment of the Group's factory in Thailand to improve its operating conditions. The renovation and refurbishment of the factory has been completed in March 2021; and
  - (ii) purchase and replacement of 8 units of new automated printing machines at the Group's factory in Thailand to improve operating efficiency. The Group has purchased 8 units of new automated printing machines and the replacement of the machines has been completed by end of March 2021.
- (2) In March 2021, the Group has established a new marketing office in Penang, Malaysia and is in the midst of hiring up to 30 marketing and sales personnel. As at the LPD, the Group has hired 2 marketing and sales personnel.
- (3) The proceeds earmarked for working capital is intended to be utilised to finance the day-to-day operations of the Group, including amongst others, construction costs and payment to contractors relating to the Group's Construction Business, marketing costs as well as purchase of raw materials for the Construction Business.

**(b) Private Placement August 2020**

On 5 August 2020, the Company completed the private placement of 98,803,200 new Shares (representing 30% of the existing total number of issued Shares prior to the private placement), raising a total of RM9.4 million with the issuance of 60,000,000 new Shares at an issue price of RM0.0955 per Share on 29 May 2020 and 38,803,200 new Shares at an issue price of RM0.0950 per Share on 3 August 2020. The status of utilisation of the proceeds from the Private Placement August 2020 as at the LPD is as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement August 2020	Actual proceeds raised (RM'000)	Actual utilisation up to the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Construction Business <sup>(1)</sup>	Within 12 months	9,239	(8,832)	407
(ii) Expenses for the private placement	Within 1 month	177	(177)	-
<b>Total</b>		<b>9,416</b>	<b>(9,009)</b>	<b>407</b>

Note:-

- (1) On 16 October 2019, the Company announced that its wholly-owned subsidiary, AE Resources Development Sdn Bhd had received and accepted a letter of award from Vertice Construction Sdn Bhd for the Palm Oil Mill Project. The proceeds from the Private Placement August 2020 was earmarked to facilitate the delivery of the said award. The construction project has commenced since January 2020 and it is at 30% completion as at the LPD. Since March 2020, the construction project has been temporarily halted due to the MCO imposed arising from the COVID-19 outbreak. The Group expects to resume the construction project once border restrictions have been lifted in Malaysia.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## **8. RISK FACTORS IN RELATION TO THE PROPOSED DIVERSIFICATION**

### **8.1 Business diversification risks**

The Proposed Diversification may expose the Group to risks inherent to the gloves industry as the glove-dipping line industry that the Group is venturing into is dependent on the gloves industry. Such risks may include, amongst others, general economic downturn in the global and regional economies, competition from existing players, socio-political instability, changes in the legal and environmental framework within which this industry operates and changes in demand of gloves.

With the ongoing COVID-19 pandemic, the demand for gloves is expected to increase depending on the severity of the COVID-19 pandemic. However, any availability of a vaccine and the commercial viability to make available such a vaccine to the masses may cause a decrease in the expected demand for the medical gloves among healthcare professionals. If such event occurs, there is no assurance that the demand for gloves will continue to sustain.

Additionally, the Group intends to fund the Gloves Manufacturing Solutions Business through a combination of proceeds raised from the Proposed Fund-Raising Exercises, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). There is no assurance that the Group is able to generate sufficient funds through the Proposed Fund-Raising Exercises, generate enough from its existing operations and/or obtain funding from financial institutions or alternative means to carry out the Group's diversification plans.

A lack of funding may lead to, amongst others, a reduction in the number of EPCC projects that the Group is able to undertake, inability to procure raw materials and/or inability to make payment of staff salaries. This may ultimately lead to a halt to the Group's diversification plans.

The Group will seek to limit these risks through, amongst others, recruiting personnel with relevant experience and technical knowledge, explore all fund-raising avenues available as well as continuously monitoring the latest developments in the rubber gloves industry.

### **8.2 No prior experience in the Gloves Manufacturing Solutions Business**

The Group is principally involved in the PCB Business and Construction Business. As such, the Group does not have any prior experience in the Gloves Manufacturing Solutions Business. In particular, the marketing strategies that may be required for the success of the Gloves Manufacturing Solutions Business may be relatively unique and distinct from the Group's existing businesses.

Notwithstanding the above, the Group is of the view that there is a sufficient pool of talent with suitable technical expertise. As such, the Group is confident that it will be able to recruit and assemble a team with the relevant expertise who will be able to learn quickly and ensure the smooth running of the Gloves Manufacturing Solutions Business. Further, the Group is currently collaborating with Ripcol, who has relevant expertise in the Gloves Manufacturing Solutions Business through the Collaboration Agreement.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### **8.3 Reliance on sub-contractors**

The Group currently does not have in-house capabilities to undertake the EPCC projects in relation to the Glove Turnkey Solutions Business. As such, the Group has collaborated with Ripcol through the Collaboration Agreement. At this juncture, the Group relies on Ripcol as the sub-contractor to be appointed for each project to perform specialised works that are not part of its core competencies. Further, there is a risk that the Group's projects may be delayed, experience cost overruns or poor quality of work attributed to the sub-contractors. Some of the negative factors attributable to the sub-contractors may include amongst others, insufficient availability of resources to complete its project on time, poor skills level and unanticipated cost escalation.

The Group will use sub-contractors that have a track record of quality timely and reliable service working with the Group to avoid adverse impact from the use of subcontractors. In addition, the Group will adopt a selection process which includes checks on financial strengths, appropriate skills base, availability of human resources, track record, market reputation and work reference before its engagement with the subcontractors.

Nevertheless, the Group may source for other sub-contractors to mitigate overreliance on one subcontractor and the Group will have contractual agreements with its sub-contractors with appropriate penalty clauses for failure in provision of agreed services in the stipulated manner.

### **8.4 Project risks**

The Groups' EPCC contracts are generally secured on project basis, and the availability of new EPCC contracts would depend on the setting up or expansion of the Group customers' rubber glove manufacturing plant, which is in turn largely dependent upon sustained increase in demand for gloves worldwide.

Furthermore, orders from these customers are subject to amongst others, delay, cancellation of projects due to unforeseen circumstances, variation of projects and cost overruns, which may affect the Group financial performance.

Notwithstanding that the Group would not be able to intervene in the customers' projects, the Group will undertake measures to minimise any negative financial impact on the Group's operations arising from such potential project risks, particularly by carrying out assessment on each project to avoid cost overrun and to check the credibility of the potential customers.

Despite the measures above, there can be no assurance that the Group's financial performance will not be adversely affected in the event of any change to or delay in the projects of the Groups' customers in the future.

### **8.5 Dependency on key management personnel**

In diversifying the Group's business into the Glove Manufacturing Solutions Business, the Group currently relies on the experience of its key management personnel, namely Mr Tan Thean Jin whose profile is set out in Section 2.3 of this Circular. As such, the loss of any key personnel, without a suitable and timely replacement, may adversely affect the Group's Glove Manufacturing Solutions Business.

The Group recognises the importance of attracting and retaining key management personnel and will develop human resource initiatives that include, amongst others, competitive compensation packages as well as training and development programmes to ensure that the Group has the ability to retain key personnel. Furthermore, the Group intends to reduce dependency on individual key personnel by putting in place a succession plan and provide training and career development opportunities to groom junior employees.



Additionally, the Group is of the view that there is a sufficient pool of talent with suitable technical expertise. As such, the Group is confident that it will be able to recruit suitable candidates to replace the key management personnel.

#### **8.6 Risk of delay / failure in obtaining the necessary regulatory approvals / licenses for the operations of the Glove Supplementary Services Business**

The Group has no prior experience in the application for regulatory approvals / licenses required for the operations of the Glove Supplementary Services Business. The Group intends to apply for the necessary approvals / licenses from the relevant authorities such as the Malaysian Rubber Board, the Ministry of International Trade and Industry and Malaysia Investment Development Authority, as and when required. Any delay in the obtainment of the regulatory certifications and licenses beyond the Group's expected timeframe set out in Section 2.2.2 of the Circular will cause a corresponding delay to the Group's expected timeline to commence the Glove Supplementary Services Business (i.e. by third quarter of 2021).

Notwithstanding the above, the management will liaise closely with the relevant authorities to ensure the smooth process of obtaining the necessary regulatory approvals / licenses.

### **9. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

#### **9.1 Malaysian economy**

The Malaysian economy improved to record a smaller contraction of 2.7% in the third quarter of 2020 (Second quarter ("2Q") 2020: -17.1%). The improvement largely reflected the reopening of the economy from COVID-19 containment measures and better external demand conditions. Improvements in growth were seen across most economic sectors, particularly in the manufacturing sector, which turned positive following strong E&E production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (2Q 2020: -16.5%).

The Malaysian economy is expected to improve further going into 2021 in tandem with better global demand and domestic policy support. The recent resurgence of COVID-19 cases and targeted containment measures could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate subject to compliance with standard operating procedures, the impact is expected to be less severe compared to the containment measures during previous periods.

Going into 2021, growth is expected to recover, benefitting from the improvement in global demand and a turnaround in public and private sector expenditure amid various policy support. This includes Government measures such as KITA PRIHATIN and the recently announced Budget 2021, specifically the Bantuan Prihatin Rakyat, targeted wage subsidies and public projects. Additionally, the continued financial measures and low interest rate environment are also expected to lend further support economic activity.

(Source: Economic and Financial Developments in the Malaysia in the Third Quarter of 2020, BNM)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's gross domestic product is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021.

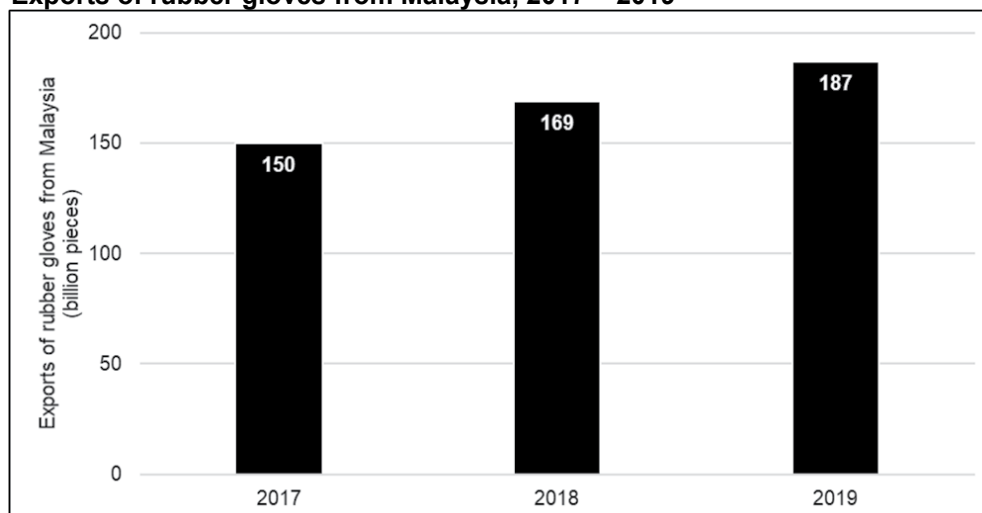
(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

## 9.2 Outlook and prospects of the rubber glove exports in Malaysia

In 2019, Malaysia is the world's largest exporter of rubber gloves, where exports of rubber gloves from Malaysia contributed to 63.18% of total global demand for rubber gloves.

To cater to the demand for rubber gloves globally, exports of rubber gloves from Malaysia increased from 150 billion pieces in 2017 to 187 billion pieces in 2019 at a CAGR of 11.65%.

### Exports of rubber gloves from Malaysia, 2017 – 2019

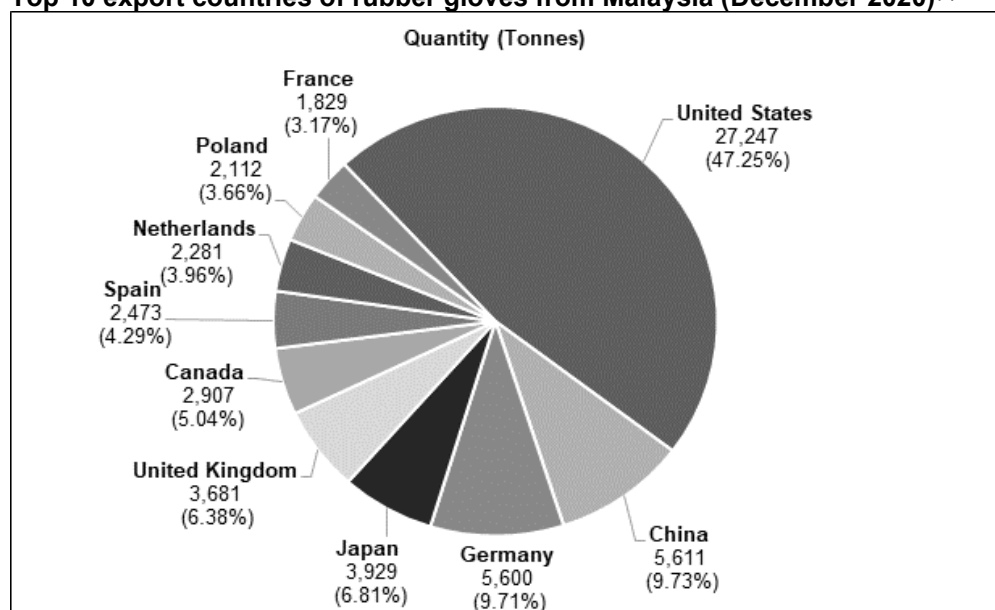


MARGMA expects exports of rubber gloves from Malaysia to have reached between 250 billion and 270 billion pieces in 2020, an increase of between 33.69% and 44.39% from 2019 to support the surge in demand for medical gloves globally due to the ongoing COVID-19 pandemic. Despite the availability of vaccines for COVID-19 with many countries already commencing mass vaccinations, exports of rubber gloves from Malaysia are expected to remain high, especially in the near term, as medical gloves will continue to be used by healthcare professionals globally for mass vaccination. Further, the demand for rubber gloves will be continuously driven by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines. As such, Smith Zander forecasts exports of rubber gloves from Malaysia to reach 303 billion pieces in 2021, an increase of between 12.22% and 21.20% from 2020.

Based on latest available data, in December 2020, the top export countries of rubber gloves from Malaysia in terms of tonnage was the United States (47.25%) followed by China (9.73%).

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### Top 10 export countries of rubber gloves from Malaysia (December 2020)<sup>(1)</sup>



**Note:-**

(1) The percentages are calculated based on the total rubber gloves exported to the top 10 export countries from Malaysia, measured in tonnes, as shown above.

Malaysia is a major producer of rubber gloves. As at the LPD, there are approximately 69 rubber glove manufacturing companies and 14 public listed companies in Malaysia which have recently ventured, or announced their plans to venture, into rubber glove manufacturing. The manufacturing activities of rubber gloves have been increasing to support the increasing exports of rubber gloves from Malaysia to cater for the increasing global demand for rubber gloves.

The growth of rubber glove manufacturing activities in Malaysia is attributed to low production costs, easy access to raw materials and stringent testing to meet international standards, making Malaysian-produced rubber gloves reliable and cost-effective.

To meet the demand for rubber gloves, rubber glove manufacturers seek expansion of rubber glove production capacity through the installation of additional glove-dipping lines in their glove production plants. Further, new entrants in the rubber glove manufacturing industry are required to establish glove production plant(s) which include the installation of glove-dipping lines. As such, the increasing demand for rubber gloves will continue to drive the increase in production capacity, thereby creating demand for glove-dipping lines. This thus presents growing business opportunities for glove-dipping line manufacturers and/or solution providers which may conduct in-house manufacturing works or outsource such works to sub-contractors.

In addition, rubber glove manufacturers require continuous technological upgrades of rubber glove manufacturing processes and glove-dipping lines to meet rising demand through improved efficiencies such as time, speed, quality, energy usage and cost of glove manufacturing. One of the aspects of technological upgrades in rubber glove manufacturing activities is the increase in automation of glove-dipping lines. Increased automation during the manufacturing of rubber gloves will speed up production, thus increasing the production volume of rubber gloves manufactured in a given time. In line with the increase in automation to replace manual labour, rubber glove manufacturers will be able to reduce reliance on manual labour required to transfer semi-finished rubber gloves from one machine to another.

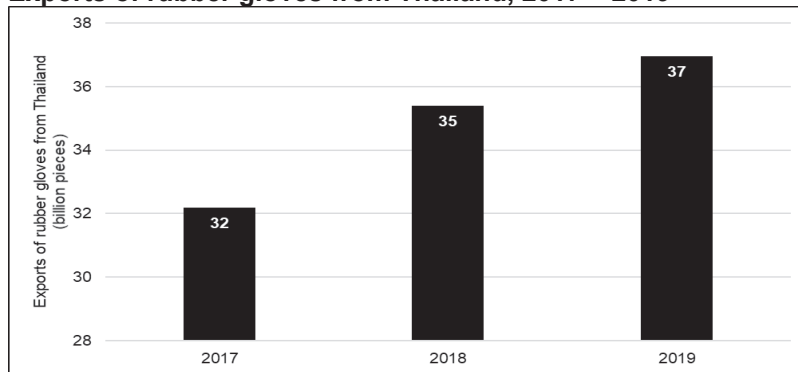
According to MARGMA, the rubber glove manufacturers have already taken an oversold position prior to the widespread outbreak of the COVID-19 pandemic, thus resulting in new order deliveries of rubber gloves to take more than 6 months. In addition, as a result of the oversold position and surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, rubber glove manufacturers are experiencing higher sales for their rubber gloves and at higher average selling prices.

(Source: IMR Report)

### 9.3 Outlook and prospects of the rubber glove exports in Thailand

In 2019, Thailand was the world's second largest exporter of rubber gloves, where exports of rubber gloves from Thailand contributed to 12.50% of total global demand for rubber gloves. Exports of rubber gloves from Thailand increased from 32 billion pieces in 2017 to 37 billion pieces in 2019 at a CAGR of 7.53%.

**Exports of rubber gloves from Thailand, 2017 – 2019**



Smith Zander estimates exports of rubber gloves from Thailand to have reached 50 billion pieces in 2020, an increase of 35.14% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic. Similar to Malaysia, the exports of rubber gloves from Thailand beyond 2020 is expected to remain high to cater to increasing global demand for rubber gloves. Smith Zander forecasts exports of rubber gloves from Thailand to reach 58 billion pieces in 2021.

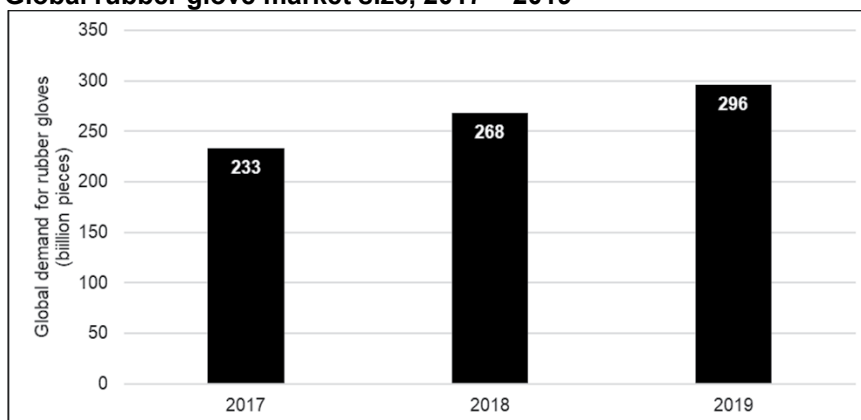
Thailand is the world's largest producer of natural rubber. From 2016 to 2018, Thailand has consistently emerged as the country with the highest production of natural rubber, which increased from 4.53 million tonnes to 4.74 million tonnes, at a CAGR of 2.29%. The abundance of raw materials in Thailand coupled with the surge in demand for medical gloves have encouraged local and foreign glove manufacturers to increase production capacity and set up new rubber glove production facilities in Thailand. Further, the Ministry of Agriculture and Cooperatives Thailand aims to promote Thailand as a global hub for rubber glove manufacturing. The increasing rubber glove manufacturing activities in Thailand thus creates increasing demand for glove-dipping lines and continuous technological upgrades of glove-dipping lines.

(Source: IMR Report)

### 9.4 Outlook and prospects of the global rubber glove market

The global rubber glove market size, as represented by the global demand for rubber gloves, increased from 233 billion pieces in 2017 to 296 billion pieces in 2019, at a CAGR of 12.71%.

### Global rubber glove market size, 2017 – 2019



As a result of the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, MARGMA expects global demand for rubber gloves to have reached 360 billion pieces in 2020, an increase of 21.62% from 2019.

While many countries globally have rolled out vaccines to control the COVID-19 pandemic, the global demand for rubber gloves is expected to remain high. This is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination; and in the longer term, supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases.

MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 16.67% from 2020.

(Source: IMR Report)

### 9.5 Demand for rubber gloves

Moving forward, the outlook of the global rubber glove market is positive, premised on the following:-

#### (i) The demand for personal protective equipment to curb the spread of COVID-19 pandemic boosts the demand for medical gloves

As of 10 March 2021, COVID-19 has affected 223 countries, areas or territories, infecting 117.33 million persons and causing 2.61 million deaths.

In view of the COVID-19 pandemic, Smith Zander estimates that, on average, approximately 3.67 billion pieces of examination gloves are required worldwide for the COVID-19 response, including for COVID-19 vaccinations, each month in 2021.

Further, as many countries globally have rolled out vaccines to control the COVID-19 pandemic, there will be continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination. Moreover, in the longer term, the demand for rubber gloves will continue to be supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines.

Hence, the need for rubber gloves, including medical gloves as personal protective equipment during and even after the COVID-19 pandemic, will continue to boost the demand for rubber gloves globally.

**(ii) The growth in healthcare services drives the demand for medical gloves**

Medical gloves are used by healthcare professionals who attend to patients during the provision of healthcare services. They protect healthcare professionals against infection and exposure to potential viruses, bacteria and contaminants in the form of aerosols and liquid droplets carried in patients' body fluids or blood, which subsequently eliminate or reduce the chances of cross-contamination among healthcare professionals and patients. As such, the increase in the demand for healthcare services will drive the demand for rubber gloves including medical gloves.

Based on latest available information, the global healthcare services industry grew in terms of global healthcare expenditure, which increased from USD7.58 trillion (RM31.42 trillion) in 2016 to USD8.43 trillion (RM34.02 trillion) in 2018, at a CAGR of 5.46%.

The demand for healthcare services is driven by various factors including growing accessibility to healthcare services, rising population and growing ageing population and rising prevalence of chronic and contagious diseases.

Smith Zander forecasts global healthcare expenditure to increase from USD8.43 trillion (RM34.02 trillion) in 2018 to USD9.66 trillion (RM39.10 trillion) in 2021, at a CAGR of 4.64%.

**(iii) The growth in the global industrial production activities in the manufacturing sector drives the demand for industrial gloves**

The global manufacturing sector, as measured by manufacturing value added, grew from USD13.07 trillion (RM56.21 trillion) in 2017 to USD13.90 trillion (RM57.58 trillion) in 2019, registering a CAGR of 3.13%. Industrial gloves are a form of protective wear used during industrial production activities of the manufacturing sector to cover and protect the hands from hazardous chemical, metal cuts, glass cuts and high-temperature sources. In addition, strict government regulations for workplace safety and increasing incidence of accidents in workplaces globally are expected to continue driving the demand for industrial gloves as a form of protective wear.

According to United Nations Industrial Development Organization, the global manufacturing sector, as measured by manufacturing value added is expected to have declined by 8.35% from USD13.90 trillion (RM57.58 trillion) in 2019 to USD12.74 trillion (RM53.53 trillion) in 2020. The decline in the global manufacturing sector in 2020 was due to the imposition of lockdowns, temporary closures or disruptions in manufacturing operations in the respective countries to curb the spread of COVID-19. However, moving forward, the global manufacturing sector is expected to continue to grow once the outbreak of the COVID-19 subsides. As such, Smith Zander forecasts the global manufacturing sector, as measured by manufacturing value added to recover by 1.96% from USD12.74 trillion (RM53.53 trillion) in 2020 to USD12.99 trillion (RM52.58 trillion) in 2021.

(Source: IMR Report)

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 9.6 Prospects and future plans for the Group

As at the LPD, the Group is principally involved in the PCB Business and the Construction Business. The Proposed Diversification is aimed at providing additional streams of income to the Group while capitalising on the burgeoning demand from both existing and aspiring glove manufacturers due to the acute surge in global demand of gloves and its related products and services resulting from the COVID-19 pandemic. To further enhance its offerings to glove manufacturers, the Group shall also enhance the glove-dipping lines through improving the technology used via research and development. Further details are set out in Section 2.2.1 of this Circular.

The Group is also hopeful that the Proposed Diversification can help to mitigate potential downside risk of the Group arising from the wide-ranging effects of the COVID-19 pandemic to the local and global economy.

Meanwhile, the Proposed Fund-Raising Exercises are proposed to be undertaken mainly to fund the Gloves Manufacturing Solutions Business and for the repayment of borrowings. The Proposed Diversification and Proposed Fund-Raising Exercises are expected to improve the Group's financial performance and reduce the overall gearing and results in interest saving for the Group.

In light of the unprecedented COVID-19 pandemic globally, the Malaysian government effected containment measures since mid-March 2020 through the implementation of the MCO (including subsequent phases of MCO) including, amongst others, travel bans and measures to promote social distancing. The Group's Construction Business was also impacted as its construction project has been temporarily halted due to the MCO imposed arising from the COVID-19 outbreak.

Moving forward, the Construction Business's performance is highly dependent on the Group's ability to secure and undertake new construction contracts. The Group expects that the construction industry in Malaysia will continue to face various challenges in the short-term owing to the impact of the COVID-19 pandemic. Nevertheless, the Group will continue to bid for new contracts while focusing on the execution and timely completion of its existing project.

Meanwhile, for its PCB Business which is based in Thailand, the Group had suffered minimal impact to its operations pursuant to the COVID-19 pandemic as its factories were able to operate throughout the pandemic. Despite uncertainties during the initial stages of the pandemic which led to a temporary reduction in customer orders, the Group had since been able to secure more customer orders by deploying competitive pricing strategy to reduce prices on several products. As a result, the unaudited PCB segment revenue for 12-month FPE 31 December 2020 increased by 4.7% as compared to the previous financial year.

For its PCB Business, the Group is continuously reviewing its product mix, pricing strategy, and marketing strategy to secure more customer orders for its PCB manufacturing business. As the Group derives most of its PCB segment revenue from the Thailand market, the Group is optimistic that the Group will be able to take advantage of the relocation of PCB orders to Southeast Asia as a result of the US-China trade war. Furthermore, Group has recently embarked on initiative to upgrade its equipment and machineries for its PCB Business using proceeds from the Private Placement December 2020. Such upgrade of equipment and machineries is expected to benefit the Group through reduced costs and increased efficiency levels, as well as improving the Group's products' quality thereby leading to reduced rejection, which is expected to bring in more orders for the Group.

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment (e.g. medical gloves) to curb the pandemic has rapidly boosted the demand for gloves. This has resulted in extraordinary profits for glove manufacturers, which has driven not only the existing glove manufacturers to aggressively expand their manufacturing capacity, but has also attracted new entrants into the lucrative glove manufacturing business. As a result, the demand for glove-dipping lines has risen substantially. The Proposed Diversification allows the Group to venture into the Gloves Manufacturing Solutions Business and to capitalise on the burgeoning demand from both existing and aspiring glove manufacturers, which will provide an alternative source of income to the Group's current core business.

At this juncture, the Group intends to offer its turnkey manufacturing solutions to both existing and aspiring glove manufacturers in Malaysia and Thailand. The Group intends to leverage on its business connections in Malaysia and Thailand which is built from its existing PCB Business as well as tap on the technical expertise and experience of Ripcol in the Glove Turnkey Solutions Business through the Collaboration Agreement. Both Malaysia and Thailand are key markets for gloves production, being the world's first and second largest exporter of rubber gloves in 2019 in terms of number of pieces of rubber gloves exported respectively and thus have a high concentration of glove manufacturers.

Moving forward, the Group will continue to tender for new EPCC projects while focusing on the execution and timely completion of its existing letter of awards once a definitive agreement has been signed. To that end, the Group is committed to its recruitment strategy to hire the full team of 30 staff by end 2021. The Group also plans to put in place a human resource programme which offers competitive remuneration packages, learning and career advancement opportunities as well as succession plans in setting up the management team for the Gloves Manufacturing Solutions Business to retain and attract key management personnel in order to ensure long term sustainability of the Glove Manufacturing Solutions Business.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



## 10. EFFECTS OF THE PROPOSALS

### 10.1 Share capital

#### 10.1.1 Proposed Diversification

The Proposed Diversification is not expected to have any effect on the share capital of the Company.

#### 10.1.2 Proposed Fund-Raising Exercises

The pro forma effects of the Proposed Fund-Raising Exercises on the share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	554,776,754	87,372,743	554,776,754	87,372,743
New Placement Shares to be issued pursuant to the Proposed Private Placement	166,433,000	<sup>(1)</sup> 11,087,233	166,433,000	<sup>(1)</sup> 11,087,233
Enlarged issued share capital after the Proposed Private Placement	721,209,754	98,459,976	721,209,754	98,459,976
New Shares to be issued pursuant to the Proposed Rights Issue with Warrants	166,666,667	<sup>(2)</sup> 3,025,000	1,442,419,508	<sup>(2)</sup> 35,365,334
Enlarged issued share capital after the Proposed Rights Issue with Warrants	887,876,421	101,484,976	2,163,629,262	133,825,310
New Shares to be issued assuming full exercise of the Warrants B	125,000,000	<sup>(3)</sup> 13,275,000	1,081,814,631	<sup>(3)</sup> 114,888,714
<b>Enlarged issued share capital</b>	<b>1,012,876,421</b>	<b>114,759,976</b>	<b>3,245,443,893</b>	<b>248,714,024</b>

Notes:-

- (1) Based on the illustrative issue price of RM0.0689 per Placement Share and estimated expenses incidental to Proposed Private Placement of approximately RM0.38 million.
- (2) Based on the illustrative issue price of RM0.06 per Rights Share, adjusted for the creation of warrant reserve based on an allocated fair value of RM0.0462 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of approximately RM1.2 million.
- (3) Assuming full exercise of the Warrants B based on the illustrative exercise price of RM0.06 each and after accounting for the reversal of warrants reserve.

### 10.1.3 Proposed ESOS

The Proposed ESOS is not expected to have an immediate effect on the Company's share capital until such time when the Options are exercised. The Company's share capital will increase progressively depending on the number of Shares which are issued pursuant to the exercise of the Options and the Option Price.

### 10.2 NA and gearing

#### 10.2.1 Proposed Diversification

The Proposed Diversification is not expected to have any immediate effect on the NA and gearing of the Group.

#### 10.2.2 Proposed Fund-Raising Exercises

The pro forma effects of the Proposed Fund-Raising Exercises on the NA and gearing of the Group are as follows:-

#### Minimum Scenario

	Audited as at 31 December 2019 (RM'000)	(I) After adjusting for subsequent events <sup>(1)</sup> (RM'000)	(II) After (I) and the Proposed Private Placement <sup>(2)</sup> (RM'000)	(III) After (II) and the Proposed Rights Issue with Warrants <sup>(3)</sup> (RM'000)	(IV) After (III) and assuming full exercise of Warrants B <sup>(4)</sup> (RM'000)
Share capital	59,726	87,373	98,460	101,485	114,760
Asset revaluation reserve	1,541	1,541	1,541	1,541	1,541
Foreign currency translation reserve	9,175	9,175	9,175	9,175	9,175
Warrant reserve	-	-	-	5,775	-
Accumulated losses	(10,687)	(11,921)	(11,921)	(11,921)	(11,921)
<b>Total equity / NA</b>	<b>59,756</b>	<b>86,168</b>	<b>97,255</b>	<b>106,055</b>	<b>113,555</b>
No. of Shares in issue ('000)	329,344	554,777	721,210	887,876	1,012,876
NA per Share (RM)	0.18	0.16	0.13	0.12	0.11
Total borrowings (RM'000)	35,162	35,162	35,162	35,162	35,162
Gearing (times)	0.59	0.41	0.36	0.33	0.31

**Notes:-**

(1) After accounting for the following subsequent events up to the LPD:-

- (i) issuance of 60,000,000 new Shares at an issue price of RM0.0955 per Share and 38,803,200 new Shares at an issue price of RM0.0950 per Share pursuant to the Private Placement August 2020. This also includes the deduction of expenses of RM0.2 million incurred in relation to the Private Placement August 2020;
- (ii) issuance of 85,629,000 new Shares at an issue price of RM0.1514 per Share pursuant to the Private Placement December 2020. This also includes the deduction of expenses of RM0.54 million incurred in relation to the Private Placement December 2020; and
- (iii) issuance of 41,000,000 new Shares pursuant to the exercise of ESOS options granted under the Previous ESOS at the exercise price of RM0.1164 each.
- (2) Based on the issuance of 166,433,000 Placement Shares at an illustrative issue price of RM0.0689 per Placement Share and estimated expenses incidental to Proposed Private Placement of approximately RM0.38 million.
- (3) Based on the issuance of 166,666,667 Rights Shares at an illustrative issue price of RM0.06 each, adjusted for the creation of warrant reserve based on the issuance of 125,000,000 Warrants B at an allocated fair value of RM0.0462 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of approximately RM1.2 million.
- (4) Based on an illustrative exercise price of RM0.06 per Warrant B and after accounting for the reversal of warrant reserve.

**Maximum Scenario**

	<b>Audited as at 31 December 2019 (RM'000)</b>	<b>(I) After adjusting for subsequent events<sup>(1)</sup> (RM'000)</b>	<b>(II) After (I) and the Proposed Private Placement<sup>(2)</sup> (RM'000)</b>	<b>(III) After (II) and the Proposed Rights Issue with Warrants<sup>(3)</sup> (RM'000)</b>	<b>(IV) After (III) and assuming full exercise of Warrants B<sup>(4)</sup> (RM'000)</b>
Share capital	59,726	87,373	98,460	133,825	248,714
Asset revaluation reserve	1,541	1,541	1,541	1,541	1,541
Foreign currency translation reserve	9,175	9,175	9,175	9,175	9,175
Warrant reserve	-	-	-	49,980	-
Accumulated losses	(10,687)	(11,921)	(11,921)	(11,921)	(11,921)
<b>Total equity / NA</b>	<b>59,755</b>	<b>86,168</b>	<b>97,255</b>	<b>182,600</b>	<b>247,509</b>
No. of Shares in issue ('000)	329,344	554,777	721,210	2,163,629	3,245,444
NA per Share (RM)	0.18	0.16	0.13	0.08	0.08
Total borrowings (RM'000)	35,162	35,162	35,162	(5),162	5,162
Gearing (times)	0.59	0.41	0.36	0.03	0.02

Notes:-

- (1) After accounting for the following subsequent events up to the LPD:-
  - (i) issuance of 60,000,000 new Shares at an issue price of RM0.0955 per Share and 38,803,200 new Shares at an issue price of RM0.0950 per Share pursuant to the Private Placement August 2020. This also includes the deduction of expenses of RM0.2 million incurred in relation to the Private Placement August 2020;
  - (ii) issuance of 85,629,000 new Shares at an issue price of RM0.1514 per Share pursuant to the Private Placement December 2020. This also includes the deduction of expenses of RM0.54 million incurred in relation to the Private Placement December 2020; and
  - (iii) issuance of 41,000,000 new Shares pursuant to the exercise of ESOS options granted under the Previous ESOS at the exercise price of RM0.1164 each.
- (2) Based on the issuance of 166,433,000 Placement Shares at an illustrative issue price of RM0.0689 per Placement Share and estimated expenses incidental to Proposed Private Placement of approximately RM0.38 million.
- (3) Based on the issuance of 1,442,419,508 Rights Shares at an illustrative issue price of RM0.06 each, adjusted for the creation of warrant reserve based on the issuance of 1,081,814,631 Warrants B at an allocated fair value of RM0.0462 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of approximately RM1.2 million.
- (4) Based on an illustrative exercise price of RM0.06 per Warrant B and after accounting for the reversal of warrant reserve.
- (5) As set out in Section 6.2 of this Circular, proceeds of up to RM30.0 million from the Proposed Rights Issue with Warrants will be utilised for the repayment of borrowings.

### **10.2.3 Proposed ESOS**

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the Options granted under the Scheme are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Option Price.

For illustrative purposes, upon exercise of the Options under the Proposed ESOS, the NA per Share is expected to:-

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

at such point of exercise of the Options.

### **10.3 Substantial Shareholders' shareholdings**

#### **10.3.1 Proposed Diversification**

The Proposed Diversification is not expected to have any effect on the substantial Shareholders' shareholdings in the Company.

### 10.3.2 Proposed Fund-Raising Exercises

The pro forma effects of the Proposed Fund-Raising Exercises on the substantial Shareholders' shareholdings based on the register of the substantial Shareholders of the Company as at the LPD are as follows:-

#### Minimum Scenario

Substantial Shareholders	(I)					
	As at the LPD		After the Proposed Private Placement			
	Direct	Indirect	Direct	Indirect		
No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	
AT Precision Tooling Sdn Bhd	77,856,200	14.03	-	77,856,200	10.80	-
AT Systematization Berhad	-	-	( <sup>3</sup> )77,856,200	14.03	-	( <sup>3</sup> )77,856,200
Chou Sing Hoan	31,005,000	5.59	-	31,005,000	4.30	-

Substantial Shareholders	(II)				(III)			
	After (I) and the Proposed Rights Issue with Warrants		After (II) and assuming full exercise of the Warrants B		After (I) and assuming full exercise of the Warrants B		After (II) and assuming full exercise of the Warrants B	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(5)</sup>	
AT Precision Tooling Sdn Bhd	244,522,867	27.54	-	-	369,522,867	36.48	-	-
AT Systematization Berhad	-	-	( <sup>3</sup> )244,522,867	27.54	-	-	( <sup>3</sup> )369,522,867	36.48
Chou Sing Hoan	31,005,000	3.49	-	-	31,005,000	3.06	-	-

#### Notes:-

- (1) Based on the issued share capital of 554,776,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 721,209,754 Shares.
- (3) Deemed interest by virtue of its shareholding in AT Precision Tooling Sdn Bhd.
- (4) Based on the enlarged issued share capital of 887,876,422 Shares.
- (5) Based on the enlarged issued share capital of 1,012,876,421 Shares.

## Maximum Scenario

Substantial Shareholders	(I)					
	As at the LPD		After the Proposed Private Placement			
	Direct	Indirect	Direct	Indirect		
No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	
AT Precision Tooling Sdn Bhd	77,856,200	14.03	-	77,856,200	10.80	-
AT Systematization Berhad	-	-	<sup>(3)</sup> 77,856,200	14.03	-	<sup>(3)</sup> 77,856,200
Chou Sing Hoan	31,005,000	5.59	-	31,005,000	4.30	-

Substantial Shareholders	(II)				(III)				
	After (I) and the Proposed Rights Issue with Warrants		After (II) and assuming full exercise of the Warrants B		After (I) and assuming full exercise of the Warrants B		After (II) and assuming full exercise of the Warrants B		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(5)</sup>
AT Precision Tooling Sdn Bhd	233,568,800	10.80	-	-	350,352,900	10.80	-	-	-
AT Systematization Berhad	-	-	<sup>(3)</sup> 233,568,600	10.80	-	-	<sup>(3)</sup> 350,352,900	10.80	-
Chou Sing Hoan	31,005,000	1.43	-	-	31,005,000	0.96	-	-	-

### Notes:-

- (1) Based on the issued share capital of 554,776,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 721,209,754 Shares.
- (3) Deemed interest by virtue of its shareholding in AT Precision Tooling Sdn Bhd.
- (4) Based on the enlarged issued share capital of 2,163,629,262 Shares.
- (5) Based on the enlarged issued share capital of 3,245,443,893 Shares.

### **10.3.3 Proposed ESOS**

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

## 10.4 Losses and LPS

### 10.4.1 Proposed Diversification

The Proposed Diversification is expected to contribute positively to the future earnings of the Group.

### 10.4.2 Proposed Fund-Raising Exercises

The Board expects the Proposed Fund-Raising Exercises to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 6 of this Circular.

Subsequent to the completion of the Proposed Fund-Raising Exercises, assuming that the consolidated losses of the Company remain unchanged, the LPS of the Company shall be correspondingly diluted as a result of the increase in the number of Shares arising from the Proposed Fund-Raising Exercises.

The potential effects of the Proposed Fund-Raising Exercises on the consolidated losses of the Company moving forward will depend on, amongst others, the number of Placement Shares and Right Shares to be issued and the benefits to be derived from the utilisation of the proceeds to be raised from the Proposed Fund-Raising Exercises. In turn, this would depend on the performance of the Gloves Manufacturing Solutions Business, which is expected to contribute positively to the future earnings of the Group in view of the prospects for the gloves industry as set out in Sections 9.2, 9.3, 9.4 and 9.5 of this Circular.

For illustration purposes, the pro forma effects of the Proposed Fund-Raising Exercises on the consolidated losses and LPS of the Company would be as follows:-

	Audited as at 31 December 2019	(I) After the Proposed Private Placement		(II) After (I) and the Proposed Rights Issue with Warrants		(III) After (II) and assuming full exercise of the Warrants B	
			Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario	Minimum Scenario
LAT attributable to owners of the Company (RM'000)	(871)	(871)	(871)	(871)	(871)	(871)	(871)
Weighted average no. of Shares ('000)	314,333	480,766	647,433	1,923,186	772,433	3,005,000	
LPS (sen)	(0.28)	(0.18)	(0.13)	(0.05)	(0.11)	(0.03)	

### 10.4.3 Proposed ESOS

Apart from the estimated expenses to be incurred for the Proposed ESOS, the Proposed ESOS is not expected to have any immediate effect on the earnings / losses and EPS / LPS of the Group until such time when the Options are granted and exercised.

Any potential effect on the EPS / LPS of the Group in the future will depend on the number of Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the 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 Options and recognised as an expense in the profit or loss account of the Group over the vesting period of such Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

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

### 10.5 Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

## 11. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposals is as follows:-

Date	Events
15 April 2021	<ul style="list-style-type: none"><li>• EGM for the Proposals</li><li>• Completion of the Proposed Diversification</li></ul>
April 2021	<ul style="list-style-type: none"><li>• Listing and quotation of the Placement Shares and completion of the Proposed Private Placement</li></ul>
April / May 2021	<ul style="list-style-type: none"><li>• Announcement of the Entitlement Date</li><li>• Entitlement Date</li><li>• Despatch of abridged prospectus, notices of provisional allotment and rights subscription form</li><li>• Closing date for acceptance and application for the Rights Shares and Warrants B</li></ul>
June 2021	<ul style="list-style-type: none"><li>• Last day for payment and acceptance of the Rights Shares and Warrants B</li><li>• Listing and quotation of the Rights Shares and Warrants B</li><li>• Completion of the Proposed Rights Issue with Warrants</li><li>• Establishment of the ESOS</li></ul>

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



## 12. APPROVALS REQUIRED AND CONDITIONALITY

### 12.1 Approvals required

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

- (i) Bursa Securities for the following:-
  - (a) listing and quotation of up to 166,433,000 Placement Shares to be issued pursuant to the Proposed Private Placement;
  - (b) admission of the Warrants B to the Official List;
  - (c) listing and quotation of up to 1,442,419,508 Rights Shares and up to 1,081,814,631 Warrants B on the Main Market of Bursa Securities;
  - (d) listing and quotation of up to 1,081,814,631 new Shares to be issued upon the exercise of the Warrants B on the Main Market of Bursa Securities; and
  - (e) listing and quotation of such number of additional new Shares, representing up to 15% of the total number of issued Shares of the Company (excluding treasury shares), to be issued upon exercise of Options under the Proposed ESOS;

The approval of Bursa Securities for the above was obtained on via its letter dated 18 March 2021, subject to the following conditions:-

Conditions imposed by Bursa Securities	Status of compliance
1. AEM and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals including compliance with Paragraph 6.50 of the Listing Requirements;	To be complied
2. AEM and Mercury Securities are required to inform Bursa Securities upon the completion of the Proposed Private Placement and Proposed Rights Issue with Warrants;	To be complied
3. AEM / Mercury Securities is required to furnish Bursa Securities with a certified true copy of the resolutions passed by the Shareholders approving the Proposed Private Placement and Proposed Rights Issue with Warrants prior to the listing and quotation of the Placement Shares, Rights Shares and Warrants B;	To be complied
4. Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in general meeting approving the Proposed ESOS;	To be complied
5. AEM is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the issuance of new Shares under the Proposed ESOS and exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied

Conditions imposed by Bursa Securities	Status of compliance
6. AEM / Mercury Securities is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement and Proposed Rights Issue with Warrants are completed; and	To be complied
7. Mercury Securities is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements for Bursa Securities' review, prior to the issuance / allotment of the Placement Shares.	To be complied

- (ii) Shareholders at the forthcoming EGM for the Proposals; and
- (iii) any other relevant authorities and/or parties, if required.

## 12.2 Conditionality

The Proposed Diversification, Proposed Private Placement, Proposed Rights Issue with Warrants and Proposed ESOS are not conditional upon each other.

The Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

## 13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

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

### 14.1 Proposed Diversification and Proposed Private Placement

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

### 14.2 Proposed Rights Issue with Warrants

None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess shares applications), to which all Entitled Shareholders are similarly entitled.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### 14.3 Proposed ESOS

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

Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting in relation to their own specific allocation of Options as well as any specific allocation of Options to persons connected to them, if any, at all relevant Board meetings.

The Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the relevant resolutions pertaining to the specific allocation of Options to them respectively, to be tabled at the forthcoming EGM.

The Directors further undertake to ensure that the persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the relevant resolutions pertaining to the specific allocation of Options to them respectively, to be tabled at the forthcoming EGM.

The shareholdings of the Directors as at the LPD are set out below:-

	As at the LPD			
	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
Yang Chao-Tung	10,122,564	1.82	-	-
Choong Lee Aun	100,000	0.02	-	-
Saffie Bin Bakar	1,300,000	0.23	-	-
Yee Yit Yang	14,506,000	2.61	-	-

Note:-

(1) Based on the issued share capital of 554,776,754 Shares as at the LPD.

Save as disclosed above, none of the major Shareholders, chief executive of the Company and/or persons connected to the Directors and major Shareholders and/or chief executive of the Company have any interest, either direct or indirect, in the Proposed ESOS.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 15. ADDITIONAL INFORMATION

### 15.1 Historical financial information of the Group

A summary of the historical financial information of the Group is as follows:-

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	12-month FPE 31 December 2020 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue	62,103	61,193	63,130	68,695
Cost of sales	(52,636)	(51,849)	(55,230)	(63,714)
<b>GP</b>	<b>9,467</b>	<b>9,344</b>	<b>7,900</b>	<b>4,981</b>
Other operating income	3,152	1,711	3,182	2,300
Administrative expenses	(9,705)	(8,976)	(6,582)	(6,705)
Selling and distribution cost	(1,508)	(1,383)	(1,521)	(1,127)
Finance costs	(2,436)	(2,623)	(3,587)	(2,860)
<b>Loss before taxation</b>	<b>(1,030)</b>	<b>(1,927)</b>	<b>(608)</b>	<b>(3,411)</b>
Taxation	(257)	(34)	(263)	-
<b>LAT</b>	<b>(1,287)</b>	<b>(1,961)</b>	<b>(871)</b>	<b>(3,411)</b>
GP margin (%)	15.2	15.3	12.5	7.3
LAT margin (%)	(2.1)	(3.2)	(1.4)	(5.0)
Weighted average no. of Shares in issue ('000)	276,752	299,404	314,333	386,410
LPS				
- basic (sen)	(0.46)	(0.65)	(0.28)	(0.88)
- diluted (sen)	(0.46)	(0.65)	(0.28)	(0.88)

Note:-

(1) The Company had on 20 November 2020 announced that the Group changed its financial year end from 31 December to 31 March.

**(i) 12-month FPE 31 December 2020 ("FPE 2020") versus ("vs") FYE 31 December 2019 ("FYE 2019")**

The Group's revenue for the FPE 2020 of RM68.7 million increased by approximately RM5.6 million or 8.8% from RM63.1 million in the FYE 2019 mainly due to higher sales from the PCB Business due to the Group's competitive pricing strategy to reduce prices on several products in order to increase sales and gain new customers. The Group also recorded revenue of RM2.6 million from its new Construction Business which commenced since January 2020.

The Group recorded a lower GP of RM5.0 million in FPE 2020 compared to RM7.9 million in FYE 2019, representing a decrease of RM2.9 million or approximately 36.9%. This was mainly due to higher cost of raw material of the PCB Business as a result of increase in copper prices since early January 2020 as well as lower margin contribution from the Construction Business.

The Group's LAT for the FPE 2020 of RM3.4 million increased by RM2.5 million or 291.6% as compared to the LAT for the FYE 2019 of RM0.9 million. The higher LAT was mainly due to the lower GP as explained above and the lower other income of RM2.3 million in in the FPE 2020 (FYE 2019: RM3.2 million) mainly due to lower gain on foreign exchange of RM0.8 million (FYE 2019: RM1.8 million).

**(ii) FYE 31 December 2019 vs FYE 31 December 2018**

The Group's revenue for FYE 31 December 2019 of RM63.1 million increased by approximately RM1.9 million or 3.2% from RM61.2 million in FYE 31 December 2018, mainly due to the higher sales of lower priced products from the Group's manufacturing segment.

The Group recorded a lower GP of RM7.9 million in the FYE 31 December 2019 compared to RM9.3 million in the FYE 31 December 2018, representing a decrease of RM1.4 million or approximately 15%. This is due to the Group strategy of offering more competitive pricing in order to gain more market share.

Nevertheless, the Group's LAT for the FYE 31 December 2019 of RM0.9 million was RM1.1 million or 56% lower than the LAT for the FYE 31 December 2018 of RM2.0 million, mainly due to:-

- (a) higher other income of RM0.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM1.7 million) mainly due to higher realised gains on foreign exchange by RM0.5 million as well as higher gains on disposal of property, plant and equipment by RM0.4 million in FYE 31 December 2019; and
- (b) lower retrenchment cost of RM37,500 in FYE 31 December 2019 compared to RM1.0 million in the preceding year.

**(iii) FYE 31 December 2018 vs FYE 31 December 2017**

The Group's revenue for FYE 31 December 2018 of RM61.2 million decreased by approximately RM0.9 million or 1.5% from RM62.1 million in FYE 31 December 2017, mainly due to higher sales of lower priced products in order to increase the Group's market share.

Correspondingly, the Group recorded a lower GP of RM9.3 million in the FYE 31 December 2018 compared to RM9.5 million in the FYE 31 December 2017, representing a decrease of RM0.1 million or approximately 1%.

The Group's LAT for the FYE 31 December 2018 of RM2.0 million was RM0.7 million or 52% higher than the LAT for the FYE 31 December 2017 of RM1.3 million, mainly due to:-

- (a) a retrenchment cost of RM1.0 million (FYE 31 December 2017: nil); and
- (b) lower other income of RM1.7 million in FYE 31 December 2018 (FYE 31 December 2017: RM3.2 million) arising from, amongst others, lower realised gain on foreign exchange by RM0.6 million and higher unrealised loss on foreign exchange by RM0.9 million in FYE 31 December 2018.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 15.2 Steps undertaken or to be undertaken to improve the financial condition of the Group

Historically, the Group is primarily engaged in the manufacture and sales of PCB and provision of related services, whereby the Group derives most of its revenue from the Thailand market. However, the Group has been incurring losses for the FYEs 31 December 2017, 2018, 2019, as well as the 9-month FPE 30 September 2020. The summary of the Group's financial performance is set out in Section 15.1 of this Circular.

In recent years, the Group has undertaken several initiatives to improve its financial condition, including, among others:-

- (i) due to the competitive nature of the PCB industry, the Group has been implementing various marketing strategies such as offering more competitive pricing for its PCB products in order to expand its market share in Thailand;
- (ii) in light of increasing minimum wages and copper price as well as more complex requirements from customers, the management is continuously managing the Group's expenses in order to improve the Group's cost effectiveness. These include upgrade and/or replace obsolete equipment that are inefficient or frequently create unexpected downtime, regular review of labour costs, optimise inventory usage to reduce inventory loss or wastages, reduce dispensable, automate laborious non- operating business processes and/or optimise usage of utilities and spending on non-operating expenses;
- (iii) paring down the Group's borrowings funded by the proceeds from a private placement exercise completed by Company on 1 July 2019, which raised RM3.0 million. This helped to reduce the Group's financing cost and gearing;
- (iv) undertaking the diversification of the Group's business to include the construction, project management and related activities, which was approved by the Shareholders on 10 January 2020, as part of its efforts to improve the Group's profitability. As described under Section 7.4(b) of this Circular, the Group had secured a letter of award from Vertice Construction Sdn Bhd for the Palm Oil Mill Project. The proceeds from the Private Placement August 2020 were earmarked to facilitate the delivery of the award; and
- (v) undertaking the Private Placement December 2020 to fund the Group's upgrade of existing factory and machineries in Thailand to improve the Group's PCB manufacturing efficiency, as well as to strengthen the Group's marketing capabilities by establishing a new marketing office with up to 30 sales and marketing personnel in Penang. Further details are set out in Section 7.4(a) of this Circular.

Further to the above, the Group's Proposed Diversification into the Gloves Manufacturing Solutions Business, as well as the Proposed Fund-Raising Exercises to be undertaken to mainly fund the Gloves Manufacturing Solutions Business and the repayment of borrowings are expected to improve the Group's financial performance and reduce the overall gearing and results in interest saving for the Group.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### **15.3 Impact of the Proposals to the Group and its Shareholders**

As set out in Section 2.1 of this Circular, the Proposed Diversification allows the Group to capitalise on a booming segment with favourable long-term prospects while making the most out of the opportunities created by the COVID-19 pandemic. Moreover, the Group's venture into the Gloves Manufacturing Solutions Business through the Proposed Diversification will provide an alternative source of income to the Group's current core business. The Gloves Manufacturing Solutions Business is expected to contribute positively to the Group's financial performance.

The Proposed Fund-Raising Exercises will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flow.

As set out in Section 6 of this Circular, the proceeds to be raised from the Proposed Fund-Raising Exercises are intended to be utilised mainly to fund the Group's venture into the Gloves Manufacturing Solutions Business and the repayment of borrowings.

Based on the prospects of the rubber gloves industry as set out in Sections 9.2, 9.3, 9.4 and 9.5 of this Circular, the Group expects the Gloves Manufacturing Solutions Business to contribute positively to the future earnings of the Group. Meanwhile, the repayment of borrowings is expected to result in interest savings.

Notwithstanding the above, the consolidated LPS of the Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Fund-Raising Exercises. Further details on the effects of the Proposed Fund-Raising Exercises on the NA and gearing as well as the losses and LPS of the Group are set out in Section 10 of this Circular.

The Proposed ESOS was established to, amongst others, motivate, reward and retain the Eligible Persons. Further, any proceeds to be received by the Company pursuant to the exercise of the Options will be utilised for the Company's working capital purposes.

### **15.4 Value creation to the Company and its Shareholders**

Despite the expected dilution in the consolidated LPS of the Group in the short term, the Proposals are expected to create value to the Company and the Shareholders in the long term as the proceeds to be raised from the Proposed Fund-Raising Exercises are intended to be utilised mainly to fund the Proposed Diversification, which is expected to generate the benefits as set out in Section 15.3 of this Circular. This will aid the Company in its effort to continuously improve its financial performance and to enhance value for the Shareholders moving forward.

### **15.5 Adequacy of the Proposals in addressing the financial concerns of the Group**

Premised on Sections 15.2, 15.3 and 15.4 above, the effects of the Proposals as set out in Section 10 of this Circular as well as the industry overview and future prospects as set out in Section 9 of this Circular, the Board is of the view that the Proposals are adequate to address the Group's current financial concerns. The Group will continuously assess its financial position and will address its financial concerns as and when required.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 16. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration the rationale and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM.

## 17. EGM

The EGM, the notice of which is enclosed in this Circular, will be held fully virtually and entirely via remote participation and voting at the Broadcast Venue: Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposals.

Date and time of the EGM	: Thursday, 15 April 2021 at 11.00 a.m.
--------------------------	---

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the Share Registrar's office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the date and time set for holding the EGM as indicated above or at any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

Shareholders are advised to refer to the Administrative Notes for the EGM on the registration and voting process for the EGM.

## 18. FURTHER INFORMATION

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

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

**CHOONG LEE AUN**  
Executive Director



**1. RESPONSIBILITY STATEMENT**

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

**2. CONSENTS AND CONFLICT OF INTEREST****2.1 Mercury Securities**

The written consent of Mercury Securities, being the Principal Adviser for the Proposals and Placement Agreement for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any existing conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

**2.2 Smith Zander**

The written consent of Smith Zander, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Smith Zander is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher for the Proposals.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

**Contingent liabilities**

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

**4. MATERIAL LITIGATION**

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

---

**APPENDIX I – FURTHER INFORMATION (CONT'D)**

---

**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	<b>High RM</b>	<b>Low RM</b>
<b><u>2020</u></b>		
March	0.100	0.040
April	0.080	0.050
May	0.130	0.070
June	0.140	0.090
July	0.150	0.090
August	0.190	0.135
September	0.215	0.150
October	0.195	0.145
November	0.235	0.150
December	0.205	0.120
<b><u>2021</u></b>		
January	0.140	0.095
February	0.115	0.080
Last transacted market price on 8 February 2021, being the last Market Day immediately prior to the first announcement of the Proposals	0.095	
Last transacted market price on 26 March 2021, being the last Market Day immediately prior to the printing of this Circular	0.085	
Last transacted market price on the LPD	0.120	

(Source: Bloomberg)

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM of the Company:-

- (i) the Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2018 and FYE 31 December 2019 as well as the unaudited consolidated financial statements of the Company for the 12-month FPE 31 December 2020;
- (iii) letter of consents referred to in Section 2 of this Appendix I;
- (iv) draft Deed Poll B;
- (v) IMR Report referred to in Sections 2.1, 9.2, 9.3, 9.4 and 9.5 of this Circular;
- (vi) draft By-laws as set out in Appendix II of this Circular; and
- (vii) the Undertaking.

**1. NAME OF SCHEME**

This Scheme shall be called the “AE Multi Holdings Berhad Employees’ Share Option Scheme”.

**1A. OBJECTIVES OF THE SCHEME**

The objectives of the Scheme are as follows:

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group’s goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and
- (v) to attract and retain high-calibre Eligible Persons.

In addition to the objectives set out above, the allocation of Options to non-executive Directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.

**2. DEFINITIONS AND INTERPRETATION**

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

Act	: The Companies Act 2016 as amended from time to time including all regulations made thereunder and any re-enactment thereof
Adviser	: A person who is eligible to act as a principal adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals and the Licensing Handbook issued by the Securities Commission Malaysia, including any amendments thereto that may be made from time to time
AEM or the Company	AE Multi Holdings Berhad (Registration No. 200101004021 (539777-D))

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

AEM Group or the Group	: The Company and its subsidiary company(ies) (including foreign subsidiaries) as defined in Section 4 of the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the Duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17
Board	: The Board of Directors for the time being of AEM
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	: The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time in accordance with By-Law 21)
CDS	: Central Depository System
CDS Account	: A securities account established by Bursa Depository for a depositor for the recording of deposits and withdrawals of securities and for dealings in such securities by the depositor
Constitution	: The Constitution of the Company, including any amendment thereto that may be made from time to time
Date of Expiry	: Last day of the Duration of the Scheme as defined in By-Law 19.2
Date of Offer	: The date on which an Offer is made by the ESOS Committee to an Eligible Person in the manner provided in By-Law 6
Director	: Either an executive director or a non-executive director of the Group within the meaning of Section 2 of the Act
Duration of the Scheme	: Period of five (5) years or such period as extended by the Board in accordance with By-Law 19.3 from the Effective Date, as the case may be
Effective Date	: The date on which the Scheme comes into force as provided in By Law 19.1
EGM	: Extraordinary General Meeting
Eligible Person(s)	: A Director or Employee of the Group who meets the criteria of eligibility for participation in the ESOS as stipulated in By-Law 4
Employee	: A natural person who is employed by and on the payroll of any company in the AEM Group
Entitlement Date	: The date as at the close of business on which shareholders' names must appear on AEM's Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments or other distributions

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

ESOS Committee	:	The committee duly authorised and appointed by the Board to administer the Scheme, comprising such persons appointed from time to time by the Board
ESOS or Scheme	:	The scheme for the grant of Option(s) to Eligible Persons to subscribe for new Shares according to the terms set out herein known as the “AE Multi Holdings Berhad Employees’ Share Option Scheme”
Grantee	:	Any Eligible Person who has accepted an Offer in the manner provided in By-Law 7
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
Maximum Allowable Allotment	:	The maximum number of new Shares that may be offered and allotted to an Eligible Person under the Scheme in the manner provided in By-Law 5
Offer	:	A written offer made by the ESOS Committee from time to time to an Eligible Person to participate in the Scheme in the manner provided in By-Law 6
Offer Period	:	The period stipulated in By-Law 6.5
Option(s)	:	The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in By-Law 7
Option Certificate	:	The certificate issued by the ESOS Committee confirming the grant of the Option to an Eligible Person and the Option Price together with the number of Shares that may be exercised comprised in the Option
Option Period	:	The period commencing from the date an Offer is accepted by a Grantee and expiring on the Date of Expiry or such other date as may be stipulated by the ESOS Committee in the Offer or upon the date of termination of the Scheme as provided in By-Law 19, whichever is the earlier
Option Price	:	The subscription price at which a Grantee shall be entitled to subscribe for each new Share upon the exercise of the Option, as initially determined in the Offer and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 10
RM and sen	:	Ringgit Malaysia and sen respectively
Share(s)	:	Ordinary share(s) in the Company
Vesting Conditions	:	The conditions determined by the ESOS Committee which must be fulfilled for the Options to be vested in the Grantee.

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

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

### **3. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME**

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

- 3.3 Each Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-laws.

#### **4. ELIGIBILITY**

- 4.1 Only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Scheme:-

- (a) In respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:-

- (i) is at least eighteen (18) years of age;
- (ii) is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (iii) is an employee:-
  - (aa) on full time basis and is on the payroll of any company within the Group (which is not dormant) for a continuous period of at least 1 year, whose employment has been confirmed by the relevant company within the Group; or
  - (bb) serving in a specific designation under an employment contract for a continuous fixed period of at least 1 year (which shall include any probation period) and may include contract staff employed for a period of 1 year or more for any purposes or specific requirements of the Group as the ESOS Committee deemed fit; and
- (v) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

- (b) In respect of a Director, the Director must fulfil the following criteria as at the Date of Offer:-

- (i) is at least eighteen (18) years of age;
- (ii) is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (iii) is a Director of the Company or any company in the Group (which is not dormant); and
- (iv) fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

A set of criteria on eligibility and allocation as determined by the ESOS Committee from time to time shall be made available to the Eligible Persons. Notwithstanding the above, the ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in this By-Law 4.1. The eligibility and number of Options to be offered to an Eligible Person under the Scheme shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

- 4.2 Notwithstanding By-Law 4.1, the specific allotment to be made to any person, who is a director or major shareholder or the chief executive of AEM or holding company of AEM or person connected with any of them (as defined in the Listing Requirements), shall also be approved by the shareholders of the Company in general meeting.

- 4.3 Any Eligible Person who holds more than one (1) position within the Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category of such Eligible Person.
- 4.4 An Employee or Director of a dormant company within the Group is not eligible to participate in the Scheme.
- 4.5 An Employee or Director who during the Duration of the Scheme becomes an Eligible Person may, at the discretion of the ESOS Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment.
- 4.6 Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any other rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the Shares comprised herein 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 7 hereof.

## **5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT**

- 5.1 Subject to By-Law 3 and any adjustment which may be made under By-Law 15, the number of Options to be allocated to an Eligible Person at any time in each Offer made pursuant to the Scheme shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, *inter alia*, the Eligible Person's designation, length of service, work performance and/or such other factors as the ESOS Committee deems relevant, and subject to the following conditions:-
- (a) the total number of new Shares made available under the Scheme shall not exceed the amount stipulated in By-Law 3.1;
  - (b) not more than ten per centum (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person (as defined in the Listing Requirements), holds twenty per centum (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);
  - (c) the number of new Shares allocated, in aggregate, to the Directors and senior management personnel of the AEM Group shall not exceed 90% of the total number of new AEM Shares to be issued under the Scheme; and
  - (d) the Eligible Persons do not participate in the deliberation or discussion of their respective allocation;

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

- 5.2 The ESOS Committee shall be entitled to determine the Maximum Allowable Allotment in relation to each class or grade of Employees and Directors from time to time, and the decision of the ESOS Committee shall be final and binding. To the extent possible and subject always to By-Law 5.1, the ESOS Committee will ensure that there should be equitable allocation to various grades or classes of Eligible Persons.



---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- 5.3 In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment corresponding to the new category of Employee, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 3.1.
- 5.4 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the Audit Committee of AEM at the end of each financial year as being in compliance with the criteria for allocation of Options which have been disclosed to the Employees and Directors of the Group.
- 5.5 The decision as to whether to stagger the allocation of the Options to Eligible Persons over the Duration of the Scheme will be determined by the ESOS Committee at a later date.

**6. OFFER**

- 6.1 During the Duration of the Scheme, the ESOS Committee may at its discretion at any time and from time to time make an Offer to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allotment and in accordance with the terms of the Scheme. Each Offer shall be in a multiple of not less than one hundred (100) units of Shares constituting one (1) board lot or such other units of Shares as may be determined by the ESOS Committee. The Options shall only be accepted 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.
- 6.2 The ESOS Committee shall have the sole and absolute discretion in determining whether the Options under the Scheme are to be offered to the Eligible Persons via:-
- (a) one (1) single Offer at a time determined by the ESOS Committee; or
- (b) several Offers, where the vesting of the Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

PROVIDED ALWAYS that the aggregate number of Shares in respect of the Options granted to any Eligible Persons (inclusive of Shares already offered under previous Offer(s), if any) during the Duration of the Scheme shall not exceed the Maximum Allowable Allotment of such Eligible Person and shall not exceed amount stipulated in By-Law 3.1 and By-Law 5.1(b).

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

- 6.3 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever. The ESOS Committee may, give notice in writing to the Eligible Person, vary or waive the terms of any vesting condition, performance targets, vesting period or other conditions.
- 6.4 The ESOS Committee shall state the following particulars in the letter of Offer:-
- (a) the number of Options that are being offered to the Eligible Person;

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- (b) the number of new Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
  - (c) the Option Period;
  - (d) the Option Price;
  - (e) the Offer Period;
  - (f) the closing date for acceptance of the Offer;
  - (g) Vesting period, Vesting Conditions and performance targets (if any);
  - (h) the manner of exercise of the Options; and
  - (i) any other information deemed necessary by the ESOS Committee,
- 6.5 An Offer shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such other period as may be determined by the ESOS Committee on a case-by-case basis at its sole and absolute discretion, and specified in the Offer.
- 6.6 No Offer shall be made to any director, major shareholder and/or chief executive of the Company or its holding company or persons connected with them who are Eligible Persons unless such Offer and the related allotment of new Shares have previously been approved by the shareholders of the Company in a general meeting. For the purpose of these By-Laws, “persons connected with a director, major shareholder and/or chief executive” shall have the meaning given in relation to persons connected with a director or major shareholder as defined in Paragraph 1.01 of the Listing Requirements.
- 6.7 Where it involves a grant of Options to Eligible Persons who are members of the ESOS Committee, such grant of Options shall be decided by members of the Board.
- 6.8 The Options offered to an Eligible Person may, subject to the compliance or fulfilment by the Eligible Person of the Vesting Conditions (if any), be vested in the Eligible Person in such number of tranche or tranches and in such number of Options in each tranche as shall be determined by the ESOS Committee.
- 6.9 In the event of an error on the part of the Company or the ESOS Committee in stating any of the particulars referred to in By-Law 6.4, the following provisions shall apply:
- (a) Within thirty (30) days after discovery of the error, the Company or ESOS Committee shall issue a supplemental letter of Offer, stating the correct particulars of the Offer referred to in By-Law 6.4;
  - (b) In the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of Offer shall remain as the Option Price as per the original letter of Offer; and
  - (c) In the event that the error relates to the Option Price, the Option Price applicable in the supplemental letter of Offer shall be the Option Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

## **7. ACCEPTANCE**

- 7.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company or in such manner as may be prescribed by the ESOS

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

Committee from time to time accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the acceptance of the Offer.

- 7.2 If an Offer is not accepted in the manner aforesaid within the Offer Period, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect.
- 7.3 Options not taken up resulting from the non-acceptance of Offers within the Offer Period may, at the discretion of the ESOS Committee, thereafter form part of the balance of the Options available under the Scheme for future Offers.
- 7.4 Any Offer shall automatically lapse and be null and void on the day the Eligible Person's employer accepts his/her notice of resignation or the Eligible Person's employer notifies the Eligible Person of termination of his/her employment or on the day the Eligible Person notifies his/her employer of his/her resignation or on the Eligible Person's last day of employment, whichever is the earlier.
- 7.5 The Company shall within thirty (30) days of the acceptance of the Offer by the Eligible Person, issue to the Eligible Person, an Option Certificate in such form as may be determined by the ESOS Committee.
- 7.6 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.
- 7.7 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, amongst 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.

## **8. NON-TRANSFERABILITY**

- 8.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 to 14.6, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group and within the Option Period.
- 8.2 An Option prior to the allotment and/or transfer to the Grantee of the Shares to which the Option relates, shall not be transferred save and except in the event of the death of the Grantee as provided under By-Law 14.6, charged, assigned, pledged or otherwise disposed of in whole or in part, except with the prior approval of the ESOS Committee and if a Grantee shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Option without the prior approval of the ESOS Committee, that Option shall immediately lapse and be null and void.
- 8.3 Unless permitted under these By-Laws, an 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 Option shall result in the automatic cancellation of the Option.
- 8.4 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 the Option previously granted under the Scheme, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect, be eligible to participate in further Option under the Scheme.

9. EXERCISE OF OPTIONS

- 9.1 An Option granted to a Grantee under the Scheme is, subject to the provisions of By-Laws 9.12, 14.1, 16 and 17, exercisable only by that Grantee during his/her lifetime and whilst he/she is in the employment of the Group and within the Option Period.
- 9.2 The ESOS Committee may with its power under By-Law 20, at any time and from time to time, before and after an Option is granted, impose such terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion.
- 9.3 Unless otherwise stated in the Offer in the manner set out in By-Law 6, , there are no performance targets to be achieved before the Options can be granted and/or exercised and the new Shares arising from the Scheme can be issued and allotted.
- 9.4 Where an Option is exercised only in part, the Option Certificate shall be endorsed by the ESOS Committee stating, *inter alia*, the number of new Shares which remain capable of being exercised.
- 9.5 A Grantee shall exercise the Options granted to him/her in multiples of and not less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by Bursa Securities save and except where a Grantee's balance of Options exercisable in accordance with these By-Laws shall be less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by Bursa Securities, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Option, if any, which he is entitled to subscribe under the Scheme.
- 9.6 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period and any other impositions which is or may be determined by the ESOS Committee. Any Option which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.7 Subject to the discretion of the ESOS Committee, where a Grantee is serving under an employment contract, he/she may exercise any remaining unexercised Options within sixty (60) days before the expiry of the employment contract if the remaining duration of the employment contract from the date on which the Options are granted is less than the Option Period.
- 9.8 A Grantee shall exercise his/her Options by notice in writing to the Company in such form as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 9.9 Every Notice of Exercise shall state the number of new Shares an Eligible Person intends to subscribe and the Grantee's CDS Account and shall be accompanied by the relevant Option Certificate and a remittance in Ringgit Malaysia in the form of a banker's draft, cashier's order or any other mode of payment acceptable to the ESOS Committee, drawn and payable for the full amount of the subscription monies in respect thereof PROVIDED THAT the number of new Shares stated therein shall not exceed the amount exercisable by such Eligible Person.
- 9.10 Within eight (8) Market Days (or such other period as may be prescribed by Bursa Securities and subject to the Constitution) after the receipt of the complete and valid Notice of Exercise together with the remittance from the Grantee, the Company shall allot and/or issue the relevant number of Shares, despatch a notice of allotment to the Grantee and then make an application for the listing of and quotation for the Shares,

upon and subject to the provisions of the Listing Requirements, Constitution, Securities Industries (Central Depositories) Act 1991 and the Rules of Bursa Depository. The said Shares will be credited directly into the CDS Account of the Grantee. No physical certificates will be issued. For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own expense before they can exercise their Options.

- 9.11 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within ten (10) Market Days from the date of rejection and the Grantee shall then be deemed not to have exercised his/her Option.
- 9.12 Notwithstanding anything contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect, to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise his/her Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise his/her Options having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:-
- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his/her Options;
  - (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
  - (c) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
  - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period, the Option of such Grantee shall immediately lapse on the expiry of the Option Period without notice.
- 9.13 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities 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 a Grantee, or any delay in receipt or non-receipt by the Company of the Notice of Exercise, or for any errors in any Offer.
- 9.14 Every Option shall be subjected to the condition that no new Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law,

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

- 9.15 The Grantee shall be solely responsible for filing the necessary form/notice to the Company, Bursa Securities and the Securities Commission Malaysia within the prescribed timeframe pursuant to Section 137 and/or Section 219 of the Act and Securities Industry (Reporting of Substantial Shareholding) Regulations, 1998 who as a result of allotment and issuance of new Shares from the exercise his/her Option(s), become a shareholder and/or substantial shareholder of the Company.
- 9.16 The Grantee shall be solely responsible to observe the Rules on Take-overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia and the Capital Markets and Services Act, 2007 relating to potential take-over obligations as prescribed therein, when exercising the Options.

**10. OPTION PRICE**

Subject to any adjustments in accordance with By-Law 15 and pursuant to the Listing Requirements, the Option Price shall be fixed based on a price to be determined by the Board upon recommendation of the ESOS Committee based on the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or such other percentage of discount to the volume weighted average market price of the Shares as may be permitted by Bursa Securities or any other relevant authorities from time to time during the Duration of the Scheme. The Option Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

**11. RIGHTS OF A GRANTEE**

- 11.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 11.2 A Grantee shall not be entitled to any dividends, rights and/or other distributions on his/her unexercised Options.

**12. RIGHTS ATTACHING TO NEW SHARES**

The new Shares to be allotted and issued upon the exercise of any Options granted under the Scheme will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares of the Company, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the Entitlement Date of which precedes the date of allotment and issuance of such new Shares. The new Shares will be subject to the provisions of the Constitution relating to voting rights, transfer, transmission and otherwise of the Shares.

**13. RETENTION PERIOD**

- 13.1 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on sale, transfer, assign or otherwise dispose of as it deems fit. Grantees are encouraged to hold the new Shares allotted and issued to them pursuant to the exercise of the Options as investments rather than for any speculative purposes and/or for the realisation of any immediate gain.
- 13.2 Notwithstanding By-Law 13.1, a Grantee who is a non-executive director of any company within the AEM Group must not sell, transfer or assign or otherwise dispose of any new Shares obtained through the exercise of Options offered to him under the

Scheme within one (1) year from the Date of Offer or such other period as may be prescribed by Bursa Securities.

#### **14. TERMINATION OF OPTIONS**

14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated and be of no further force or effect in the following circumstances:-

- (a) Termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (b) Bankruptcy of the Grantee, in which event the Option shall be terminated automatically on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
- (c) Winding up or liquidation of the Company, in which event the Option shall be terminated automatically on the following date:-
  - (i) In the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
  - (ii) In the case of an involuntary winding up, the date on which a petition for winding up is served on the Company;
- (d) Termination of the Scheme pursuant to By-Law 19.7; or
- (e) Any other circumstances acceptable to the ESOS Committee in its exercise of discretion;

whichever shall be applicable.

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

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

- (a) Retirement upon or after attaining the age in accordance with the Company's retirement policy; or
- (b) Retirement before the age specified under the above said retirement policy, with the consent of his/her employer; or
- (c) Ill-health, injury, physical or mental disability; or
- (d) Redundancy, retrenchment or voluntary separation scheme; or
- (e) Transfer to any company outside the Group at the direction of the Company; or

- (f) Any other circumstance as may be deemed as acceptable to the ESOS Committee.

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

- (a) in a case where By-Law 14.2(a), (b) or (f) is applicable, before the Grantee's last day of employment. The Grantee may exercise his/her Options at any time before his/her last day of employment subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee before the Grantee's last day of employment, any Option held by the Grantee on his/her last day of employment shall be automatically terminated;
- (b) in a case where By-Law 14.2(c) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability. The Grantee may exercise his/her Options within the said period of one (1) month subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated;
- (c) in a case where By-Law 14.2(d) is applicable, within one (1) month after the Grantee is notified that he/she will be retrenched or, where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, within one (1) month after he/she accepts such offer. The Grantee may exercise his/her Options within the said period of one (1) month subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated; and
- (d) in a case where By-Law 14.2(e) is applicable, within one (1) month after the Grantee is notified that he/she will be transferred to a company outside the Group. The Grantee may exercise his/her Options within the said period of one (1) month subject to the provisions of By-Law 9. In the event that no application is received by the ESOS Committee within the said period, any Option held by the Grantee at the expiry of the said period shall be automatically terminated.

14.4 The ESOS Committee shall consider applications under By-Law 14.2 on a case-by-case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of By-Law 9. Any Options in respect of which an application is rejected shall terminate automatically on the date of termination stipulated in the relevant paragraph of By-Law 14.3 or on the date of the ESOS Committee's decision, whichever is the later.

14.5 In the event that the ESOS Committee receives an application under By-Law 14.2 after the expiry of the relevant period under By-Law 14.3, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under By-Law 14.4. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the terminated Options which are the subject of approval to the Grantee and such terminated Options offered, if accepted by the Grantee shall be exercisable:-

- (a) only within the Option Period of those unexercised Options which were terminated due to the Grantee's delay in making the application;



- (b) in accordance with the provisions of By-Law 9 as applicable in respect of such terminated Options; and
  - (c) at the Option Price applicable in respect of such terminated Options.
- 14.6 In the event a Grantee dies before the expiration of the Option Period and at the time of his/her death held unexercised Options, such unexercised Options may be exercised by the legal or personal representative(s) or heirs (as the case may be) of the deceased Grantee (“**Representative**”) after the date of his/her death provided that such exercise shall be made within the Option Period subject to the approval of the ESOS Committee. For the avoidance of doubt, in the event the Representative exercises such unexercised Options, the provisions in the By-Laws shall apply *mutatis mutandis* to the Representative.

**15. ALTERATION OF SHARE CAPITAL**

15.1 Subject to By-Law 15.5 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

- (a) the Option Price; and/or
- (b) the number of Options granted to each Grantee (excluding the Options already exercised),

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

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

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-

- (a) Any adjustment to the Option Price shall be rounded up to the nearest one (1) sen; and
- (b) In determining a Grantee’s entitlement to subscribe for new Shares, any fractional entitlements shall be rounded down to the nearest whole number.

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

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different total number of issued Shares, the Option Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in the following manner:-

- (i) 
$$\text{New Option Price} = \text{EP} \times \frac{\text{FT}}{\text{RT}}$$

$$(ii) \quad \text{Additional number of Options} = T \times \left( \frac{RT}{FT} \right) - T$$

Where:-

EP = Existing Option Price;

FT = Former number of total issued Shares;

RT = Revised number of total issued Shares; and

T = Existing number of Options held.

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

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

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

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

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

Where:-

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

B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

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

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

- (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 ordinary shareholders whereunder they may

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

acquire or subscribe 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,

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

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

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

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

Where:-

- T = T as in By-Law 15.3(a) above;
- C = the Current Market Price (as defined in paragraph (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; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 15.3(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 15.3(c)(iii) above, the value of rights attributable to one (1) existing Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 15.3(c) hereof, the fair market value as determined by the external auditor or the Adviser of the Company of that portion of the Capital Distribution attributable to one (1) existing Share; and
- D\* = The “value of rights attributable to one (1) existing Share” (as defined below).

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

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

Where:-

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

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- E = the subscription price for one (1) additional Share under the terms of such offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares; and
- F = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares.

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

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

Where:-

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

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

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

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.

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

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

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 15.3(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated as follows:-

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

Where:-

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

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

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

H = the aggregate number of new Shares 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 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 exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

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

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

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

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

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

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

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

Where:-

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

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

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

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

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

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

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

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

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

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 15.3(c)(ii) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 15.3(c)(iii) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option 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 Options to be issued shall be calculated as follows:-

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

Where:-

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

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

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

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

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

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

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

J = J as in By-Law 15.3(e) above;

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

K = K as in By-Law 15.3(e) above; and

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

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

- (g) For the purpose of By-Laws 15.3(c), (d), (e) and (f), the Current Market Price in relation to one (1) existing Share for any relevant day shall be the volume 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.

Such adjustments must be confirmed in writing by the external auditors of the Company for the time being or the Adviser (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:-

- (i) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen;
- (ii) in the event that a fraction of a new Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (iii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall, within thirty (30) calendar days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her Representative where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of Options to be issued; and
- (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws.

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

- 15.4 Save as expressly provided for herein, the external auditors or the Adviser must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors or the Adviser shall be final, binding and conclusive.
- 15.5 The provisions of this By-Law 15 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
- (a) An issue of Shares pursuant to the exercise of Options under the Scheme or any further issue of Shares or other securities of the Company or rights to acquire or subscribe for Shares to officers, including Directors or employees of the Company or any of its subsidiaries pursuant to purchase schemes or option schemes approved by the Shareholders in a general meeting; or
  - (b) An issue of Shares or other securities convertible into Shares or securities with rights to acquire or subscribe for Shares or other securities, in any such case in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- (c) An issue of Shares or other securities convertible into Shares or other securities with rights to acquire or subscribe for Shares or other securities to Bumiputra investors pursuant to a special issue approved and required by the relevant authorities; or
  - (d) An issue of Shares or other securities convertible into Shares or other securities with rights to acquire or subscribe for Shares pursuant to a private placement or restricted issue or special issue; or
  - (e) An issue of Shares arising from the exercise of any conversion rights attached to securities convertible to Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company; or
  - (f) A purchase by the Company of its own Shares and cancellation or sale of all or a portion of such Shares purchased, pursuant to Section 127 of the Act; or
  - (g) An issue of further Options to Eligible Persons under these By-Laws of the Scheme; or
  - (h) An issue of Shares pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements.
- 15.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of Part III of the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.5.
- 15.7 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:-
- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
  - (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the close of business on the Market Day immediately preceding the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the sub-divided or consolidated or reduced number of Shares, as the case may be are traded on Bursa Securities), or such period as may be prescribed by Bursa Securities.
- Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his/her Representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.
- 15.8 Notwithstanding the provisions referred to in this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Option Price and/or 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 Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law in consultation with the Adviser and certified by the external auditors when the adjustment is made.



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

16.1 In the event of:-

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

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

16.2 Notwithstanding the provisions of By-Law 9 and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its creditors and members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 or any other provisions of the Act or the Company decided to merge with other company or companies, a Grantee may be entitled to exercise all or any part of his/her Options which remain unexercised at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court until the date upon which such compromise or arrangement becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period. Upon the compromise or arrangement becoming effective, all unexercised Options shall automatically lapse and become null and void and of no further force and effect.

**17. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP**

17.1 If a Grantee is in the employment of a company within the Group and such company is subsequently divested, wholly or in part, from the Group, then the ESOS Committee will have the right to determine at its discretion whether or not the Grantee:-

- (a) will be entitled to continue to hold and to exercise all the unexercised or partially exercised Options which were granted to him/her under the Scheme within a period which will be decided by the ESOS Committee, failing which the right of such Grantee to subscribe for that number of new Shares or any part thereof granted under such unexercised or partially exercised Option(s) shall automatically lapse and be null and void and of no further force and effect upon the expiry of the relevant period; and
- (b) shall be eligible to participate for further Options under the Scheme.

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

17.2 For the purposes of By-Law 17.1, 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 fifty per centum (50%) to fifty per centum (50%) or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

17.3 In the event that:-

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “the Group”) and is subsequently transferred from such company to any company within the Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the “Previous Company”), such an employee of the Previous Company will be eligible to participate in the Scheme prior to the Date of Expiry, if the affected employee becomes an “Eligible Person” within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the Duration of the Scheme, the Scheme shall apply to the employees of such company on the date of such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of “Eligible Person” under By-Law 2.1 and the provisions of the By-Laws shall apply.

## **18. WINDING-UP**

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

## **19. DURATION, TERMINATION AND EXTENSION OF SCHEME**

19.1 The Effective Date for the implementation of the Scheme shall be the date of full compliance with all relevant requirements in the Listing Requirements, including the following:-

- (a) 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;
- (b) Receipt of the approval or approval-in-principle from Bursa Securities, as the case may be, for the listing of and quotation for the total number of new Shares to be issued pursuant to the exercise of Options granted under the Scheme;
- (c) Procurement of the approval of the shareholders of the Company for the Scheme in a general meeting;

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- (d) Receipt of the approval of any other relevant authorities whose approvals are necessary in respect of the Scheme; and
- (e) Fulfilment of all conditions attached to any of the abovementioned approvals, if any.

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

- 19.2 The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 19.3 below.
- 19.3 The Scheme may be extended at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to these By-laws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date. 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).
- 19.4 Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme PROVIDED THAT the Company shall serve appropriate notices on each Grantee and make any announcements to Bursa Securities (if required).
- 19.5 An Offer can only be made during the Duration of the Scheme before 5.00p.m. on the Date of Expiry.
- 19.6 Notwithstanding anything to the contrary, all unexercised or partially exercised Options shall lapse at 5.00p.m. on the Date of Expiry.
- 19.7 The Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry PROVIDED THAT the Company makes an announcement immediately to Bursa Securities. The announcement and notification shall include:-
  - (a) the effective date of termination ("**Termination Date**");
  - (b) the number of Shares vested under the Scheme; and
  - (c) the reasons for termination.
- 19.8 In the event of termination as stipulated in By-Law 19.7 above, the following provisions shall apply:-
  - (a) No further Offer shall be made by the ESOS Committee from the Termination Date;
  - (b) All Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
  - (c) All outstanding Options which have yet to be exercised by Grantees and/or vested (if applicable) shall be automatically terminated on the Termination Date.

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- 19.9 Approval or consent of the shareholders of the Company by way of a resolution in an EGM and written consent of Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme unless otherwise required by the Listing Requirements and/or other applicable laws.

**20. ADMINISTRATION**

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

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

- 21.1 Subject to By-Law 21.2, 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 these By-Laws as it shall at its discretion think fit, subject to the provisions of any guidelines on employee share option schemes stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to an share option scheme, 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 these By-Laws upon such recommendation by the ESOS Committee subject to the Company submitting the amended By-Laws and a confirmation letter 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 pertaining to employee share option scheme and the Rules of Bursa Depository.
- 21.2 Subject to By-Law 21.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws PROVIDED THAT no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:-
- (a) prejudice any rights which would have accrued to any Grantee without the prior

consent or sanction of that Grantee;

- (b) increase the number of Shares available under the Scheme beyond the maximum imposed under By-Law 3.1; or
- (c) alter any matter which are required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

21.3 For the purpose of complying with the provisions of the Listing Requirements, By-Laws 3, 4, 5, 7, 9, 10, 11, 12, 13, 15, 18 and 19 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons or Grantees without the prior approval of shareholders obtained at a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

21.4 The Grantees shall be given written notices in the term prescribed by the ESOS Committee from time to time in the event of any conditions, amendments to and/or modifications of these By-Laws within fourteen (14) Market Days of any of the foregoing taking effect.

## **22. INSPECTION OF ACCOUNTS**

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

## **23. THE SCHEME NOT A TERM OF EMPLOYMENT**

The Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment 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. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Eligible Person.

## **24. NO COMPENSATION FOR TERMINATION**

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

- (a) the Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company within the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever;
- (b) the Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the Options) against the Company or any company within the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;

---

**APPENDIX II – DRAFT BY-LAWS (CONT'D)**

---

- (b) no Grantee or his/her Representative shall bring any claim, action or proceeding against any company within the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights/exercise of his/her Options or his/her rights/Options ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board or the ESOS Committee shall in no event be liable to the Grantee or his/her Representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the market price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company within the Group, the Board or the ESOS Committee has been advised of the possibility of such damage.

**25. DISPUTES**

- 25.1 In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the ESOS Committee during the Duration of the Scheme, then the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person and/or Grantee, as the case may be PROVIDED THAT where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. In the event the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 25.2 Notwithstanding the foregoing provisions of By-Law 25.1 above, matters concerning adjustments made pursuant to By-Law 15 shall be referred to external auditors of the Company or the Adviser who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

**26. COSTS AND EXPENSES**

Unless otherwise stipulated by the Company in the Offers, all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the exercise of Options, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance of the Offers and exercise of the Options under the Scheme.

**27. CONSTITUTION**

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the Constitution shall at all times prevail.

**28. TAXES**

All taxes (including income tax), if any, arising from the exercise of any Options, including the transfer, issuance and allotment of Shares under the Scheme shall be borne by the Grantee.

**29. LISTING OF AND QUOTATION FOR NEW SHARES**

29.1 Upon the exercise of any Options in accordance with By-Law 9, the Company shall, subject to it having obtained the prior written approval of Bursa Securities and/or other relevant authorities, and making applications to Bursa Securities for the listing of and quotation for such new Shares, use its best endeavours to obtain permission for the dealing of such new Shares.

29.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list the new Shares for which the Grantee is entitled to subscribe.

**30. NOTICE**

30.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given or made in writing and either delivered by hand or sent to the ESOS Committee or the Company by facsimile or ordinary post. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.

30.2 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

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

**31. SEVERABILITY**

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

**32. DISCLOSURES IN ANNUAL REPORT**

The Company will make such disclosures pertaining to the Scheme in its annual report from time to time if required by the Listing Requirements.

**33. SUBSEQUENT SHARE ISSUANCE SCHEME**

Subject to the approval of Bursa Securities and any other relevant authorities, the Company may implement more than one (1) scheme provided that the aggregate number of Shares available under all the schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements and any other relevant authorities as amended from time to time.

**34. ERRORS AND OMISSIONS**

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

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

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission and ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or the aggregate number of Shares to which the Eligible Person is correctly entitled to.

**35. GOVERNING LAW AND JURISDICTION**

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
---





## **AE MULTI HOLDINGS BERHAD**

Registration No. 200101004021 (539777-D)  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM” or “**Meeting**”) of AE Multi Holdings Berhad (“**AEM**” or the “**Company**”) will be held fully virtually and entirely via remote participation and voting at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 15 April 2021 at 11.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following ordinary resolution with or without any modifications:-

#### **ORDINARY RESOLUTION 1**

#### **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF AEM AND ITS SUBSIDIARIES TO INCLUDE THE GLOVES MANUFACTURING SOLUTIONS BUSINESS (AS HEREIN DEFINED) (“PROPOSED DIVERSIFICATION”)**

“**THAT** subject to the necessary approvals of the relevant authorities and parties (if required) being obtained, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to implement the diversification of the existing business of AEM and its subsidiaries (“**the Group**”) to include the business of designing, fabrication, installation, testing and commissioning of glove-dipping lines as well as other supplementary services for glove manufacturers (“**Gloves Manufacturing Solutions Business**”).

**AND THAT** the Board be and is hereby empowered and authorised to do all such acts, deeds and things to execute, sign and deliver on behalf of the Company all such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary or expedient or appropriate in order to give full effect to the Proposed Diversification with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant authorities or deemed necessary by the Board in the best interest of the Company.”

#### **ORDINARY RESOLUTION 2**

#### **PROPOSED PRIVATE PLACEMENT OF UP TO 166,433,000 NEW ORDINARY SHARES IN AEM, REPRESENTING 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF AEM, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED AND AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT** subject to the approvals of all the relevant authorities and parties (if required) being obtained, approval be and is hereby given to the Board to allot and issue up to 166,433,000 new ordinary shares in the Company (“**AEM Shares**” or “**Shares**”) (“**Placement Shares**”), representing 30% of the total number of issued shares of the Company by way of private placement to independent third party investor(s) to be identified later in one or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as set out in the circular to the shareholders of the Company dated 30 March 2021 (“**Circular**”).

**THAT** the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of the Shares immediately preceding the Price-Fixing Date.

**THAT** the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approvals of the relevant authorities and in the best interest of the Company.

**THAT** such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotment and/or other distribution which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

**AND THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors of the Company may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

### **ORDINARY RESOLUTION 3**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,442,419,508 NEW SHARES (“RIGHTS SHARES”) TOGETHER WITH UP TO 1,081,814,631 FREE DETACHABLE WARRANTS IN AEM (“WARRANTS B”) ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS B FOR EVERY 2 EXISTING ORDINARY SHARES HELD BY THE ENTITLED SHAREHOLDERS OF AEM (“ENTITLED SHAREHOLDERS”) ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)**

“**THAT** subject to the approvals of all relevant authorities or parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board be and is hereby authorised to undertake the Proposed Rights Issue with Warrants as follows:-

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 Warrants B to the Shareholders whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined by the Board (“**Entitled Shareholders**”) (“**Entitlement Date**”) and/or their renounee(s), on the basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined by the Board and on such terms and conditions as set out in the Circular;
- (ii) to enter into and execute the deed poll constituting the Warrants B (“**Deed Poll B**”) and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll B (including, without limitation, the affixing of the Company’s company seal, where necessary);
- (iii) to allot and issue the Warrants B in registered form to the Entitled Shareholders (and/or their renounee(s), as the case may be) and Excess Applicants (as defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant B conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date, subject to the provisions for adjustment to the subscription rights attached to the Warrants B in accordance with the provisions of the Deed Poll B to be executed by the Company;
- (iv) to allot and issue such number of additional Warrants B pursuant to adjustments as provided for under the Deed Poll B (“**Additional Warrants B**”) and to adjust from time to time the exercise price of the Warrants B as a consequence of the adjustments under the provisions of the Deed Poll B and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (where required); and

- (v) to allot and issue such number of new Shares credited as fully paid-up to the holders of Warrants B upon their exercise of the relevant Warrants B to subscribe for new Shares during the tenure of the Warrants B, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants B and such adjustments in accordance with the provisions of the Deed Poll B;

**THAT** the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants B to be issued in connection with the Proposed Rights Issue with Warrants;

**THAT** any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

**THAT** the Rights Shares, Warrants B and the new Shares to be issued pursuant to the exercise of the Warrants B and Additional Warrants B (if any) shall be listed on the Main Market of Bursa Securities;

**THAT** the proceeds of the Proposed Rights Issue with Warrants shall be utilised for the purposes as set out in Section 6 of the Circular and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approvals of the relevant authorities (where required);

**THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

**THAT** the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

**THAT** the new Shares to be issued pursuant to the exercise of the Warrants B (including the Additional Warrants B, if any) shall, upon allotment, issuance and full payment of the exercise price of the Warrants B (or the Additional Warrants B, if any), rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of such new Shares to be issued pursuant to the exercise of the Warrants B (including the Additional Warrants B, if any);

**THAT** the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants B arising from the Proposed Rights Issue with Warrants B, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

**AND THAT** this Ordinary Resolution 3 constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants B (including Additional Warrants B, if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.”

#### **ORDINARY RESOLUTION 4**

##### **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTIONS SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF AEM (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF THE GROUP (“PROPOSED ESOS”)**

“**THAT** subject to the approvals of all relevant authorities and parties being obtained (where required), including but not limited to the approval of Bursa Securities for the listing and quotation of the new ordinary shares in AEM (“**AEM Shares**” or “**Shares**”) to be issued pursuant to the exercise of the ESOS options granted under the Scheme (“**Options**”) having been obtained, approval be and is hereby given to the Board to undertake the proposed establishment of an ESOS of up to 15% of the total number of issued shares of AEM (excluding treasury shares, if any) to enable the granting of new AEM Shares at any point in time to the eligible Directors and employees of the Group (excluding subsidiary companies which are dormant, if any) in accordance with the By-laws governing the ESOS (“**By-laws**”) as set out in Appendix II of the Circular, 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;

**THAT** the Board be and is hereby authorised to issue and allot from time to time such number of new AEM Shares as may be required pursuant to the exercise of the Options under the Proposed ESOS, provided that the aggregate number of new AEM Shares to be issued and allotted and/or transferred shall not exceed 15% of the total number of issued shares of AEM (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS and such new AEM Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued shares of the Company, except that the new AEM Shares so issued and allotted will 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 AEM Shares;

**THAT** the Board be and is hereby authorised to extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by 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;

**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** 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 any 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.”

## PROPOSED GRANTING OF OPTIONS TO THE DIRECTORS OF AEM

"**THAT** subject to the passing of Ordinary Resolution 4 as well as the approvals of all relevant authorities (where required), and for so long as this approval remains in force, approval be and is hereby given to the Board at any time and from time to time during the duration of the Proposed ESOS, to offer and grant Options under the Proposed ESOS to each of the Directors of the Company as named herein below:-

<b>ORDINARY RESOLUTION 5</b>	<b>DATO' NIK ISMAIL BIN DATO' NIK YUSOFF</b> <i>(Independent Non-Executive Chairman)</i>
<b>ORDINARY RESOLUTION 6</b>	<b>YANG CHAO-TUNG</b> <i>(Managing Director)</i>
<b>ORDINARY RESOLUTION 7</b>	<b>CHOONG LEE AUN</b> <i>(Executive Director)</i>
<b>ORDINARY RESOLUTION 8</b>	<b>SAFFIE BIN BAKAR</b> <i>(Independent Non-Executive Director)</i>
<b>ORDINARY RESOLUTION 9</b>	<b>YEE YIT YANG</b> <i>(Independent Non-Executive Director)</i>

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

- (i) he must not participate in the deliberation or discussion of his own allocation of new AEM Shares to be issued under the Proposed ESOS;
- (ii) not more than 90% of the total number of new AEM Shares to be issued under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of the Group;
- (iii) not more than 10% of the total number of new AEM Shares to be issued under the Proposed ESOS shall be allocated to him, if he either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and

also 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 and any prevailing guidelines issued by Bursa Securities, Main Market Listing Requirements of Bursa Securities or any other relevant authorities as amended from time to time;

**AND THAT** the Board be further authorised to issue, allot and/or transfer such number of new AEM Shares arising from the exercise of the Options that may be granted to him under the Proposed ESOS."

By Order of the Board  
**AE MULTI HOLDINGS BERHAD**

**TEA SOR HUA (MACS 01324) (SSM PC NO. 201908001272)**  
Company Secretary

**Petaling Jaya, Selangor**  
**30 March 2021**

Notes:-

- (i) A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the EGM in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (ii) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to speak at the Meeting.
- (iii) Where a member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) To be valid, the Proxy Form must be duly completed and deposited at the Share Registrar's office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or via facsimile no 03 – 6201 3121 or email to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than 48 hours before the date and time set for holding the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 69(2) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to make available a Record of Depositors ("**ROD**") as at 8 April 2021. Only a member whose name appears on such ROD shall be entitled to attend, speak and vote at the EGM or appoint proxy(ies) to attend and/or speak and/or vote in his/her behalf.
- (viii) All resolutions as set out in the Notice of EGM are to be voted by poll.
- (ix) The Meeting will be conducted fully virtual at the Broadcast Venue, members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- (x) The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the EGM to be present at the main venue of the Meeting. Members or proxies WILL NOT BE ALLOWED to attend the EGM in person at the Broadcast Venue on the day of the EGM.
- (xi) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Securities' and the Company's website at <https://www.amallionpcb.com/en/index.php> for the latest updates on the status of the EGM.



## AE MULTI HOLDINGS BERHAD

Registration No. 200101004021 (539777-D)  
(Incorporated in Malaysia)

### EXTRAORDINARY GENERAL MEETING

#### ADMINISTRATIVE NOTES

<u>Date</u>	<u>Time</u>	<u>Broadcast Venue</u>
Tuesday, 15 April 2021	11.00 a.m.	Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

#### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Extraordinary General Meeting (“**EGM**”) will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the latest Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021.

The Broadcast Venue is in line with Section 327 (2) of the Companies Act, 2016 which stipulates that the Chairman shall be at the main venue of the EGM.

All shareholders of the Company, whether individual shareholders, corporate shareholders, proxy holders, authorised nominees or exempt authorised nominees who wish to attend the EGM will have to register to attend remotely by using the Remote Participation and Voting (“**RPV**”) Platform, the details of which is set out below. Hence, **NO SHAREHOLDERS/PROXIES** will be allowed to be physically present at the Broadcast Venue on the day of the EGM.

#### RPV

1. The EGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the EGM, you will be required to do so by registering yourself using the RPV Platform in accordance with the instructions set out under Paragraph 4 below.

With the RPV Platform, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors (“**Board**”) and vote at the EGM.

2. If a shareholder is unable to attend the EGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
3. For proxies or corporate representatives / authorised nominees / exempt authorised nominees who wishes to use the RPV Platform at the EGM, please ensure the duly executed proxy forms or the original certificate of appointment of its corporate representative are submitted to ShareWorks Sdn Bhd at No 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not later than Tuesday, 13 April 2021 at 11.00 a.m.

4. The procedures for the RPV in respect of the live streaming and remote voting at the EGM is as follows:

Procedures	Action
<b>Before EGM</b>	
1. Register as participant in Virtual EGM	<ul style="list-style-type: none"> <li>Using your computer, access the registration website at <a href="https://rebrand.ly/AEM-EGM">https://rebrand.ly/AEM-EGM</a></li> <li>Click on the <b>Register</b> link to register for the EGM session.</li> <li>Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.</li> </ul>
2. Submit your online registration	<ul style="list-style-type: none"> <li>Shareholders who wish to participate and vote remotely at the EGM via RPV Facilities are required to register prior to the meeting. The registration will be open from 30 March 2021 on 5.00 p.m. and the registration will close at 14 April 2021 on 11.00 a.m.</li> <li>Clicking on the link mentioned in item 1 will redirect you to the EGM event page. Click on the <b>Register</b> link for the online registration form.</li> <li>Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name (not applicable for proxy).</li> <li>Insert your CDS account number(s) and indicate the number of shares you hold.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in your registration being rejected.</li> <li>System will send an email to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors of the Company as at <b>9 April 2021</b>, the system will send you an email to notify you if your registration is approved or rejected after 10 April 2021.</li> <li>If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.</li> </ul>
<b>On the day of EGM</b>	
3. Attending Virtual EGM	<ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First is one day before the EGM day, while the 2<sup>nd</sup> will be sent 1 hour before the EGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> </ul>
4. Participate with live video	<ul style="list-style-type: none"> <li>You will be given a short brief about the system.</li> <li>Your microphone is muted throughout the whole session.</li> <li>If you have any questions for the Chairman/Board, you may use the <b>Q&amp;A panel</b> to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email.</li> <li>The session will be recorded.</li> <li>Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li> </ul>



<b>Procedures</b>		<b>Action</b>
5.	Online Remote Voting	<ul style="list-style-type: none"> <li>• The Chairman will announce the commencement of the Voting session and the duration allowed at the respective EGM.</li> <li>• The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame.</li> <li>• Click on the <b>Submit</b> button when you have completed.</li> <li>• Votes cannot be changed once it is submitted.</li> </ul>
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the EGM, the live session will end.

### **REVOCAION OF PROXY**

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the EGM and subsequently decides to personally attend and participate in the EGM via RPV Platform, the Shareholder must contact ShareWorks Sdn Bhd to revoke the appointment of his/her proxy no later than Tuesday, 13 April 2021 at 11.00 a.m.

### **POLL VOTING**

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company has appointed ShareWorks Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the EGM and on Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

### **NO RECORDING OR PHOTOGRAPHY**

Strictly NO recording or photography of the proceedings of the EGM is allowed.

### **NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS**

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers,

### **ENQUIRY**

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

**For registration, logging in and system related:**  
**MLabs Research Sdn. Bhd.**

Name: Lee ZH  
Telephone No: +60 16-328 7852  
Email: [vgm@mlabs.com](mailto:vgm@mlabs.com)

**For Proxy and other matters:**  
**ShareWorks Sdn. Bhd.**

Name: Ms Fong Nyuk Lean / Mr Kou Si Qiang /  
Mr Vemalan a/l Naraynan  
Telephone No: 03 6201 1120  
Email: [ir@shareworks.com.my](mailto:ir@shareworks.com.my)



## AE MULTI HOLDINGS BERHAD

Registration No. 200101004021 (539777-D)  
(Incorporated in Malaysia)

### PROXY FORM

CDS Account No.
No. of Shares held

I/We \* \_\_\_\_\_ NRIC/Passport/Registration No.\* \_\_\_\_\_  
(Full name in block)  
of \_\_\_\_\_  
(Address)  
with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a member/members\* of **AE MULTI HOLDINGS BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address & contact number		

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address & contact number		

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM" or "Meeting") of the Company to be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 15 April 2021 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolutions	FOR	AGAINST
1.	Proposed Diversification	Ordinary Resolution 1		
2.	Proposed Private Placement	Ordinary Resolution 2		
3.	Proposed Rights Issue with Warrants	Ordinary Resolution 3		
4.	Proposed ESOS	Ordinary Resolution 4		
5.	Proposed Granting of Options to Dato' Nik Ismail Bin Dato' Nik Yusoff	Ordinary Resolution 5		
6.	Proposed Granting of Options to Yang Chao-Tung	Ordinary Resolution 6		
7.	Proposed Granting of Options to Choong Lee Aun	Ordinary Resolution 7		
8.	Proposed Granting of Options to Saffie Bin Bakar	Ordinary Resolution 8		
9.	Proposed Granting of Options to Yee Yit Yang	Ordinary Resolution 9		



Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Dated this.....

---

Signature\*  
Member

Notes:-

- (i) A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the EGM in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (ii) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to speak at the Meeting.
- (iii) Where a member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) To be valid, the Proxy Form must be duly completed and deposited at the Share Registrar's office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or via facsimile no 03 – 6201 3121 or email to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than 48 hours before the date and time set for holding the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 69(2) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to make available a Record of Depositors ("**ROD**") as at 8 April 2021. Only a member whose name appears on such ROD shall be entitled to attend, speak and vote at the EGM or appoint proxy(ies) to attend and/or speak and/or vote in his/her behalf.
- (viii) All resolutions as set out in the Notice of EGM are to be voted by poll.
- (ix) The Meeting will be conducted fully virtual at the Broadcast Venue, members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- (x) The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the EGM to be present at the main venue of the Meeting. Members or proxies WILL NOT BE ALLOWED to attend the EGM in person at the Broadcast Venue on the day of the EGM.
- (xi) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Securities' and the Company's website at <https://www.amallionpcb.com/en/index.php> for the latest updates on the status of the EGM.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Share Registrar

**AE MULTI HOLDINGS BERHAD**  
(Registration No. 200101004021 (539777-D))

c/o ShareWorks Sdn. Bhd.  
No. 2-1, Jalan Sri Hartamas 8,  
Sri Hartamas,  
50480 Kuala Lumpur,  
Wilayah Persekutuan

1st fold here

